



Project Information Document (PID)

Concept Stage | Date Prepared/Updated: 04-Dec-2023 | Report No: PID135



BASIC INFORMATION

A. Basic Project Data

Project Beneficiary(ies) South Sudan	Operation ID P500500	Operation Name Building Institutional Foundations for an Effective Public Service	
Region EASTERN AND SOUTHERN AFRICA	Estimated Appraisal Date 04-Mar-2024	Estimated Approval Date 30-Apr-2024	Practice Area (Lead) Governance
Financing Instrument Investment Project Financing (IPF)	Borrower(s) Republic of South Sudan	Implementing Agency Ministry of Public Service and Human Resource Development	

Proposed Development Objective(s)

To strengthen institutional and human resource capabilities in selected sector ministries, departments, and agencies, for an effective public service.

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	18.00
of which IBRD/IDA	15.00
Financing Gap	0.00

DETAILS

World Bank Group Financing

International Development Association (IDA)	15.00
IDA Grant	15.00



Non-World Bank Group Financing	
Counterpart Funding	3.00
Borrower/Recipient	3.00
Environmental and Social Risk Classification	Concept Review Decision
Low	The review did authorize the preparation to continue

Other Decision (as needed)

B. Introduction and Context

Country Context

1. **South Sudan’s development has been undermined by conflict.** Following independence in 2011, while there was hope that peace would finally prevail, there was an outbreak of conflict in December 2013, and again in 2016. These two rounds of conflict reversed much of the development gains achieved by the South Sudanese in the years prior to independence. Consequently, the country has remained fragile and beset by development challenges including widespread levels of poverty and subnational conflict, weakened institutions, untapped human capital, poor service delivery and a non-diversified economy. A revitalized peace agreement signed in September 2018 led to the formation of a transitional government in February 2020.

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.

3. **South Sudan’s fiscal policy is procyclical with expenditures in the national budget almost entirely funded by oil revenue receipts.** Therefore, budget expansions and contractions closely follow oil revenue receipts. Public administration, security, and rule of law, account for more than 44 percent of the total budget. This concentration of spending on public administration and security leaves limited resources available for service delivery and building human capital through effective interventions in health, nutrition, agriculture services and education — or for investing in the institutional strengthening and local-level capacity building on which sustainable development and durable peace depend.

Sectoral and Institutional Context

4. **Public administration in South Sudan is characterized by a substantial wage bill, low salaries, and a notable bias**



towards specific sectors. Research conducted by the Salaries and Wages Review Working Group¹ highlights that although South Sudan has high aggregate spending on the public sector, wages to public sector employees remain low. Disproportionate allocation of wage expenditures among specific sectors at the expense of developmental sectors like health and education is the main cause of the high wage bill. For example, the organized forces and the security sector collectively consumed 49 percent of the total wage bill in the FY23/24 budget. However, the wage bill has decreased as a percentage of expenditure over time due to the mismatch between salaries increase and high inflation.³ Civil service data is very limited in South Sudan; to address this, 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.

5. **The main constraints to the efficiency of the civil service can be grouped into three main areas.** The civil service regulatory and legal frameworks are weak 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.

6. **The legal and regulatory frameworks for managing the workforce are outdated.** The South Sudan Civil Service Act has not seen any adjustments since its enactment in 2011. South Sudan's Labour Act (2017 Art 50) mandates that minimum wage and salaries should be determined based on employees' basic needs, including food, housing, cost of living, and productivity levels but has also not been updated, despite rising market prices and currency depreciation. Policies for managing the civil service are not aligned with the need to improve State capacity through strengthened recruitment, promotion and termination practices, implementation of competency frameworks, attraction and retention of qualified staff, and staffing based on institutional mandate and functions. While a pension fund is in existence, the government contributions to employee pensions are not being followed as stipulated in the Pension Fund Act 2012, making the fund non-operational and unable to facilitate the retirement of eligible public servants to pave the way for fresh talent to effectively deliver services to the citizens.

7. **There is weak administrative and technical capacity of public servants 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 compared to 6,372 unclassified staff. The last available data from 2017 suggests the same pattern: the over-employment of 'support staff' as compared to 'professional staff', but also indicates that there should be enough professional staff to operate a public administration.² 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.³ 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 for government institutions is also not aligned with the mandate and functions of the ministries, departments, and agencies (MDA).

