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Report No: PAD00254

INTERNATIONAL DEVELOPMENT ASSOCIATION

PROJECT APPRAISAL DOCUMENT

ON A

PROPOSED GRANT

IN THE AMOUNT OF SDR 11.4 MILLION
(US\$15 MILLION EQUIVALENT)

TO THE

REPUBLIC OF SOUTH SUDAN

FOR A

BUILDING INSTITUTIONAL FOUNDATIONS FOR AN EFFECTIVE PUBLIC SERVICE PROJECT

MAY 6, 2024

Governance Global Practice
Eastern and Southern Africa Region

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CURRENCY EQUIVALENTS

(Exchange Rate Effective March 31, 2024)

Currency Unit = Special Drawing
Rights

US\$1 = SDR 0.75

FISCAL YEAR
July 1 - June 30

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ABBREVIATIONS AND ACRONYMS

AM	Accountability Mechanism
BOSS	Bank of South Sudan
CEN	Country Engagement Note
CPA	Certified Public Accountant
CPF	Country Partnership Framework
DA	Designated Account
E&S	Environmental and Social
FCV	Fragility, Conflict, and Violence
FM	Financial Management
FMIS	Financial Management Information System
GDP	Gross Domestic Product
GHG	Greenhouse Gas
GoSS	Government of South Sudan
GRS	Grievance Redress Service
HR	Human Resources
HRM	Human Resources Management
HRMIS	Human Resource Management Information System
IFR	Interim Unaudited Financial Report
IMF	International Monetary Fund
IPM	Incentive Performance Manual
MDAs	Ministries, Departments, and Agencies
M&E	Monitoring and Evaluation
MoFP	Ministry of Finance and Planning
MoPSHRD	Ministry of Public Service and Human Resource Development
NAC	National Audit Chamber
NAPA	National Adaptation Program of Actions
NDC	Nationally Determined Contribution
PDO	Project Development Objective
PFM	Public Financial Management
PMU	Project Management Unit
POM	Project Operations Manual
PPDAA	Public Procurement and Disposal of Assets
PPSD	Project Procurement Strategy for Development
R-ARCSS	Resolution of the Conflict in the Republic of South Sudan
SCD	Systematic Country Diagnostic
SoE	Statement of Expenditures
SOP	Series of Projects
STEP	Systematic Tracking of Exchanges in Procurement
TOR	Terms of Reference



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DATASHEET

BASIC INFORMATION

Project Beneficiary(ies) South Sudan	Operation Name Building Institutional Foundations for an Effective Public Service Project		
Operation ID P500500	Financing Instrument Investment Project Financing (IPF)	Environmental and Social Risk Classification Low	Process Track II

Financing & Implementation Modalities

<input type="checkbox"/> Multiphase Programmatic Approach (MPA)	<input type="checkbox"/> Contingent Emergency Response Component (CERC)
<input checked="" type="checkbox"/> Series of Projects (SOP)	<input checked="" type="checkbox"/> Fragile State(s)
<input type="checkbox"/> Performance-Based Conditions (PBCs)	<input type="checkbox"/> Small State(s)
<input type="checkbox"/> Financial Intermediaries (FI)	<input type="checkbox"/> Fragile within a non-fragile Country
<input type="checkbox"/> Project-Based Guarantee	<input type="checkbox"/> Conflict
<input type="checkbox"/> Deferred Drawdown	<input type="checkbox"/> Responding to Natural or Man-made Disaster
<input type="checkbox"/> Alternative Procurement Arrangements (APA)	<input type="checkbox"/> Hands-on Expanded Implementation Support (HEIS)

Expected Approval Date 20-May-2024	Expected Closing Date 30-Jun-2027
Bank/IFC Collaboration No	

Proposed Development Objective(s)

To strengthen institutional and human resource capabilities in selected sectors.

Components

Component Name	Cost (US\$)
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Strengthening policies, procedures, and systems for civil service management	3,200,000.00
Institutional development to create sustainable public sector capacity	5,000,000.00
Incentivizing the effective implementation of selected sector reforms	6,200,000.00
Change management and project coordination	3,600,000.00

Organizations

Borrower: Republic of South Sudan
 Implementing Agency: Ministry of Public Service and Human Resource Development

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



IDA Resources (US\$, Millions)

	Credit Amount	Grant Amount	SML Amount	Guarantee Amount	Total Amount
National Performance-Based Allocations (PBA)	0.00	15.00	0.00	0.00	15.00
Total	0.00	15.00	0.00	0.00	15.00

Expected Disbursements (US\$, Millions)

WB Fiscal Year	2024	2025	2026	2027	2028
Annual	0.00	3.00	4.50	5.25	2.25
Cumulative	0.00	3.00	7.50	12.75	15.00

PRACTICE AREA(S)

Practice Area (Lead)

Governance

Contributing Practice Areas

Education; Energy & Extractives; Health, Nutrition & Population; Water

CLIMATE

Climate Change and Disaster Screening

Yes, it has been screened and the results are discussed in the Operation Document

SYSTEMATIC OPERATIONS RISK- RATING TOOL (SORT)

Risk Category

Rating

1. Political and Governance

● High

2. Macroeconomic

● High



3. Sector Strategies and Policies	● Substantial
4. Technical Design of Project or Program	● Moderate
5. Institutional Capacity for Implementation and Sustainability	● High
6. Fiduciary	● High
7. Environment and Social	● Low
8. Stakeholders	● High
9. Overall	● High

POLICY COMPLIANCE

Policy

Does the project depart from the CPF in content or in other significant respects?

Yes No

Does the project require any waivers of Bank policies?

Yes No

ENVIRONMENTAL AND SOCIAL

Environmental and Social Standards Relevance Given its Context at the Time of Appraisal

E & S Standards	Relevance
ESS 1: Assessment and Management of Environmental and Social Risks and Impacts	Relevant
ESS 10: Stakeholder Engagement and Information Disclosure	Relevant
ESS 2: Labor and Working Conditions	Relevant
ESS 3: Resource Efficiency and Pollution Prevention and Management	Not Currently Relevant
ESS 4: Community Health and Safety	Relevant
ESS 5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement	Not Currently Relevant
ESS 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources	Not Currently Relevant
ESS 7: Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities	Relevant
ESS 8: Cultural Heritage	Not Currently Relevant



ESS 9: Financial Intermediaries

Not Currently Relevant

NOTE: For further information regarding the World Bank’s due diligence assessment of the Project’s potential environmental and social risks and impacts, please refer to the Project’s Appraisal Environmental and Social Review Summary (ESRS).

