

Document of
The World Bank

MULTI DONOR TRUST FUND (MDTF-SS)

RESTRUCTURING PAPER
ON A
PROPOSED PROJECT RESTRUCTURING

OF
SOUTH SUDAN PRIVATE SECTOR DEVELOPMENT PROJECT

TO
THE GOVERNMENT OF SOUTHERN SUDAN

June 16, 2011

ABBREVIATIONS AND ACRONYMS

MDTF-SS Multi-Donor Trust Fund-Southern Sudan

MCI Ministry of Commerce and Industry

M&E Monitoring and Evaluation

PSD Private Sector Development

SSTTF Southern Sudan Transitional Trust Fund

Regional Vice President:	Obiageli Katryn Ezekwesili
Acting Country Director:	Ian Bannon
Sector Manager:	Michael J. Fuchs
Task Team Leader:	Alwaleed Alatabani

Restructuring Data Sheet

RestructuringStatus: Draft
Restructuring Type: Level two
Last modified on date : 06/08/2011

1. Basic Information	
Project ID & Name	P102319: Southern Sudan Private Sector Development Project
Country	Sudan
Task Team Leader	Alwaleed Fareed Alatabani
Sector Manager/Director	Michael J. Fuchs
Country Director	Ian Bannon
Original Board Approval Date	05/10/2007
Original Closing Date:	06/30/2011
Current Closing Date	06/30/2011
Proposed Closing Date [if applicable]	01/31/2012
EA Category	C-Not Required
Revised EA Category	C-Not Required-Not Required
EA Completion Date	
Revised EA Completion Date	

2. Revised Financing Plan (US US\$m)		
Source	Original	Revised
BORR	0.60	0.60
MDTF-SS	8.46	8.46
Total	9.06	9.06

3. Borrower		
Organization	Department	Location
Ministry of Finance and Economic Planning		

4. Implementing Agency		
Organization	Department	Location
Ministry of Commerce and Industry	Private Sector Development	Juba

5. Disbursement Estimates (US US\$m)		
Actual amount disbursed as of 06/06/2011		8.41
Fiscal Year	Annual	Cumulative
2011	2.60	8.46
	Total	8.46

6. Policy Exceptions and Safeguard Policies	
Does the restructured project require any exceptions to Bank policies?	N
Does the restructured projects trigger any new safeguard policies? If yes, please select from the checklist below and update ISDS accordingly before submitting the package.	N

7a. Project Development Objectives/Outcomes
Original/Current Project Development Objectives/Outcomes
The PDOs are to develop the enabling environment for private sector development, and support formal private sector growth.

7b. Revised Project Development Objectives/Outcomes [if applicable]

**SUDAN- SOUTHERN SUDAN MULTI-DONOR TRUST FUND FOR PRIVATE
SECTOR DEVELOPMENT PROJECT**

P102319

TF090186

Restructuring paper

1. The Closing Date for the South Sudan Private Sector Development Project, MDTF-SS, and Project ID: P102319 will be extended from June 30, 2011 until January 31, 2012.
2. Activities in project components are progressing well and project objectives continue to be achievable. The project development objective and overall implementation progress are rated as Moderately Satisfactory and Satisfactory, respectively. The framework for creating a conducive environment for private sector growth has been initiated. A trade and investment policy and a national microfinance policy were prepared and are in the process of being finalized, a draft Mining Bill and accompanying regulations have been completed, and five trade-related Bills have been drafted. An industrial competitiveness strategy has also been completed. In the area of access to finance and building entrepreneurship among Southern Sudanese, loanable funds and technical assistance for capacity building have been availed to Microfinance Institutions and block collateral has been provided for loans from Kenya Commercial Bank-Sudan to 44 entrepreneurs who emerged winners in the Business Plan Competition. The collateral will eventually be turned into equity for the entrepreneurs who successfully pay off the initial loans. The design of the Juba food wholesale market has been completed but construction of the market has been postponed due to shortage of funds in the MDTF following a request for additional financing. In terms of disbursements, the project has disbursed US\$7.58 million out of a total of US\$8.46 million, representing a disbursement rate of 90 percent (while the loan overview shows a disbursement rate of 99.4 percent, aside from the US\$52,000 undisbursed, there is an additional US\$822,569 available in the special/deposit account in the form of advance as shown in Annex 1).
3. There is a discrepancy between the development objective of the project in its Final Project Proposal and the Grant Agreement (GA). In the Final Project Proposal, the objective is to establish the enabling environment for private sector development, and support formal private sector growth. In comparison, in the Grant Agreement, the objective is to develop an enabling environment, and to sustainably increase formal employment in Southern Sudan. The objective of the Grant Agreement remains.
4. The development objective of the project continues to be achievable despite the initial delays in start-up operations of the project. The proposed extension is necessary to help the project complete outstanding activities. The Ministry of Industry and Commerce has prepared an action plan including an implementation plan to meet the revised project closing date.

