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Project Information Document (PID)

Appraisal Stage | Date Prepared/Updated: 22-Mar-2024 | Report No: PIDA0319



BASIC INFORMATION

A. Basic Project Data

Project Beneficiary(ies)	Region	Operation ID	Operation Name
South Sudan	EASTERN AND SOUTHERN AFRICA	P500500	Building Institutional Foundations for an Effective Public Service
Financing Instrument	Estimated Appraisal Date	Estimated Approval Date	Practice Area (Lead)
Investment Project Financing (IPF)	25-Mar-2024	30-May-2024	Governance
Borrower(s)	Implementing Agency		
Republic of South Sudan	Ministry of Public Service and Human Resource Development		

Proposed Development Objective(s)

To strengthen institutional and human resource capabilities in selected sectors.

Components

Strengthening policies, procedures, and systems for civil service management
 Institutional development to create sustainable public sector capacity
 Incentivizing the effective implementation of selected sector reforms
 Change management and project coordination

PROJECT FINANCING DATA (US\$, Millions)

Maximizing Finance for Development

Is this an MFD-Enabling Project (MFD-EP)?	No
Is this project Private Capital Enabling (PCE)?	No

SUMMARY

Total Operation Cost	18.00
Total Financing	15.00
of which IBRD/IDA	15.00



Financing Gap	3.00
DETAILS	
World Bank Group Financing	
International Development Association (IDA)	15.00
IDA Grant	15.00
Environmental And Social Risk Classification	
Low	
Decision	
The review did authorize the team to appraise and negotiate	

Other Decision (as needed)

B. Introduction and Context

Country Context

1. **The Republic of South Sudan emerged as the world’s youngest country in 2011 after experiencing decades of armed conflict.** The country experienced a civil war from 2013-2018 that eroded its development potential, worsened the humanitarian situation, and deepened vulnerabilities. These two rounds of conflict also reversed much of the development gains achieved in the years prior to independence and resulted in an accumulated loss in aggregate gross domestic product (GDP) equivalent to US\$81.1 billion. With approximately 80 percent of the 12.4 million population living in extreme poverty, the country remains one of the poorest countries in the world. Although the nearly five years of conflict formally ended in September 2018 with the signing of the Revitalized Agreement on the Resolution of the Conflict in the Republic of South Sudan (R-ARCSS), the country has remained fragile and beset by development challenges including widespread levels of poverty and elevated violence in several areas, weakened institutions, untapped human capital, poor service delivery and a non-diversified economy.

2. **South Sudan’s real gross domestic product (GDP) contracted by 2.3 percent in FY2021/22, weighed down by a fourth consecutive year of flooding, lingering impacts of the COVID-19 pandemic, violence flareups, and higher food inflation due to Russia’s invasion of Ukraine.** The FY2022/23 economic outlook is also clouded by production bottlenecks in the oil sector with dwindling production in the face of limited new investment highlighting the need to diversify the economy. At the same time, the flooding in the summer of 2022 – one of the worst the country has seen in more than half a century – has weighed heavily on South Sudan’s already vulnerable population. Although the prospects for the FY2021/22 harvest have improved slightly, the economy could contract by 0.4 percent in FY2022/23 reflecting the continued impact of floods on agricultural and oil output, with oil production projected to drop by 3.8 percent. According to official Consumer Price Index (CPI) data, inflation successively dropped since November 2021, and barring a brief uptick in June-August 2022, fell to -11.6 percent in December 2022. Overall, the average annual rate of inflation declined to -6.2 percent in the first half of FY2022/23 from 2.5 in the first half of FY2021/22.

Sectoral and Institutional Context



3. **The main constraints to the efficiency of the civil service can be grouped into three main areas.** The civil service policy and regulatory frameworks are ineffectual and do not align with the current economic situation; the administrative and technical capacity of public servants to manage the ambitious government reforms and deliver services is currently inadequate; and incentives to attract and retain qualified staff are lacking.