LEGAL

Legal Covenants

Sections and Description

Schedule 2. Section I.A.2(c). The PMU shall recruit no later than three (3) months after the Effective Date an environmental and social specialist with adequate experience, qualification and terms of reference acceptable to the Association.

Schedule 2. Section I.A.3. The Recipient shall establish no later than one (1) months after the Effective Date, or such later date as agreed by the Association and maintain for the duration of the Project implementation, a Program Advisory Committee, headed by the Minister of Public Service, and the membership of the Minister of Finance and Planning, the Undersecretary of Public Service, the First Undersecretary of Finance, the Undersecretary of Planning, and representatives from selected ministries and agencies with functions and responsibilities acceptable to the Bank as further detailed in the POM.

Schedule 2. Section I.A.4. The Recipient shall establish no later than one (1) month after the Effective Date, or such later date as agreed by the Association, and thereafter maintain, throughout Project implementation, Project Technical Committee with composition, terms of reference and roles and responsibilities acceptable to the Association and set forth in the POM to be responsible for providing timely technical and operational decision making, including approving Annual Work Plan and Budget (AWPB), and providing guidance and recommendations to the PMU; to ensure that the Project achieves the defined objectives and adheres to agreed-upon standards, timelines, and budgets.

Schedule 2. Section IV.2. The recipient shall deposit into the Counterpart Fund Account not later than one hundred eighty days (180) days after the Effective Date of this Agreement, or such later date as agreed by the Association, the total amount of three million Dollars.

Conditions

Type	Citation	Description	Financing Source
Effectiveness	Article IV. 4.01(a)	The Recipient has prepared, developed, approved, and adopted the Project Operations Manual (POM) in a manner and substance satisfactory to the Association.	IBRD/IDA
Effectiveness	Article IV. 4.01(b)	The Recipient has established and staffed with essential staff (project	IBRD/IDA



		coordination, procurement specialist, financial management specialist) the Project Management Unit (PMU) in form and manner, and with resources and terms of reference satisfactory to the Association.	
Disbursement	Schedule 2, Section III. B.1(b)	No withdrawal shall be made for payments under Category (2) until and unless the Recipient has prepared and adopted the Incentive Performance and Young Professional Manual, including inter alia a methodology for the selection of Eligible Young Professional, in form and substance acceptable to the Association.	IBRD/IDA
Disbursement	Schedule 2, Section III. B.1(c)	No withdrawal shall be made for payments under Category (3) until and unless the Recipient has (i) prepared and adopted the Incentive Performance and Young Professional Manual, including inter alia a meritocratic and transparent methodology for the selection of Eligible Civil Servants, in form and substance acceptable to the Association, and (ii) presented to the Association the list of Eligible Civil Servants, in form and substance satisfactory to the Association for the verification of the eligible beneficiary under	IBRD/IDA



		Component 3.b of the Project, and (iii) recruited a Verification Agency satisfactory to the Association.	
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I. STRATEGIC CONTEXT

A. 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 civil wars between 2013 and 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 before independence and resulted in an accumulated loss in aggregate gross domestic product (GDP) equivalent to US\$81.1 billion.¹ 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 GDP contracted by an estimated 1.3 percent FY2022/23 due to a fourth consecutive year of flooding that dragged on oil production and higher food inflation due the lingering impacts of the COVID-19 pandemic.**² The FY2023/24 growth is expected to rebound to 2 percent, supported by a sustained recovery in the non-oil sector and expanding crop planting. The recovery in oil production from the impacts of flooding of oil fields has been partially offset by a temporary decline in production and exports in recent months. Over the medium term, growth should remain close to 4 percent as oil output levels recover and non-oil activity improves, supported by moderating inflation and higher government outlays on critical public investments, health, and education. This outlook is predicated on prudent monetary and fiscal policies that anchor macroeconomic stability, progress on governance, transparency, and structural reforms, and credible elections in 2024 that help to sustain peace.³ Inflation has increased significantly in recent months, rising from 11 percent in December 2023 to 38 percent in March 2024 due to the weakening currency. The onset of the conflict in Sudan has impacted the oil revenue flows, causing foreign exchange reserves to drop from 0.5 months of import coverage in June 2023 to 0.2 months in December 2023. Amid increasing recourse to deficit monetization, the official exchange rate has depreciated by 50 percent since the start of 2024, and the premium in parallel markets has widened to over 30 percent.

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. The budget processes including planning and implementation lack transparency, and the Government is believed to maintain off-budget accounts for which oversight and scrutiny are limited. 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.

4. **South Sudan is at high risk of debt distress, with total public debt estimated at 42.7 percent of GDP as of June 2023.** Debt-carrying capacity continues to be rated ‘weak’. A few counterparts account for most of South Sudan’s gross external debt; around 50 percent of total loans were highly non-concessional as of June 2023, which is largely collateralized against oil revenue receipts.⁴

¹ World Bank. 2022. “Directions for Reform: A Country Economic Memorandum for Recovery and Resilience in South Sudan.” © World Bank

² World Bank. 2023. South Sudan Economic Monitor. © World Bank

³ Macro- Poverty Outlook South Sudan 2024

⁴ World Bank/ IMF 2024. Republic of South Sudan—Staff Report for the 2023 Article IV Consultation and First and Second Reviews for Program Monitoring with Board Involvement-Debt Sustainability Analysis