8. **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

¹ *Comparative Analysis of Wage Bills & Inflation-Indexed Adjustment of Public Sector Salaries and Wages in South Sudan*. Study presented in the 1st National Economic Conference by the Salaries and Wages Review Working Group of The University of Juba in collaboration with The Sudd Institute and Ebony Centre for Strategic Studies, September 2023.

² <https://documents1.worldbank.org/curated/en/439881495817910529/pdf/South-Sudan-Capacity-Buliding-ASA-P156685.pdf>

³ "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)).

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



Delays in salary payments for more than three months has been a recurrent practice. Persistent economic hardship has taken a toll on public sector employees 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 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. The National Budget FY23/24 incorporated a salary increment of over 400 percent, an amount that is insignificant 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.

Relationship to CPF

9. **The proposed project is aligned with the South Sudan Country Engagement Note (CEN) 2021-2023⁵ and the Systematic Country Diagnostic (SCD) Update.** The overriding focus of the CEN is on institution building and supporting South Sudan's transition from emergency and humanitarian response toward development. The CEN highlights the severe capacity constraints in various key government functions and emphasizes the need to address foundational elements of reform and take a gradual approach to rebuild and reshape institutions. The project will directly support *Focus Area 1: Lay groundwork for institution building*, in particular *Objective 1.1: Building core institutional administrative capacity and transparency*, by supporting the improvement of the government's effectiveness and strengthening the technical and administrative capacity of critical Ministries. The project will also indirectly support *Focus Area 2: Continue Support to Basic Service Delivery*, by developing human capital and strengthening institutional capacity to gradually take over some level of service provision. Furthermore, the SCD Update includes among its top priorities the need to strengthen regulatory frameworks across government institutions and to improve the core administrative capacity of central government and civil service incentives. The challenges facing South Sudan's civil service cut across all sectors and levels of government, affecting performance, efficiency, and accountability of reforms in all areas. Project interventions will complement ongoing sectoral operations, putting in place foundational elements needed to sustain reforms in the long run and ensure government ownership. In improving the capacity and conditions of the civil service, the project will also contribute to the transition to a government-led implementation model for WB-financed projects. The project is also expected to be aligned with the Country Partnership Framework (CPF) 2025-2031.

C. Proposed Development Objective(s)

PDO Statement: To strengthen institutional and human resource capabilities in selected sector ministries, departments, and agencies, for an effective public service.

Key Results

10. **The following results indicators are proposed to measure progress towards the PDO:**

Strengthened institutional capabilities will be measured through:

- a) Updated civil service management policy and regulatory frameworks approved;
- b) New civil service pay and grading structure and sequenced roll out plan approved and piloted;
- c) Regulations to improve transparency and accountability of Pensions Fund approved.

Strengthened human resource capabilities will be measured through:

⁵ Report No. 158008-SS.



- d) Number of young professionals placed in targeted MDAs and enrolled into a mentorship program (disaggregated by gender);
- e) Number of MDAs implementing approved critical skills staffing plans.

D. Concept Description

11. **The design of the proposed project aims to balance the long-term nature of civil service reforms with the urgency of critical government reforms.** The project comprises four interconnected components: Component 1 focuses on establishing the legal foundations for an efficient public service, a process which may span years. Component 2 addresses immediate and critical knowledge gaps necessary for implementing targeted sectoral reforms, while Component 3 aims to provide temporary incentives for selected public servants that are at the forefront of implementing critical reforms. Component 4 will provide implementation support to the project. To ensure the long-term success of this reform and the sustainability of the capacity built, the Series of Project (SOP) approach, beginning with the proposed project, integrates the following strategies: gradually decreasing the proportion of WB financing over time (the declining scale); empowering government institutions to lead these reforms; and investing in a pipeline of civil servants through a Young Professionals and Training Program. This design allows for piloting the new civil service regulations while fostering ownership of the reforms and enhancing institutional capacity.