4. **Current human resources management (HRM) and pay policy and regulatory frameworks are outdated, hindering the attraction and retention of competent staff.** The Civil Service Act of 2011 provides a broad framework that has only been partially implemented, exhibiting gaps in institutional roles and processes throughout the HRM policy cycle, including workforce planning, recruitment, career management, performance management and succession management. Regulations for the operationalization of the Act are still in draft form and outdated. The recruitment and performance management processes do not guarantee that staff possess the necessary competencies and qualifications. The existing 17-pay grade structure, despite having rules for job ranking, pay progression, and determination, falls short in ensuring equitable and competitive salary levels. The contribution rate established for the civil service pension scheme is 16 percent of total salary (5 percent from employee, and 11 percent from employer)¹. However, the government's contributions to employee pensions, and remittances of the employee's contribution as outlined in the Pension Fund Act 2012, are not being adhered to, rendering the pension fund non-operational. This hinders the retirement of eligible public servants, preventing the influx of fresh talent essential for effective service delivery to citizens.

5. **There is insufficient administrative and technical capacity to manage government reforms and deliver services.** The civil service comprises large numbers of unclassified staff with limited education, public servants past retirement age, and notable gender imbalances. A 2019 headcount conducted by the national government showed only 9,457 staff were classified or professional staff compared to 6,372 unclassified or support staff. Assessing the characteristics, qualifications, skills, and performance of public servants remains difficult, as data is extremely limited. The unclear recruitment practices and lack of performance incentives affect capacity and overall motivation, leading to discontentment, sub-optimal performance, and attendance issues. Staffing is also not aligned with the mandate and functions of the ministries, departments, and agencies (MDA). The Public Financial Management and Institutional Strengthening Project (P176761) is supporting the implementation of a civil servant headcount to control the wage bill and provide credible civil service data.

6. **The low levels of female representation in the civil service are well recognized, despite provisions in the Constitution to have at least twenty-five percent female representation in the legislative and executive branches.**² Despite compliance with these provisions, a notable concentration of women in the executive branch is observed in lower grades, predominantly in support staff roles, with limited representation in leadership positions. There are currently a reported 5,609 female staff and 10,268 male staff in the government. Only 12 percent of public servants in grades 1-3 are female, whereas 60 percent of those in grades 15-17 are female.³ Furthermore, while the existing legislation includes reference to inclusion of women in the public sector, there are no clear and specific regulations that allow for compliance and operationalization of the laws.

7. **The civil service lacks incentives to attract and retain qualified personnel.** Current salaries, wages, and social security schemes in the public sector are neither competitive, motivating, nor in line with the principles of sustainability.⁴ Delays in salary payments for more than three months has been a recurrent practice. Persistent economic hardship has taken a toll on public servants across various sectors and levels of government. Purchasing power has declined as the value of the South Sudanese Pound (SSP) has sharply deteriorated against the US Dollar. As a result, many public servants

¹ According to a circular from 2013.

² "All levels of government shall: promote women's participation in public life and their representation in the legislative and executive organs by at least twenty-five percent as an affirmative action to redress imbalances created by history, customs, and traditions". (Constitution of South Sudan, 2011, Article 16 (4:a)).

³ Data from the Ministry of Public Service and Human Resource Development, February 2024.

⁴ <https://documents1.worldbank.org/curated/en/439881495817910529/pdf/South-Sudan-Capacity-Buliding-ASA-P156685.pdf>



find it increasingly challenging to meet their basic needs, such as food, housing, and clothing. It also compels qualified personnel to seek employment in non-governmental organizations (NGOs) or the private sector, exacerbating the brain drain. The current pay structure does not adequately cater for pension and social security or health insurance. Rules for bonuses and supplements are unclear and lack transparency. Recent adjustments in the pay scale were translated in across the board increases of 400 percent in 2023, to keep pace with rising inflation and make wages more competitive. In practice, these increases still fail to ensure sufficient salary levels, especially when compared with the 238,000 percent of cumulative inflation during the last ten years. This situation constrains access to basic needs, drives a culture of graft and impunity, hampers the delivery of government services to citizens, and interferes with the efficient operation of government.