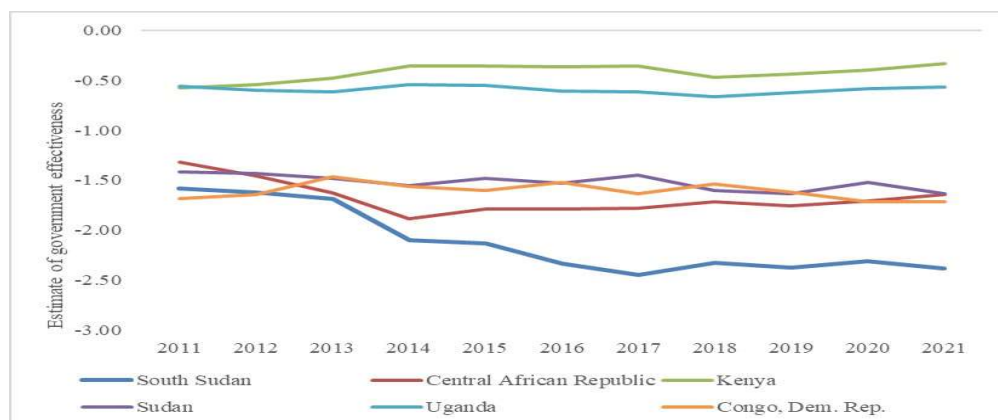


5. **South Sudan’s vulnerability to climate change and natural disasters compounds the country’s humanitarian situation, jeopardizes post-civil war recovery, and undermines development efforts.** Since its independence in 2011, the country suffered severe droughts (2011, 2015) and floods (2014, 2017, 2019, 2020, 2021, and 2022), resulting in high numbers of casualties, displacements, and the loss of livestock—severely affecting people’s livelihoods. The Global Climate Risk Index ranked the country among the 10 most affected countries in 2019 due to the severe flooding and heavy rainfalls that year, as well as the intense bush fires. With a strong reliance on subsistence farming and pastoralism, rural communities are particularly affected by extreme weather events and natural disasters. Historical records show a large year-to-year variability in precipitation, but droughts have become more frequent and widespread since the 1960s. The seasonality and intensity of the rainy season is also changing, resulting in more frequent and extreme flooding in many parts of the country. Climate-related hazards are seen to intensify conflict over natural resources, thereby driving population displacement and worsening food insecurity. Furthermore, critical government information and systems (such as records and archives and budget and payroll systems) are lost or damaged in the event of a climate-related disaster, which disrupts business continuity and, in turn, the ability to deliver public services. There are inadequate institutional arrangements and capabilities in the public sector for effective coordination, planning, and implementation of climate change adaptation interventions. These capacity constraints limit the integration of climate change adaptation into national policies and development planning processes in South Sudan.

B. Sectoral and Institutional Context

6. **Weak civil service capacity in South Sudan significantly hinders the Government’s ability to effectively fulfill its service delivery functions.** This is evident in South Sudan’s low scores on various measures of governance such as the government effectiveness indicator of the Worldwide Governance Indicators and the Bertelsmann Transformation Index. South Sudan's government effectiveness rating has been declining over the past decade, with a score of -2.38 in 2021, the lowest in the region. The Bertelsmann Transformation Index gives South Sudan a score of 2 out of 10 for efficiently using its human, financial, and organizational resources, citing low administrative capacity and often inadequate or unreliable performance data. Despite the existence of policies and guidelines that define roles in different sectors and levels of government, these are largely not operational or adhered to. With the World Bank’s portfolio in South Sudan growing from US\$300 million to US\$1.2 billion since 2020, with investments supporting various reforms, and the transition to government-led implementation of these projects, there is a further need for adequate capacity of the civil service to ensure ownership and successful implementation of reforms.

Figure 1. Government Effectiveness - Worldwide Governance Indicators



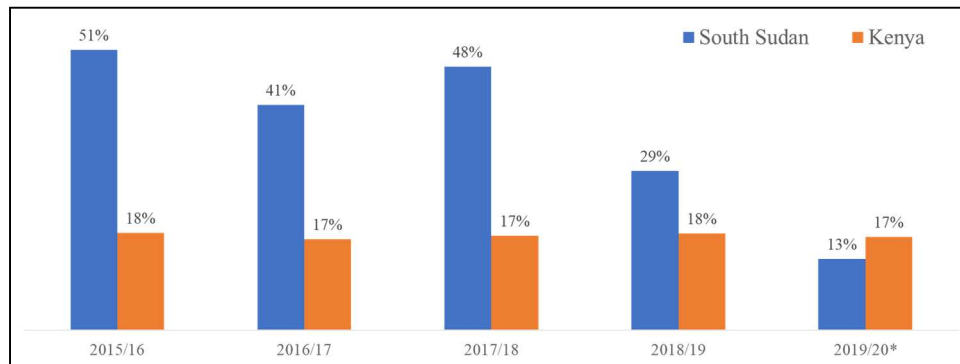
Source: Own elaboration based on the Worldwide Governance Indicators data⁵ (2023).

⁵ <http://info.worldbank.org/governance/wgi/>.



7. **Public administration in South Sudan is characterized by a substantial wage bill, low salaries, and a notable bias toward specific sectors.** Research conducted by the Salaries and Wages Review Working Group⁶ 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 such as 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 FY2023/24 budget. However, the wage bill has decreased as a percentage of expenditure over time (Figure 2) due to the mismatch between salary increases and high inflation.

Figure 2. Wage Bill as Percentage of Public Expenditure



Source: Own elaboration based on the 1st National Economic Conference⁷ (2023).

8. **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.

9. **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 the total salary (5 percent from employee and 11 percent from employer).⁸ 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.

10. **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 that only 9,457 staff were classified, or professional staff compared to 6,372 unclassified or support staff. Assessing the characteristics,

⁶ *Comparative Analysis of Wage Bills & Inflation-Indexed Adjustment of Public Sector Salaries and Wages in South Sudan*. Study presented in the first 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.

⁷ Ibid.

⁸ According to a circular from 2013.



qualifications, skills, and performance of public servants is difficult, as data are extremely limited. The unclear recruitment practices and lack of performance incentives affect capacity and overall motivation, leading to discontentment, suboptimal performance, and attendance issues. Staffing is also not aligned with the mandate and functions of the ministries, departments, and agencies (MDAs). 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.

11. **The low levels of female representation in the civil service are well recognized, despite provisions in the R-ARCSS to have at least 35 percent female representation in the Executive branch.**⁹ Despite some effort to comply with these provisions, a notable concentration of women in the civil service 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.¹⁰ 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.

12. **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.¹¹ Delays in salary payments for more than three months have 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 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 nongovernmental 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 10 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.