Component 1. Strengthening policies, procedures, and systems for civil service management

12. Subcomponent 1.1. Updating civil service regulatory frameworks. This subcomponent will promote the modernization and improvement of the public sector pay and grading policy, which will include job analyses, development of job descriptions including initial considerations for specialized climate skills, conducting of job evaluations for civil servant positions and undertaking a labor market assessment; the development and implementation of gender-inclusive personnel administration policies and procedures; and the establishment of adequate mechanisms for enforcement, accountability and grievance redress for dealing with illegal or unethical practices within the civil service. The enforcement of ethical standards will be an integral part of the revised civil service legal and regulatory frameworks.

13. Subcomponent 1.2. Improving conditions for a transparent and accountable pension fund. 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 public servants who have attained retirement age. While putting in place a functioning pension fund is a medium-term goal, the project will identify, establish, and pilot a limited scheme of severance arrangements to retire selected eligible public servants who have passed retirement age. The pension regulations will also be reviewed for improvements in transparency and accountability.

Component 2. Institutional development to create sustainable public sector capacity

14. Subcomponent 2.1. Developing and aligning core institutional mandates and individual capabilities in select MDAs. This subcomponent will strengthen both individual and institutional capabilities in targeted line ministries and central agencies to support the performance of foundational government functions. These include: (i) policy and strategy development and management (planning, implementation, and monitoring and evaluation (M&E)); (ii) leadership and governance; (iii) climate-change and disaster resilience; (iv) financial management (budgeting, accounting, and auditing); (v) procurement management; (vi) human resource management; (vii) Information Technology (IT); and (viii) project management. Technical advisors for sectoral reforms will be deployed in selected sectors to provide hands-on support, working closely with public servants and young professionals to ensure knowledge transfer through an on-the-job learning approach. The number of advisors will gradually be reduced as internal staff develop the necessary capacities. Functional reviews for selected sectors will also be conducted to align staffing and capacity development to their mandate and



function.

15. *Subcomponent 2.2. Implementing Young Professionals and Training Program.* This subcomponent will support batch recruitment of young graduates and support them through training and work assignments to take up regular middle level civil service positions in selected line ministries over a two-year period with absorption, through a competitive process, into the civil service subject to performance, business needs, and approved budget for related recruitment. To ensure sustainability, this program will be integrated into a civil service recruitment strategy and "fast-tracking" initiative that prioritizes fiscal sustainability principles. A focused training and mentoring program will be set up to ensure professional and soft skills development, in collaboration with existing learning institutions. The young graduates will also be exposed to peer-to-peer learning programs. The Program will ensure equal opportunities are given to males and females at all stages.

Component 3. Incentivizing the effective implementation of selected sector reform

16. **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 pivotal. 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 sustainable incentives and motivation across the civil service, in the short term motivated and well-performing staff are needed to implement ongoing critical government reforms in sectors such as education, health and public financial management (PFM), among others.

17. **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.** A meritocratic and transparent methodology for the selection of participants will be designed and implemented that will consider social inclusion, gender balance and disability perspectives. Regular performance evaluations will be necessary to assess the ongoing suitability of staff for continued participation in the program. Financing of contractually timebound and temporary salary enhancements will follow a decremental model to incorporate these into permanent salary remuneration and be accompanied with support for creating clear job descriptions and an updated grading and pay scale. To ensure sustainable attraction and retention of talent into the civil service, these public servants will be 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

18. **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. Given that the project would introduce fundamental changes to the way the civil service in South Sudan operates, a comprehensive change management strategy will need to be prepared and implemented to ensure that project interventions are internalized and utilized effectively.



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

19. **This project will not have any significant adverse environmental and social risks and impacts as 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 Ministry of Public Service 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 TORs for any technical assistance activities is consistent with the requirements of the ESF which will be included in the Environmental and Social Commitment Plan (ESCP).

CONTACT POINT

World Bank

David Santos Ruano
Senior Public Sector Specialist

Borrower/Client/Recipient

Republic of South Sudan

Implementing Agencies

Ministry of Public Service and Human Resource Development
Philister Baya Lawiri, Undersecretary, philibalawiri@gmail.com

FOR MORE INFORMATION CONTACT

The World Bank
1818 H Street, NW
Washington, D.C. 20433
Telephone: (202) 473-1000
Web: <http://www.worldbank.org/projects>

APPROVAL



Task Team Leader(s):	David Santos Ruano	
Approved By		
Practice Manager/Manager:		
Country Director:	Firas Raad	05-Dec-2023