C. Proposed Development Objective(s)

Development Objective(s) (From PAD)

To strengthen institutional and human resource capabilities in selected sectors, for an effective public service.

Key Results

- a) Enhanced institutional capacity for attracting and retaining qualified public servants.
- b) Improved competency-based HRM framework in the civil service.
- c) Improved performance of staff involved in government reforms in selected sectors.⁵

D. Project Description

8. **A sequenced approach is needed to tackle long-term and complex civil service challenges in South Sudan.** Based on international experience, the nature of civil service reforms in a FCV country context demands time, resources, and political will. Traditional five-year projects are not sufficient to fully implement critical civil service reforms, and longer and larger projects can increase operational and political risks. To this effect, a Series of Projects (SOP) approach is proposed. The overarching development objective for the SOP is to improve the capacity of the civil service to implement government reforms effectively for sustainable service delivery. The SOP will be a series of interdependent projects sharing a common framework. The first project will focus on piloting short term measures to close urgent capacity gaps for key government reforms in selected sectors while creating the legal and regulatory foundations for longer-term civil service reform. Subsequent projects would focus on implementation of the updated policy and regulatory frameworks and expansion of the pilot to additional sectors and MDAs. This approach will allow for the incorporation of lessons learned during implementation as a risk mitigation measure.

Component 1. Strengthening policies, procedures, and systems for civil service management (US\$3 million)

9. ***Subcomponent 1.1. Designing and updating the civil service policy and regulatory frameworks.*** This subcomponent will promote the modernization and improvement of the MoPSHRD and civil service HRM framework to ensure a consistent system for job classification, clear rules for recruitment and promotion, and affordable and equitable pay and grading rules that are aligned with wider labor market conditions. Activities will include: a) formulation of strategic HRM policy objectives and measures, including gender and ethnicity equity strategies that promote affirmative action; b) formulation of detailed reform interventions to improve key HRM practices, with a focus on recruitment, performance management and pay and grading; c) identification of the specific institutional arrangements needed for an effective HRM reform; d) elaboration of an action plan for the implementation of the HRM system reform; and e) drafting of laws and regulations as a first step in the implementation of the proposed interventions. The policy and regulatory framework will also incorporate key design elements from the policy measures that will be developed and piloted under components 2

⁵ Staff involved in government reforms are referred to as Reform Champions throughout the document.



and 3 related to the Young Professionals Program, and rules for adequately transitioning high performers benefitting from pay incentives to the new pay structure.

10. Subcomponent 1.2. Improving conditions for a transparent and accountable pension fund. There are gaps in transparency and accountability in the funding level and operations of the Pension Fund. These impede the ability to pay benefits to eligible public servants, delaying their retirement from the service, which in turn does not allow space for the recruitment of new talent, including women and youth. This subcomponent will support a review of the transparency and accountability in the functioning and implementation of the Pension Fund. The potential liability that has accumulated due to delayed remittances of contributions from the government and deductions from the public servants will be quantified to inform the resource gap for financing the Pension Fund to retire eligible public servants. The pension regulations will also be reviewed for improvements in transparency and accountability.

Component 2. Institutional development to create sustainable public sector capacity (US\$5 million)