13. **The Ministry of Public Service and Human Resource Development (MoPSHRD) is the institution with the mandate to create the conditions for an efficient public service.** Addressing the challenges noted above remains critical for South Sudan’s immediate and long-term development. This requires a well-balanced approach that encompasses effective civil service policy and regulatory frameworks to allow for enhancing the skills and professionalism of public servants and ensuring a fair wage allocation and salary compensation. While these challenges cut across all sectors, it is solely within the authority of the MoPSHRD to issue policies to address them. The MoPSHRD is well-equipped to manage this reform, demonstrating the necessary political will and a degree of technical capacity. Close coordination with the Ministry of Finance and Planning (MoFP) is needed to ensure fiscal sustainability of the measures as well as timely allocation of financial resources.

C. Relevance to Higher Level Objectives

14. **The project is aligned with the World Bank Group South Sudan Country Engagement Note (CEN) 2021–2023 (Report No. 158008-SS) and the Systematic Country Diagnostic (SCD) Update.** The overriding focus of the CEN is on

⁹ “Provisions of the Transitional Constitution of the Republic of South Sudan and ARCSS on participation of women (35 percent) in the Executive shall be observed”. (R-ARCSS, 2018, 1.4.4).

¹⁰ Data from the Ministry of Public Service and Human Resource Development, February 2024.

¹¹ <https://documents1.worldbank.org/curated/en/439881495817910529/pdf/South-Sudan-Capacity-Buliding-ASA-P156685.pdf>.



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 actively contribute to Focus Area 1, specifically *Objective 1.1: Building core institutional administrative capacity and transparency*. This involves enhancing core institutional administrative capacity and transparency, thereby boosting government effectiveness, and reinforcing the technical and administrative capabilities of key MDAs. 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 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 World Bank-financed projects.

15. **The project contributes to IDA20 commitments and is aligned with the World Bank Group Strategy for Fragility, Conflict and Violence (FCV) 2020–2025.** Capacity building is at the core of the project, and proposed interventions are directly aligned with the IDA20 commitment to establish and/or strengthen core government functions that facilitate effective, inclusive, and responsive public services; enhance transparency and accountability; and promote resilience and trust. Limited capacity in the public sector contributes to exacerbating drivers of FCV both at the national and subnational levels. On the one hand, the absence of effective public service provision by the State has prevented the emergence of a social contract between civilians and the State since independence. On the other, the inability of the State to provide core governance functions leaves people in a constant struggle to survive and continues to deepen poverty and inequality. Therefore, strengthening the public sector through policy, regulations, and capacity building of government officials address key governance and service delivery-related drivers of violence in South Sudan. The project is aligned with the World Bank Group Gender Equality Strategy (2024–2030), *Strategic Outcome 6: Advance women’s participation, decision-making and leadership*. The project also supports the achievement of the Africa Region priority of making institutions more efficient and accountable.

16. **The project is consistent with South Sudan’s Second Nationally Determined Contribution (NDC)¹² and National Adaptation Program of Actions (NAPA)¹³, both issued in 2021.** The Government of South Sudan GoSS has identified the need for capacity building and strengthened policy and institutional frameworks to adequately implement interventions for climate adaptation and mitigation. To this end, the second NDC pledges to support the development of the institutional and technical capacities of government institutions; develop and implement awareness-raising programs; and incorporate climate change and topics related to environmental management in school curricula. One of the NAPA’s top priorities is the need to strengthen institutional capacity of the Government to integrate climate change into national policies and planning processes. The project will directly support this by building and strengthening institutional and human resource (HR) capacity of the civil service, including in the energy and water sectors.

II. PROJECT DESCRIPTION

A. Project Development Objective

17. **PDO Statement:** To strengthen institutional and human resource capabilities in selected sectors.

¹² <https://www.undp.org/sites/g/files/zskgke326/files/migration/ss/South-Sudans-Second-Nationally-Determined-Contribution.pdf>

¹³ https://unfccc.int/files/adaptation/workstreams/national_adaptation_programmes_of_action/application/pdf/south_sudan_final_napa_-_24th_nov-2016.pdf



PDO-Level Indicators

- (a) Enhanced institutional capacity for attracting and retaining qualified public servants;
- (b) Improved competency-based HRM framework in the civil service;
- (c) Establishment of a performance-based culture for staff involved in government reforms in selected sectors.¹⁴

B. Project Components

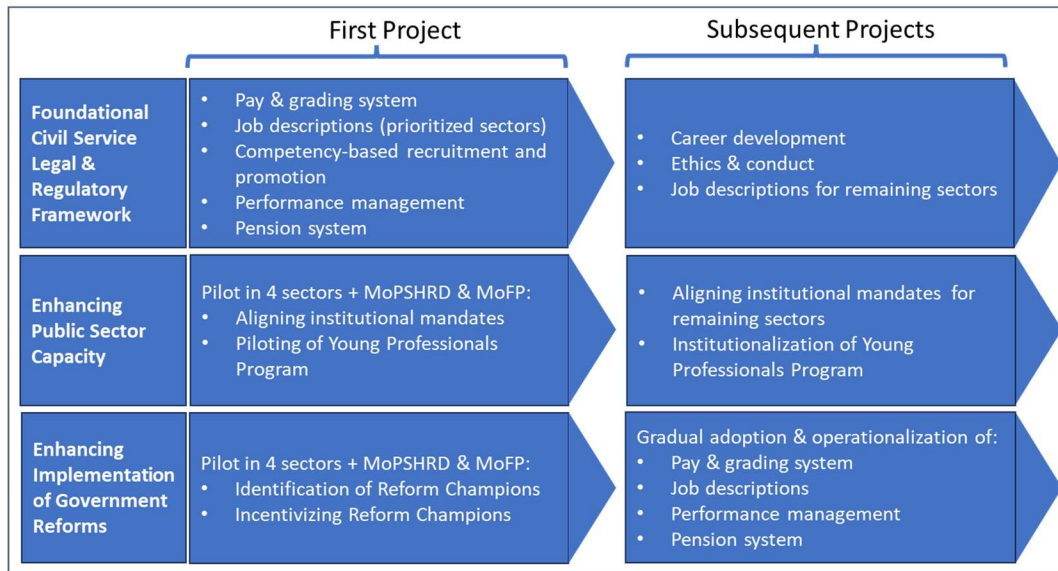
18. **A sequenced approach is needed to tackle long-term and complex civil service challenges in South Sudan.** Based on international experience, the nature of civil service reforms in an FCV country context demands time, resources, and political will. Traditional five-year projects are not sufficient 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. The Government has committed to co-finance the project and has initiated procedures for budget allocation for the following years. This will ensure fiscal sustainability and strengthen ownership of the reform.

