1. Key development issues and rationale for Bank involvement

The strategic objective of the Government of Southern Sudan (GoSS) for this emergency project is to restore basic education and health needs and functionality of government.

The strategic objective derives from severe isolation, shortage of supplies especially pharmaceuticals, textbooks, and office and communication equipment required to make the GoSS functional in Juba and in the 10 States.

Rationale for MDTF Involvement:

The MDTF for the South was established to help finance the reconstruction and development of Southern Sudan. It is a collaborative framework which brings together several of Sudan’s key development partners and provides a one stop point of contact and information on reconstruction and development effort for those of its partners providing assistance through the MDTF framework. It is therefore an efficient way for Sudan to ensure good coordination of the development assistance it receives. Also, all the components of project with the exception of the accounting and auditing components are included in the approved Initial Project Proposals (IPPs) that have been approved by the Interim Oversight Committee.

2. Proposed objective(s)

The project development objectives are to (i) restore livelihoods resulting from the long term civil unrest: (ii) ensure adequate supply of pharmaceuticals and medical supplies for existing basic health services for the population of Southern Sudan, particularly women and children; and (iii) jumpstart the recovery process in Southern Sudan through the emergency provision of goods and services to improve government functionality.

At the completion of the project, it is expected that there would be: (i) improved student-textbook ratios, (ii) reduced stock outs of pharmaceuticals and medical supplies, (iii) connectivity between 10 states and National Government Offices in Juba, and (iv) furnished and equipped ministries.
3. Preliminary description

4. The proposed project will have six (6) components: Each component will be implemented in parallel. With the exception of Components 3 (Procurement Agent), the project is expected to be completed on or before by June, 30, 2006. The project closing date will be March 31, 2008, however every effort will be made to complete the procurement, distribution and installation of Components 1, 2, 5, and 6 by June 30, 2006.

Component 1: Supply and Distribution of Pharmaceuticals and Medical Consumables:
US$ 6.1 million
This component will support the procurement and distribution of 10 months supply of pharmaceuticals, vaccines, and medical consumables for the 15 hospitals, 117 health centers, and 280 health posts in Southern Sudan and a cold room for the Juba Central Pharmaceutical Warehouse. The requirements for the first 4 months will be supplied in the form of medical kits and air freighted to Juba for distribution. Separate proposals to air freight and to send by sea/land the remaining 6 months of pharmaceuticals, vaccines, and medical consumables to Juba may be solicited.

Justification:
There is an acute shortage of pharmaceuticals and medical supplies throughout Southern Sudan. The central pharmaceutical warehouse located in Juba does not have a cold room to adequately store vaccines and temperature sensitive medications. The Emergency Package responds to several specific and urgent issues in the sector. First, given the integration of the health systems in Juba, Malakal, Wau and other towns, the GoSS Ministry of Health is faced with an acute shortage of drugs and medical supplies as well as the need to strengthen pharmaceutical management systems. Several hospitals, directly managed by the GoSS Ministry of Health in other areas, are also in need of immediate support. In addition, a shortfall in drug supply for services supported by the USAID Health development program may have a significant impact on the overall system development effort.

Component 2: Supply & Distribution of Textbooks & Student and Teacher Kits:
US$ 7.5 million
This component will support the procurement and distribution of approximately 155,000 sets of Arabic Language textbooks, 8,000 teacher’s manuals and 15,000 student kits (UNICEF will provide separate funding for an additional 10,000 student kits) and 29,000 teacher’s kits for grades P1 – P4. Originally the project was going to fund English Language Textbooks but this requirement will be covered by UNICEF under separate funding. The school kits have been developed by UNICEF.

Justification: Although there was a delivery of textbooks to a number of schools in Southern Sudan in 2003, the availability of textbooks is still very insufficient for grades P1 through P4 due to the prolonged war and the returning IDPs. The next school year starts in March 2006 and therefore it is critical that the textbooks, and teacher’s manuals, in Arabic Language, teacher and student kits under go emergency procurement so they can be available for students of the school year. Even though the Minister of Education agrees that the eventual goal is to provide an English curriculum, it was agreed that Arabic Language textbooks would be supplied to primary schools to support education in the Arabic speaking communities and the returning IDP from Northern Sudan during the transition from the Arabic to English curriculum is completed.

Component 3: Procurement Agent: US$ 3.0 million
This component will support the contracting (mobilization, fees, reimbursables, etc.) of a consulting firm experienced in public procurement to work with the GoSS (MOF) to establish a Procurement Division, and review and revise, where necessary, the procurement regulations, policies and procedures governing
GoSS procurement activities and to carry out the day to day procurement activities of GoSS for a period of two years. Annex 10 contains the draft TORs for the assignment.

**Justification:** The MOF needs urgent assistance in establishing the capacity of GoSS in the area of procurement. GoSS does not currently have the capacity to carry out the day-to-day procurement activities nor develop the international commercially compliant procurement procedures necessary to ensure transparency and accountability in the procurement process.