11. Subcomponent 2.1. Developing and aligning core institutional mandates and individual capabilities in key sectors. This subcomponent will strengthen both individual and institutional capabilities in selected MDAs to support the performance of core government functions including climate change adaptation and resilience. The education, energy, health, and water sectors have been selected based on criteria including the impact of needed reforms, the existence of recently designed or initiated government-led reform initiatives, and complementarity with other WB-financed projects to ensure synergies in capacity building and reform implementation. The MoPSHRD and the MoFP will also be supported, given their central and cross-cutting roles. Integrating climate change adaptation into the public investment management function of the MoFP will be critical and have broad, cross-cutting effects. Activities under this subcomponent include: a) conducting functional reviews to align staffing and capacity development with the mandate, clarifying and enhancing institutional roles and capabilities; b) developing institutional development plans; c) conducting skills gap assessment in the selected MDAs to inform targeted design of learning and development programs, with a special focus on leadership and critical and specialized competencies needed for reform delivery in sectors. The learning and development programs will include training design and delivery in policy and strategy development and management (planning, implementation, and monitoring and evaluation (M&E)); leadership and governance; climate change and disaster resilience; financial management (budgeting, accounting, and auditing); procurement management; human resource management; Information Technology (IT); change management; and project management. To support the learning process, technical advisors will provide time-bound hands-on support to sectoral reforms, working closely with public servants and young professionals to ensure knowledge transfer through an on-the-job learning approach. The technical advisors will be national and international experts already funded and contracted by each of the respective ongoing government reforms.

12. Subcomponent 2.2. Designing and piloting a Young Professionals Program. This subcomponent aims to enhance the civil service through transparent, merit-based recruitment of young graduates. Selected candidates, both external and existing civil servants with less than two years of experience, will undergo specialized induction and training for technical and soft skills development. This process will involve collaboration with established learning institutions, and the initial induction and training period is expected to last approximately six months. The induction and training period will include administrative, public procurement, human resource management, climate change, planning, monitoring and evaluation, among other areas. This initiative is designed to attract capable individuals to the civil service and empower promising young civil servants for more impactful roles in strategic central and sectoral reforms. Following induction and training, the learning and development plan includes deploying young professionals into middle-level and advisory positions within selected MDAs, based on identified needs and individual skills. This hands-on approach serves as a capacity-building strategy. During this time, they will assume substantial responsibilities, engage with senior officials, and actively contribute to strategic reforms and projects. The project will finance both the initial induction and training phase as well as the hands-on capacity building stages. Young Professionals will be deployed to the same MDAs that support the selected government reforms, thereby complementing the reform champions program outlined in component 3. Mentoring and regular training



will complement the immersive experience in civil service roles. A robust monitoring and annual appraisal process will track their development and performance in assigned roles. Following this two-year program, the young professionals will be absorbed or promoted into civil service roles, contingent upon successful program completion and business need. The program will ensure equal opportunities are given to males and females at all stages. Guidelines, selection tools and performance evaluation criteria will be developed and included in the Project Operations Manual (POM).

Component 3. Incentivizing the effective implementation of selected sector reforms (US\$8 million)

13. **To effectively attract and retain qualified public servants, it is crucial to offer competitive incomes that are in line with market salaries.** Additionally, ensuring the timely and consistent payment of salaries is essential. These practices play a pivotal role in fostering professional stability and generate interest in professional assignments, thereby facilitating the successful implementation of government reforms. While the review of the pay and grading policy to be undertaken under component 1 should support the enabling environment for creating fair and sustainable salaries and motivation across the civil service, in the short term motivated and well-performing staff are needed to implement ongoing critical government reforms in key sectors.

14. **This component will focus on improving compensation packages for selected public servants that are directly involved in and driving the implementation of strategic government reforms.** While performance incentives are controversial in terms of their effectiveness and require sound performance management frameworks⁶, they can provide a short-term solution to address uncompetitive salary levels until an adequate pay and grading reform is designed and implemented. This component envisages the design, piloting, and application of an incentive program to enhance performance and productivity of civil servants involved in key government reforms and to promote redeployment of high performers towards key roles. A meritocratic and transparent methodology for the selection of reform champions will be designed and implemented, in alignment with principles of social and cultural inclusion, gender balance and equal opportunities for people with disabilities. The project will cover around 10 to 20 civil servants from each selected MDA. These reform champions will be expected to contribute to the oversight and delivery of the targeted reforms, some full time and some on a part-time basis alongside their daily responsibilities. Individual annual performance plans will be developed and implemented to allow for support and learning and development opportunities. A monitoring process will track progress and address challenges faced. The program will include mid-year performance discussions and end-of-year appraisals. In cases of insufficient individual performance, the incentive will be withdrawn, and an alternative reform champion will be competitively selected. Financing of contractually timebound and temporary incentives will follow a decremental model to incorporate these into the future pay and grading structure, ensuring that base wages become the main element of total pay. To ensure sustainable attraction and retention of talent into the civil service, reform champions will be adequately transitioned into the new civil service pay and grading structure which will have assigned grades for scarce and high priority skills.