19. **The design of the project aims to balance the long-term nature of civil service reforms with the urgency of critical government reforms.** The project comprises four mutually reinforcing components that are described below. To ensure the long-term success of the reform and the sustainability of the capacity built, the SOP approach, beginning with the proposed project, integrates the following strategies: gradually decreasing the proportion of World Bank financing of incentives over time (the declining scale), empowering government institutions to lead these reforms, capacitating task force teams in selected institutions to sustain the pace of reforms, and investing in a pipeline of civil servants through a Young Professionals Program. This design allows for piloting the new civil service regulations while fostering ownership of the reforms and enhancing institutional capacity.

¹⁴ Staff involved in government reforms are referred to as reform champions throughout the document. Selected sectors are education, energy, health, and water.



Figure 3. Series of Projects Approach



Component 1: Strengthening policies, procedures, and systems for civil service management (US\$3.2 million equivalent)

20. **Development of an effective civil service policy and legal framework will enhance the institutional capacity of the MoPSHRD to generate the conditions to attract, retain, motivate, and professionalize qualified public servants.** A tailor-made policy framework needs to be designed and realistically planned in collaboration with national stakeholders. The overarching strategic policy framework will need to be accompanied by civil service regulations that translate the policy objectives and measures into clear and detailed processes, roles, and institutional arrangements, with adequate transparency and control system features. Key elements include: (a) a clear job classification and ranking system based on objective criteria; (b) merit-based and transparent recruitment and selection processes that are free of bias (including gender, ethnic and disability); (c) pay and grading structures, with competitive yet affordable salary scales; (d) fair performance evaluation processes; and (e) effective career development policies. The civil service framework and regulations should consider macro-fiscal projections, labor market conditions, the economic situation, sectoral long-term plans and needs, and the administrative tradition, among other aspects. A well-resourced and managed pension fund should also be in place to ensure a sustainable source of livelihood for retired public servants and create opportunities for eligible public servants to retire and new talent to join the service. The Public Financial Management and Institutional Strengthening Project (P176761) is already supporting the implementation of a Human Resource Management Information System (HRMIS) integrated with the Financial Management Information System (FMIS). This will be essential to ensure compliance with new civil service regulations, transparency, and the correct use of budget allocations and to avoid salary arrears.

21. ***Subcomponent 1.1: Designing and updating the civil service policy and regulatory frameworks (US\$2.2 million equivalent).*** 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 and 3 related to the Young Professionals Program and rules for adequately transitioning high performers benefitting from pay incentives to the new pay structure.

22. The HRM reform is set to address crucial aspects, including: (a) implementing job classification and ranking for selected MDAs, based on an analytical evaluation method free of gender and ethnic bias reflecting needs such as specialized climate skills; (b) formulating transparent and competency-based recruitment and promotion rules to attract skills relevant to the civil service, incorporating gender-inclusive processes; (c) establishing criteria and rules for performance management, ensuring fairness and effective controls; and (d) designing an appropriate pay and grading structure, based on job ranking and a labor market assessment, which ensures pay progression opportunities and is accompanied by clear rules for pay setting, bonuses, and wage bill affordability. The integration of climate skills into job descriptions and classifications, alongside functional reviews in the education, energy, health, and water sectors, will be crucial for implementing climate change adaptation and mitigation actions effectively (for example, skills on climate sensitive planning for health service delivery supply during the rainy season; identification of energy-efficient supplies for education, health, and water; and prioritization of priority infrastructure to increase climate resilience). This impact will be evident from the outset of the project and continue as young professionals and reform champions with specialized skills are integrated into the relevant ministries as public servants.

23. Subcomponent 1.2: Improving conditions for a transparent and accountable pension fund (US\$1 million equivalent). 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 equivalent)

24. **South Sudan is emerging from a long-term humanitarian and economic crisis, which has forced many qualified professionals to leave the country.** This scenario has led to a scarcity of qualified professionals in the local market. Accelerating the implementation of the Government's reform program requires skilled staff and this in turn demands a significant injection of knowledge. This can be done through targeted civil service recruitment schemes; structured theoretical and practical training initiatives, including formal training programs; on-the-job learning; educational schemes; preparation of guidelines; and widespread dissemination. This component will finance the development and implementation of a specialized competency-based recruitment and training system to ensure selection and placement of a small number of highly qualified young graduates and specialized training and coaching support for new recruits and their teams. Particular attention will be given to ensure that women and other underrepresented groups have equal opportunities to participate and benefit from the activities of the component. Training and mentorship on leadership development and career advancement for women in middle and top-level government positions will be provided. The women in these positions will be expected to in turn mentor other women in government to prepare them for future leadership positions. Plans and strategies for the recruitment, training, and placement of staff with climate specialization will also be developed and piloted. The interventions will be accompanied by adequate support for host institutions in which young professionals will be placed, to ensure their integration and that managers supervising their work will effectively collaborate with these professionals.

25. Subcomponent 2.1: Developing and aligning core institutional mandates and individual capabilities in selected sectors (US\$2.5 million equivalent). 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 functions. 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 World Bank-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; and (c) conducting skills gap assessment in the selected MDAs to inform targeted design of learning and development programs, with a special focus on leadership, gender balance, and critical 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 (FM) (budgeting, accounting, and auditing), procurement management, HRM, information technology (IT), change management, and project management. To support the learning process, technical advisers 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 advisers will be national and international experts already funded and contracted by each of the respective ongoing government reforms.

26. *Subcomponent 2.2: Designing and piloting a Young Professionals Program (US\$2.5 million equivalent)*. 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, HRM, climate change, planning, and M&E, 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 to 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 Incentive Performance Manual (IPM).

Component 3: Incentivizing the effective implementation of selected sector reforms (US\$6.2 million equivalent)

27. **To effectively attract and retain qualified public servants, it is crucial to offer competitive incomes 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 generating 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, motivated and well-performing staff are needed to implement ongoing critical government reforms in key sectors in the short term.