5. This will be the first extension of the project.

ANNEX 1

Balance in Designated Account

World Bank Client Connection

Home > My Portfolio > TF 90186 > Disbursements > Designated/UN Accounts

Loan: TF 90186 (TF) Status: Disbursing Country: Sudan
 Project: P102319 -MDTF South Sudan Private Sector Development

Loan Overview | Disbursements | eForms

Applications | Contracts | Designated/UN Accounts | Category Schedule | Monthly Disbursement Summary

DA-A

Account Holder	GOSS MINISTRY OF FINANCE AND	
Account Holder's Bank	CFC STANBIC BANK LIMITED	
Account Number	0100000680561	
Intermediary Bank	DEUTSCHE BANK TRUST COMPANY AMERICA	
DA Currency	USD	
Current Authorized Allocation	1,500,000.00 USD	
Associated Categories	1 (TF90186 GOODS, WORKS, CS, TR), 2 (TF90186 OPERATING COSTS), 3 (TF90186 SUB-GRANTS), 5 (TF90186 GDS,WKS,OC,CS,TRIN,SUBGRANT)	
Other Financing Sources		

Transaction List	Currency (USD)
Total Deposits Less Refunds	7,780,500.00
Documented	6,957,931.08
Outstanding Balance	822,568.92
Waived Documentation Amount	0.00
Transactions in Process	0.00

Imminent Loan Closing Date

The Closing Date for the Loan is in 1 month.

- ▶ If all withdrawal applications and supporting documentation for project expenditures are expected to be submitted to the Bank by the Closing Date, no action is needed.
- ▶ If all project expenditures are expected to be incurred (i.e., **services rendered and goods delivered**) by the Closing Date, but additional time is needed to submit withdrawal applications

Note: Balance in designated account as of June 8, 2011

ANNEX 2

Revised Results Framework and Monitoring

Revisions to the Results Framework		Comments/ Rationale for Change
PDO indicators		
<i>Current (PAD)</i>	<i>Proposed change</i>	
1. Number of businesses registered in Southern Sudan (target: 25% increase per year over five years).	Number of businesses registered in Southern Sudan (target: 8,900): (Revised)	For initial indicators, data for baseline not easily available hence it is difficult to calculate percentages. Business registration expected to be extended to four other States (Business Hubs) in 2010/11.
2. Number of licenses issued in Southern Sudan.	Streamline number of steps to register a business (target: 4 steps): (New)	Original indicator dropped as data on licenses issued is not yet available in Southern Sudan
3. Increase in formal employment by formal registered private sector in Southern Sudan (target: 10% increase per year over five years)	Formal employment by the enterprises supported by the BPC loans (target: 40 jobs): (Revised)	Indicator modified as baseline employment data for private sector firms not easily available hence it is difficult to calculate percentages.
	People with access to finance through targeted MFIs and BPC (disaggregated by gender): (New)	New indicator to measure progress in access to finance.
	Of which the beneficiaries are female: (New)	New indicator to measure gender impact of project
Intermediate Results indicators		
<i>Current (PAD)</i>	<i>Proposed change*</i>	
Component One		
1. PSD strategy endorsed by Cabinet	This indicator has been dropped	A draft PSD strategy was developed by the MCI internally without involvement of the project
2. Land policy developed and adopted 3. Property registry in use 4. Business registry in use	These indicators have been dropped	The land policy and registries are out of the control of the project
5. Microfinance policy and regulatory framework developed and adopted	Microfinance Policy presented to Cabinet; (Revised)	Indicator revised to include timeframe and feasibility
6. Industrial policy developed and adopted	This indicator has been dropped	UNIDO was not able to carry out this activity in time.
7. Public-Private Dialogue Forum established	Not changed	
8. M&E system in use	M&E systems developed are functioning and regularly updated by the MCI:	Indicator revised to emphasize sustainability of the system.