**Component 4: Project Accounting Firm: US$ 0.5 million**

This component will support the sole source contracting (mobilization, fees, reimbursables, etc.) of a consulting firm (KPMG) experienced in project accounting to work with the GoSS (MOFEP) to establish the Project Disbursement Unit for a period of 6 – 12 months until the long term project accounting agent is hired. This Unit will be responsible for preparing and issuing the Project Implementation Guidelines and accounting for all projects related expenditures that are either funded out of the MDTF or pooled with GOSS for a period of two years. It will take responsibility for providing fiduciary assurance to GoSS and MDTF regarding the use of funds during the period of the contract. Annex 11 contains the draft TORs for the assignment.

**Justification:** Just emerging from a post conflict situation, the accounting capacity in MOFEP needs substantial strengthening. Until that capacity is built up, for an interim period of six to nine months, there is need to recruit an international accounting firm to provide accounting services as per international accounting standards and to provide fiduciary assurance until the long term project accounting agent is employed. Recruitment of this firm is critical as there is strong pipeline of projects funded by MDTF or pooled with GOSS that need to disburse in the near future.

**Component 5: Support to the Ten States: US$ 3.5 million**

This component will support the establishment of the governor’s office through basic renovations of the governor’s offices, providing basic office equipment, (computers and related equipment, copy machines, and a v-sat equipment).

**Justification:** Emergency support is necessary to help with effective “start-up” of the state administrations. This is to ensure that the new state Governors and their administrations have the ability to communicate and interact with the central ministries in Juba and are supplied with the basic requirements to become functional.

**Component 6: Furnish and Equip GoSS Offices: US$ 5.5 million**

This component will support the initial procurement and installation of computers and related equipment, photocopiers, scanners, communication, including V-sat equipment, generators, vehicles, furniture to functionalize the GoSS offices. The initial procurement will supply a basic package of furniture and equipment to enable approximately 90 Director level officials and 180 Deputy Directors in the offices of the President, Vice-President, and the 22 Ministries to become functional and communicate with the district governors as well as other ministries.

**Justification:** The Government is not able to function efficiently due to lack of furniture, computer and related equipment, and communications.

4. Safeguard policies that might apply
Only the Environmental Assessment - Safeguard Policy 4.01 will be triggered.

There are a number of post conflict issues such as a lack of government institutions, procedures, legally defined rights, continuing conflicts in some areas, grievances arising from perceived lack of inclusiveness and equity that have the potential to undermine project activities and affect the distribution of goods procured under this project to the end users. Social risks largely arising from differential access to benefits, traditional rights and entitlements, adequacy of targeting mechanisms, and varying public perception of benefits will be addressed through continuous monitoring of agreed social indicators.

The components of the proposed project likely to generate any environmental impacts include: supply and disposal of pharmaceuticals and medical consumables and support to infrastructure of 10 States (renovation of office buildings). Based upon available information, the impacts are likely to be minimal, local in extent and readily assessed, mitigated and managed. Accordingly, the project is allocated a B impact category. Purchase of medical supplies and their disposal will in accordance with WHO guidelines and close monitoring by WHO specialists and supported by the development of a comprehensive program for medical waste disposal under the forthcoming Bank-funded health care project to be appraised in 2006. Handling of any significant wastes during building renovation will need appropriate disposal of waste materials and the protection of the workforce in the event of asbestos removal or that of other toxic materials. A protocol to address possible asbestos removal will be applied during implementation. Only positive social impacts are expected to be generated by project components.

Given the emergency conditions of the project, the most tractable way of achieving sound environmental management is through the adoption of the following actions: (a) adoption of the asbestos protocol within 6 months of effectiveness or prior to commencement of work involving removal of asbestos-containing material (typically concrete roofing, but sometimes partitions and insulation), whichever comes first; and; and, (b) immediate application of WHO guidelines and appropriate scheduling of the waste management plan to be developed under the Bank-funded health care project.

It is anticipated that the Environmental and Social Impacts of the project will be minimal and will result in sustainable outputs. Below is a table showing the possible impacts and mitigation interventions.

<table>
<thead>
<tr>
<th>Component</th>
<th>Possible Impacts</th>
<th>Mitigation Interventions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supply and Distribution of</td>
<td>Disposal of old</td>
<td>Every effort will be made to distribute all medicines prior to their expiry date. Any left over supplies will be disposed of in accordance with WHO guidelines.</td>
</tr>
<tr>
<td>Pharmaceuticals</td>
<td>Pharmaceuticals</td>
<td>A comprehensive program for disposal of expired medicines (including an option for incineration) will be developed in the forthcoming health project to be appraised in 2006. Pharmaceticals will only be delivered to health facilities in locations where UN Security is less than Level 4</td>
</tr>
<tr>
<td></td>
<td>Security Risk</td>
<td></td>
</tr>
<tr>
<td>Supply and Distribution of Textbooks</td>
<td>Security Risk</td>
<td>Text books and kits will only be delivered to schools in locations where UN Security is less than Level 4</td>
</tr>
<tr>
<td>Procurement Agent</td>
<td>No Impacts foreseen</td>
<td>N/A</td>
</tr>
</tbody>
</table>
Support to 10 States (office buildings)

Appropriate disposal of construction materials/ rubble including asbestos and other potentially toxic materials if encountered: Security

Addressed in a protocol that will be in place within 6-months of effectiveness or prior to commencement of work involving asbestos removal.

Renovations and Equipment will only be install schools in locations where UN Security is less than Level 4.

5. Tentative financing
Source: ($m.)
BORROWER 7.25
SPECIAL FINANCING 20.0
Total 27.25

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