28. **This component will focus on improving compensation packages for selected public servants who 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 frameworks,¹⁵ they can provide a short-term solution to address noncompetitive 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 promote redeployment of high performers toward 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. Reform champions will be trained under Component 2, including on specialized climate knowledge tailored to their respective sectors of energy, education, health, and water. This knowledge will facilitate the implementation of climate change adaptation and mitigation measures integrated into the ongoing sector reforms. Specific training will be provided to reform champions specialized in M&E to assess climate risks and track progress on national strategies. 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 time-bound and temporary incentives will follow a decremental model to incorporate these into the new pay and grading system to be implemented under subsequent projects in the SOP. This aims to ensure that base wages become the main element of the 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\$3.6 million)

29. **This component would support change management and project coordination including communications, FM, 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 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.

C. Project Beneficiaries

30. **The project will deliver benefits to personnel across the public service.** Approximately 500,000 personnel of the GoSS will benefit from the refinement of civil service policies, laws, and regulations. This will lay the groundwork for improved frameworks for managing the civil service workforce and competency-based HRM procedures. In particular, the MoPSHRD, MoFP, and additional sector MDAs will witness an enhancement in their ability to carry out selected government reforms with heightened efficiency and effectiveness.

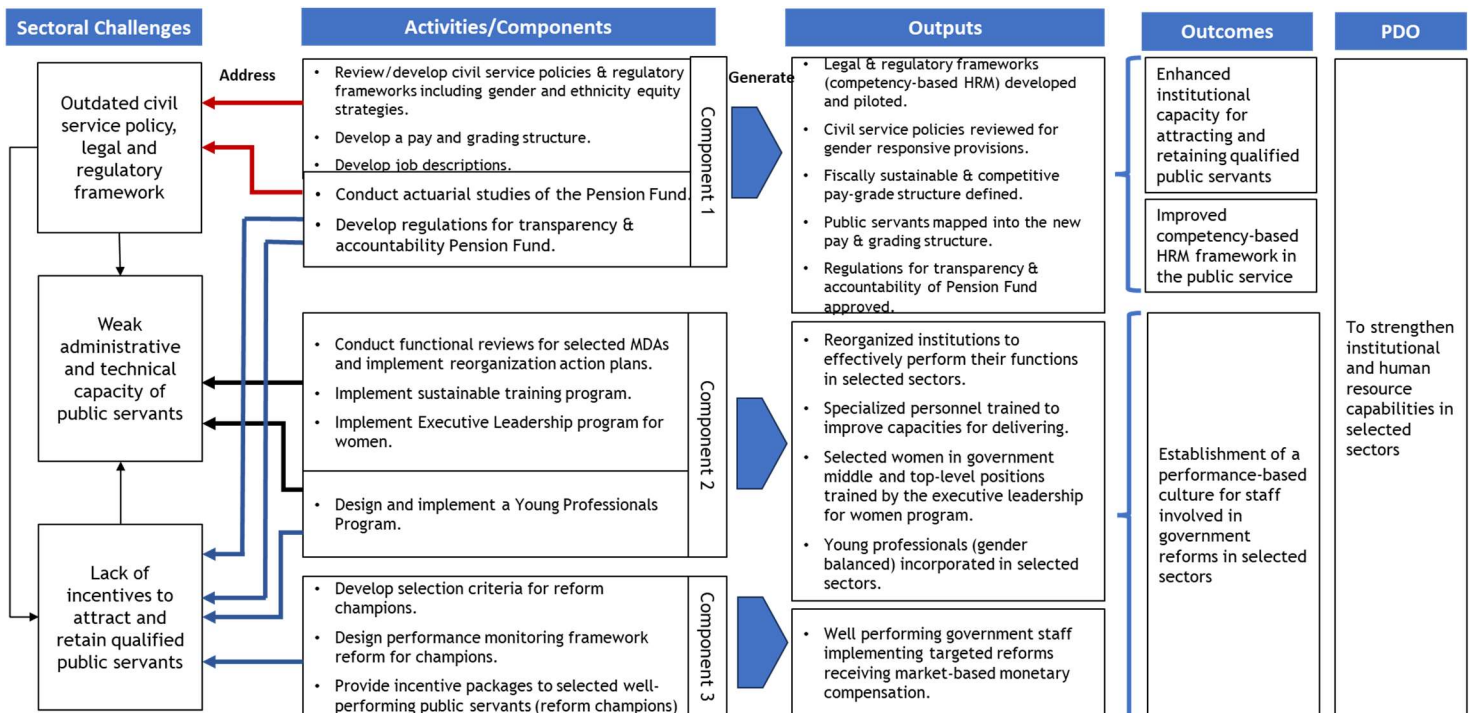
¹⁵ Williams, Martin J., and Liah Yecaló-Teclé. 2019. *Civil Service Reform and Performance Management in Ghana and Zambia Since 1990*. International Growth Center. p. 4. <https://docplayer.net/228911988-Civil-service-reform-and-performance-management-in-ghana-and-zambia-since-1990.html>.



D. Results Chain

31. The nature of the reform pursued by the SOP demands a long-term approach with gradual short-term interventions. The higher-level objective of the SOP is to improve the capacity of the civil service to implement government reforms. This is a long-term objective that requires not only institutional and human capacity improvements but also substantial levels of political will and significant financial resources. The foundational conditions required for the large-scale implementation of the reform, including legal and regulatory frameworks and adequate fiscal space, are not currently in place. Government reforms in the education, energy, health, and water sectors face a potential threat due to a shortage of qualified public servants to effectively lead and implement these initiatives. This project aims to tackle the foundational aspects of the reform. Strategic sequencing of components and activities is crucial. Component 1 focuses on laying the groundwork for medium- to long-term civil service reform, with anticipated results over several years. Components 2 and 3 address immediate capacity-building needs for high-priority, ongoing reforms and must be executed simultaneously with Component 1. Within Component 1, developing a new pay and grading structure is vital, but obtaining official approval requires substantial consensus. Defining incentives for reform champions and young professionals is imperative in the early stages, guided by a conservative fiscal and market analysis.

Figure 4. Results Chain



E. Rationale for Bank Involvement and Role of Partners

32. The World Bank is a global leader in advising and financing of civil service reforms. The World Bank has extensive global experience and a track record of working on civil service reforms in a wide range of environments including FCV, low-income, and middle-income countries. The World Bank has supported the implementation of successful reforms following similar approaches in countries such as Somalia, Afghanistan, Zambia, Cambodia, and Maldives. In subsequent projects, the World Bank will seek to engage with partners to jointly support civil service reform based on lessons learned from this first project.