Revisions to the Results Framework		Comments/ Rationale for Change
	(Revised)	
9. Starting a business, time (days) 10. Starting a business, cost (% of income per capita) 11. Dealing with licenses, time (days) 12. Dealing with licenses, cost (% of income per capita) 13. Registering property, time (days) 14. Registering property, cost (% of income per capita) 15. Time for export (days) 16. Time for import (days)	<p>Number of businesses supported through Business Plan Competition (Target: 45): (New)</p> <p>Laws to improve the enabling environment for business are presented to Cabinet (Target: 5): (New)</p>	<p>Original indicators 9 to 16 have been dropped due to either lack of monitoring data or being out of the scope of the project.</p> <p>New indicator to measure the funding for entrepreneurs</p> <p>The laws include, Competition Law, Property Rights Law, Microfinance Law, Insurance Law and Financial Institutions Instruments Law.</p>
Component Two		
1. Southern Sudan Microfinance Development Facility established	Not changed	
2. Number of new microfinance institutions (MFIs) operational in Southern Sudan (target : 4)	Not changed	
3. Number of MSMEs recipients (target 8,000 new clients).	Moved to the PDO level	The original indicator has been moved to the outcome indicator level.
	<ul style="list-style-type: none"> Number of loans by gender (Target: 25,000 for women and 16,000 for men): New Value of loans by gender (Target: 5 SDG million for women and 9 SDG million for men): New Portfolio at Risk (PAR) (Target: 12% by end of the Project): (New) 	<p>New Indicators to measure effectiveness of the support to the financial sector.</p> <p>PAR is currently at 19%. SSMDf is supporting MFIs to improve the portfolio quality.</p>
Component Three		
1. Number of start-ups established through business plan competition each year (target 10). 2. Number of start-ups established through business plan competition that survive after one year in operation (target 5). 3. Number of business and trade associations that receive training	<p>Industrial Competitiveness strategy is completed :(New)</p> <p>Mining Act and supporting regulations are developed: (New)</p> <p>Staff of the MCI and Ministry of Energy and Mining (MEM) are trained (Target: 30 staff): (New)</p>	<p>The first two original indicators were not for this component and have been dropped. They should have been in Component One. New indicators have been identified</p>
Component 4		

Revisions to the Results Framework		Comments/ Rationale for Change
<ul style="list-style-type: none"> 1. Fruit and vegetable wholesale market established (y/n) 2. Southern Sudanese wholesalers operating in the market (target: at least 50 wholesalers.) 3. Wholesale market throughput (tons) (target: 18,800 tons per year) 4. Produce from at least three Southern Sudanese states traded in wholesale market 5. Market price information collected and disseminated (number of radio announcements and SMS sent) 6. Three assembly markets established 	<ul style="list-style-type: none"> 1. Design of wholesale market is completed: (New) 	<p>Due to funding constraints, construction of the wholesale market has been dropped from the project. The initial indicators are no longer relevant.</p>

Revised Project Results Framework

PDO Level Results Indicators	Core	UOM	Baseline Original Project Start (2007)	Progress To Date (December 2010) ¹	Cumulative Target Values				Frequency	Data Source/ Methodology	Responsibility for Data Collection	Comments
					January 2012							
1. Number of businesses registered in Southern Sudan (REVISED)	<input type="checkbox"/>	Number	0	8,807	8,900				Half yearly	Business Registry/operational records	MCI/PCU	
2. Streamline number of steps to register a business (NEW)	<input type="checkbox"/>	Number	10	4	4				Half yearly	Business Registry/operational records	MCI/PCU	
3. Formal employment by the enterprises supported by the BPC loans (NEW)	<input type="checkbox"/>	Number	None existent	N/A	40				Quarterly	KCB-Sudan/Loan Monitoring	MCI/PCU	
4. Growth in the number of clients served by MFIs (REVISED)	<input checked="" type="checkbox"/>	Number	7,096 ²	38,864	39,000				Quarterly	SSMDF Reviews	MCI/PCU	Moved from Intermediate results
Beneficiaries												
5a. People with access to finance through targeted MFIs and BPC (NEW)	<input checked="" type="checkbox"/>	Number	None existent	44 (BPC) 2,540 (MFIs)	44(BPC) 3,000 (MFIs)				Quarterly	KCB-Sudan/Loan Monitoring SSMDF Reviews	MCI/PCU	
5b. of which the beneficiaries are female (NEW)	<input checked="" type="checkbox"/>	Number	None existent	25 (BPC) 1,967 (MFIs)	25 (BPC) 2,000 (MFIs)				Quarterly	KCB-Sudan/Loan Monitoring SSMDF Reviews	MCI/PCU	