Component 4. Change management and project coordination (US\$2 million)

15. **This component would support change management and project coordination including communications, financial management, procurement, M&E, auditing, and dissemination of project activities.** It will also support the verification of results, qualitative assessment of progress, and an independent evaluation of capacity improvement interventions at both the institutional and employee levels, to determine changes to work performance and improvement of capacities/skills outcomes. Early results will be used to showcase benefits of proposed approaches and the need for possible adjustments, empowering the institutional stakeholders to participate and act upon these early findings. Given that the project would introduce fundamental changes to the way the civil service in South Sudan operates, a

⁶ Martin J. Williams, Liah Yecalo-Teclé, *Civil Service Reform and Performance Management in Ghana and Zambia Since 1990*, International Growth Center, 2019, p. 4. Available at: <https://docplayer.net/228911988-Civil-service-reform-and-performance-management-in-ghana-and-zambia-since-1990.html>.



comprehensive change management strategy will need to be prepared and implemented to ensure that project interventions are internalized and utilized effectively. A communication plan will also be prepared, targeting communication messages for different audiences.

Legal Operational Policies	Triggered?
Projects on International Waterways OP 7.50	No
Projects in Disputed Area OP 7.60	No

Summary of Screening of Environmental and Social Risks and Impacts

16. **This project will not have any significant adverse environmental and social risks and impacts.** No physical or civil works will be financed and direct interaction with communities and vulnerable groups is not anticipated as the main beneficiary is the MoPSHRD with salary and other capacity building interventions. Although there may be some technical assistance activities, these are likely to involve activities around the drafting of policies, programs, plans, strategies, laws and/or regulations without downstream environmental and social risks and impacts. Nevertheless, the project implementing entity will ensure that the development of terms of reference (TORs) for any technical assistance activities is consistent with the requirements of the Environmental and Social Framework (ESF) which will be included in the Environmental and Social Commitment Plan (ESCP).

E. Implementation

Institutional and Implementation Arrangements

17. **The MoPSHRD will be the implementing agency responsible for the overall coordination of planning, implementation, and monitoring of the project.** The cross-sectoral approach and reach of the project will require effective and timely coordination with key stakeholders such as the MoFP and the sectoral ministries. The governance of the project (strategic and policy decision making) will be composed by a high-level Program Advisory Committee and a Technical Committee; the operational management will be facilitated by a Project Management Unit (PMU), while the implementation will be executed by technical teams composed by government staff and consultants.

18. **A PMU will be established in the MoPSHRD, headed by the Director General of Human Resource Management of the MoPSHRD as the Project Coordinator.** It will be staffed with project manager, financial management, procurement, M&E, communications, environmental and social specialists, and Public Service Reform Champions. The PMU will be responsible for ensuring that all aspects of the project are aligned with the overall objectives and that the project remains on schedule and within budget, and facilitates communication among the various stakeholders, including the WB. The PMU must ensure close coordination with the Aid Coordination Department of the MoFP.

19. **The PMU will prepare and adopt a Project Operations Manual (POM) that will detail the roles activities for all stakeholders.** The POM will contain detailed guidelines and procedures for the implementation of the Project with respect to administration and coordination, M&E, financial management, procurement and accounting procedures, environmental and social safeguards, corruption and fraud mitigation measures, a grievance redress mechanism, and roles and responsibilities for project implementation. All amendments to the PMU will be agreed with the World Bank.

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APPROVAL

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