33. **The significant increase of World Bank support over the last two years is accompanied by a change of implementation approach from third-party to government-led implementation.** This requires a capable public sector, accountability, and transparency. The World Bank is financing an ongoing project that supports public financial management (PFM) reforms that will strengthen accountability and transparency in PFM including payroll expenditure through the HRMIS and FMIS; however, additional support is needed to strengthen the capacity of the civil service across sectors in a sustainable manner to ensure the long-term success of reforms. The Government has expressed its willingness to co-finance this reform; legal and regulatory procedures must be followed to ensure appropriation and allocation of resources.

F. Lessons Learned and Reflected in the Project Design

34. **The proposed intervention logic builds upon lessons learned from similar settings.** Evidence shows that effective civil service management in developing countries requires prioritizing key elements such as meritocratic HRM frameworks, transparent recruitment, performance relevance, and fair pay. The success of reform efforts hinges on realistic prioritization and strategic sequencing. Lessons from past civil service reforms in Ghana during the late 1990s and early 2000s highlight the importance of avoiding simultaneous, uncoordinated reform activities across numerous organizations, which can overwhelm the individuals involved.¹⁶ An analysis of a broad survey covering 23,000 civil servants across 10 developing countries in Africa, Asia, Eastern Europe, and Latin America reveals that effective management practices must be tailored to the local context. In general, three key lessons emerge: (a) prioritizing depoliticization and combating nepotism through meritocratic frameworks, particularly in recruitment with transparent selection processes; (b) emphasizing the informed design of performance management systems; and (c) recognizing the significance of adequate pay as a tool for staff satisfaction and retention.¹⁷

35. **Developing a customized strategic HRM framework is crucial for providing direction to the reform process and prioritizing actions.** The overarching HRM strategy should be informed by relevant assessments, ensuring its applicability, and encompassing objectives for a five-year time frame. The sequencing of actions depends on country-specific conditions, including financial resources, management capabilities, program feasibility, and stakeholder support.¹⁸ This policy framework should cohesively integrate key HRM dimensions, such as workforce planning, recruitment, career management, performance management, and pay, accompanied by a realistic implementation plan. Additionally, the core of many civil service reforms lies in establishing fair, transparent, competitive, and sustainable pay systems, requiring comprehensive job analysis, classification, and grading in collaboration with national stakeholders. The design and implementation of these systems necessitate time and consultation. Short-term incentives are commonly employed to support the successful delivery of targeted reform plans.

36. **Young Professional Programs can act as catalysts for civil service transformation, employing transparent and meritocratic recruitment or promotion processes to select high-caliber individuals capable of driving positive change.** Demonstrated success in various African countries and other contexts highlights their sustainability and their integral role in HRM reform packages. These schemes can be tailored for young graduates from outside the civil service, young civil servants with potential, or both, ensuring fair treatment. Liberia provides a notable success story, where the President's Young Professional Program emerged in 2006 to address capacity challenges after a 14-year civil conflict. Over 100 individuals completed the program by 2022,¹⁹ with a remarkable 90 percent of alumni continuing to work in government

¹⁶ Economic Commission for Africa. 2010. *Innovations and Best Practices in Public Sector Reforms: The Case of Civil Service in Ghana, Kenya, Nigeria and South Africa*. p. 88. <https://repository.uneca.org/bitstream/handle/10855/21041/Bib-19453.pdf?sequence=1>.

¹⁷ World Bank. 2016. *What Works for Strengthening Public Service Training in Post Conflict Environments? A Review of Four Public Sector Training Institutions in Africa*. <https://openknowledge.worldbank.org/server/api/core/bitstreams/ba5299cf-7f36-59b1-9310-76d6dd9a981e/content>.

¹⁸ Clay Wescott. 1999. "Guiding Principles on Civil Service Reform in Africa: An Empirical Review." *International Journal of Public Sector Management* April 1999, p. 152.

¹⁹ <https://www.pyppliberia.com/impact>.



or pursuing government-sponsored studies, some ascending to directorial or assistant ministerial roles.²⁰ Building on this success, an Emerging Public Leaders Program was developed, and it is currently implemented in Liberia, Ghana, Kenya, and Malawi.

37. **Regarding overall approach to reform, a gradual, phased-in process seems preferable, testing and piloting a set of HRM reforms and then expanding to larger-scale processes.** The review of relevant literature shows that it is advisable to approach civil service reform incrementally, adapting the scale and structure to what is manageable and achievable in the specific context. For example, while Tanzania was rather successful in pursuing a comprehensive program of state capacity building and civil service reform,²¹ in many cases, experts advocate more in favor of developing long-term strategies while starting with realistic “initial steps to identify and build on, entry points for state capacity building that, although modest in themselves, have the potential to set in motion far-reaching cumulative changes.”²²

III. IMPLEMENTATION ARRANGEMENTS

A. Institutional and Implementation Arrangements

38. **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 MoPSHRD is well-equipped to manage this reform, demonstrating the necessary political will and a degree of technical capacity. The governance of the project (strategic and policy decision-making) will be carried out 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.

39. **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 a project manager; FM, procurement, M&E, communications, environmental and social (E&S) 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 World Bank. The PMU must ensure close coordination with the Aid Coordination Department of the MoFP.

40. **Sectors will act as beneficiaries rather than implementing actors, contributing inputs to identify and assess the performance of reform champions.** Rather than transferring resources directly to beneficiary sectors, funds will be disbursed directly by the implementing agency to individual reform champions based on their performance evaluations.

41. **The PMU will prepare and adopt a Project Operations Manual (POM) and IPM.** The POM will detail the roles and responsibilities for all stakeholders. It will contain detailed guidelines and procedures for the implementation of the project with respect to administration and coordination, M&E, FM, procurement and accounting procedures, E&S aspects, corruption and fraud mitigation measures, and grievance redress mechanism. The IPM will contain guidelines, selection tools, and performance evaluation criteria for the reform champions and young professionals. All amendments to the PMU and IPM will be agreed with the World Bank.

²⁰ Ibrahim Foundation. 2018. *Public Service in Africa*. p. 71. <https://mo.ibrahim.foundation/sites/default/files/2021-06/2018-forum-report.pdf>.