¹ Estimates from latest ISR

² Estimate by Sudan Agriculture Enterprise Program November 2007

Intermediate Results and Indicators												
Intermediate Results Indicators	Core	Unit of Measurement	Baseline Original Project Start (2007)	Progress To Date (December 2010)	Target Values				Frequency	Data Source/ Methodology	Responsibility for Data Collection	Comments
					January 2012							
Intermediate Result 1: Develop a national microfinance policy and supporting regulations												
1. Microfinance policy is presented to Cabinet (REVISED)	<input checked="" type="checkbox"/>		None available	Draft has been developed	Policy presented to Cabinet and framework drafted				Half yearly	BOSS reports	MCI/PCU	
Intermediate Result 2: Establish an efficient investment climate												
1. Public-Private Dialogue Forum is established	<input type="checkbox"/>		None existent	PPD has been established	PPD has been established				Half yearly	MCI Reports	MCI/PCU	
2. M&E systems developed are functioning and regularly updated by the MCI (REVISED)	<input type="checkbox"/>		None existent		M&E systems functioning well				Half yearly	MCI Reports	MCI/PCU	
3. Number of businesses supported through BPC (NEW)	<input type="checkbox"/>	Number	0	44	45				Quarterly	KCB-Sudan/ Loan Monitoring	MCI/PCU	
4. Laws to improve the enabling environment for business are presented to Cabinet (NEW)	<input type="checkbox"/>	Number	None Existent	5 laws being drafted	5 laws presented to Cabinet				Quarterly	MOLACD and MCI Reports	MCI/PCU	
Intermediate Result 3: Develop viable microfinance institutions												
1. Southern Sudan Microfinance Development Facility is established (NEW)	<input type="checkbox"/>		None existent	SSMDF has been established	SSMDF has been established				Half yearly	SSMDF Reviews	MCI/PCU	

Intermediate Results and Indicators												
Intermediate Results Indicators	Core	Unit of Measurement	Baseline Original Project Start (2007)	Progress To Date (December 2010)	Target Values				Frequency	Data Source/ Methodology	Responsibility for Data Collection	Comments
					January 2012							
2. Number of new microfinance institutions (MFIs) operational in Southern Sudan	<input checked="" type="checkbox"/>	Number	0	2	3				Quarterly	SSMDF Reviews	MCI/PCU	
3. Number of loans by gender (NEW)	<input checked="" type="checkbox"/>	Number	Women: 3,548 Men: 3,550	Women: 23,318 Men: 15,546	Women: 25,000 Men: 16,000				Quarterly	SSMDF Reviews	MCI/PCU	
4. Value of loans by gender (NEW)	<input checked="" type="checkbox"/>	SDG Million	Women: 1.75 Men: 1.90	Women: 4.56 Men: 8.83	Women: 5 Men: 9				Quarterly	SSMDF Reviews	MCI/PCU	
5. Portfolio at Risk (NEW)	<input checked="" type="checkbox"/>	%	3	19	12				Quarterly	SSMDF Reviews	MCI/PCU	A combination of factors led to deterioration initially: weak systems, demolition markets, high staff turnover etc.
Intermediate Result 4: Facilitate creation of higher value-added industries												
1. Industrial Competitiveness Strategy is completed	<input type="checkbox"/>		None existent	Strategy being prepared	Strategy completed				Quarterly	Directorate of Industry, MCI/Reports	MCI/PCU	
2. Mining Act and supporting regulations are developed	<input type="checkbox"/>		None existent	Work is in progress on the Mining Act and regulations	Mining Act and Regulations are developed				Quarterly	Ministry of Energy and Mining/ Reports	MCI/PCU	

Intermediate Results and Indicators												
Intermediate Results Indicators	Core	Unit of Measurement	Baseline Original Project Start (2007)	Progress To Date (December 2010)	Target Values				Frequency	Data Source/ Methodology	Responsibility for Data Collection	Comments
					January 2012							
3. Staff of the MCI and MEM are trained (NEW)	<input type="checkbox"/>	Number	0	22	30				Quarterly	PCU Progress Reports	PCU	
Intermediate Result 5: Facilitate the establishment of a functioning wholesale market												
1. Design of the wholesale market is completed (NEW)	<input type="checkbox"/>		None existent	Completed	Completed				Quarterly	Ministry of Finance of CES	MCI/PCU	