²¹ As detailed in Sarah Repucci. 2004. *Designing Effective Civil Service Reform Lessons from Past Experience, Public Administration and Development*, 34: 207–218. Available at Wiley Online Library (wileyonlinelibrary.com) DOI: 10.1002/pad.1684.

²² World Bank. 2004. *Building State Capacity in Africa New Approaches, Emerging Lessons*. World Bank Institute. p. 28. <https://openknowledge.worldbank.org/server/api/core/bitstreams/dab6a144-6782-5b6c-8990-84397743d67d/content>.



B. Results Monitoring and Evaluation Arrangements

42. **Progress in achieving the PDO will be measured and monitored through the PDO and the intermediate results indicators of the Results Framework.** The Results Framework provides indicators that are assessed under each component, including baselines and details concerning the reference data, target values, and frequency of data collection, as well as source and methodology. The PMU's M&E specialist will coordinate with relevant units in the MoPSHRD, MoFP, and other beneficiary MDAs, to collect the relevant data for the project results indicators and provide reliable analysis. Reporting on project implementation progress will be done on a semiannual basis. The POM will include details about results indicators, data collection methodologies, and institutional arrangements for data collection and reporting.

C. Sustainability

43. **Sustainability of the project requires phased and interlinked technical, financial, and political approaches.** To achieve this, effective job descriptions aligned with institutional mandates and organizational structures need to be crafted. Additionally, establishing salary scales reflecting available fiscal space and revenue collection strategies is essential. The project aims to bolster the sustainable technical capacity of the MoPSHRD through hands-on technical assistance, internships, mentorships, and coaching programs for young professionals. A robust political commitment is vital to reinforce controls on ghost positions, ensure proper management of allowances, and enforce the adoption of the new regulatory framework. These measures should be carefully designed to complement each other and implemented progressively, with the first SOP project paving the way for a detailed long-term sustainability strategy. The Government has expressed its willingness to co-finance this reform for gradual fiscal sustainability.

44. **A comprehensive fiscal sustainability and an actuary analysis of the Pension Fund will be developed under the project.** At present, limited fiscal capacity precludes the possibility of adjusting civil service wages to reflect economic conditions. The discrepancy between existing salaries and the economic reality is substantial, and any attempt to align them, even incrementally, is likely to exert considerable fiscal strain on the GoSS. The fiscal sustainability analysis will encompass projections of public spending as well as strategies for domestic revenue collection and oil revenue management. The actuarial analysis will provide insights into how the pension system can be phased in responsibly, ensuring that pension commitments are met without the danger of defaulting on obligations.

IV. PROJECT APPRAISAL SUMMARY

A. Technical and Economic Analysis

Technical Analysis

45. **Spending on the public sector is high on aggregate but wages to public sector employees are low.** The high wage bill is caused by overemployment of some sectors, which takes about 78 percent of public revenue. The civil service has a large number of unclassified staff with limited levels of education, and several senior civil servants are past retirement age. The current pay structure of the public sector wage bill does not cater to social security aspects such as pension and health insurance. The decreasing value of local currency (South Sudanese pound) in the market has a negative impact on the salary of civil servants. There is an increased concern about the spiraling inflation and increased prices of essential commodities in the markets for the last six years, and the cost of living has dramatically increased while salaries remain static.

46. **The 2024 national budget included a 400 percent increase in public sector salaries to mitigate against the impacts of inflation, which accumulated about 25,000 percent since 2011.** Presently, public sector salaries are inadequate, negatively affecting incentives and service delivery performance. The country has a history of significant arrears and faces challenges with 'ghost workers.' Civil service numbers have grown by an average of 12 percent annually, with positions exceeding approved numbers by 29 percent on average over the last three years. Going forward, the



Government must prioritize consolidating the wage bill, improving payroll management, and enhancing expenditure controls,²³ as part of broader reforms to build capacity and strengthen performance management. This analysis concludes that the 400 percent salary adjustment falls short of adequately compensating for the considerable loss in purchasing power caused by inflation. It proposes that incorporating all allowances into the average wage could mitigate the impact. Presently, allowances somewhat offset the low base wages.

47. **Insufficient government wages correlate with poor public institution performance, leading to talent loss and increased corruption risk.** South Sudan's public sector lacks clear data and controls for assigning merit-based allowances, resulting in an unfair compensation system that fails to attract or retain qualified professionals. While low wages contribute to corruption, other factors such as transparency, organizational culture, and weak governance also play a role. Addressing these issues requires a holistic approach that improves legal frameworks, knowledge, accountability, and transparency in public service.

48. **Improving the value proposition of public service employment holds significant benefits for the implementation of government reforms.** Improving monetary compensation for well-performing public servants involved in the implementation of strategic government reforms creates strong incentives for individuals to actively participate in and drive the reform agenda. A meritocratic and transparent methodology for HR selection ensures that rewards are distributed based on performance and merit rather than favoritism, gender, social, or political considerations. This not only enhances the credibility of the Government but also encourages a culture of excellence within the civil service.²⁴

49. **Injecting knowledge and skills into the public sector is key for creating a more sustainable and effective civil service.** Knowledge sharing, coupled with an improved quality of work life, plays a pivotal role in maximizing the capabilities of the state civil apparatus.²⁵ Through knowledge sharing, public servants can disseminate their expertise and insights to their peers, creating a collaborative environment that nurtures creativity and innovation. This approach not only amplifies the impact of training investments but also enhances the performance of public servants and contributes to reduce existing gender and social inequalities. The injection of knowledge and skills strengthens the collective capacity of the civil service.

Economic Analysis

50. **The direct economic benefits that are expected to accrue to the GoSS through the project are identified in the following paragraphs.** However, the necessary data to quantify expected gains (for example, wage bill savings due to better control of allowances or retirement of average civil servants and/or potential impact on economic growth due to better government performance in targeted sectors) are currently not available. The support provided through the project will help generate reliable data, notably through the fiscal analysis impact, actuarial studies around the pension system, and functional reviews.

51. **A structured pay and grading system in the public sector delivers both immediate and long-term benefits.** In the first place, the perception of equity and fairness increases the chances of retaining efficient public servants. The public sector can promote equity through competitive compensation based on the level of responsibilities, merit, qualifications, and experience, hence increasing staff morale and productivity and reducing turnover. To deliver results, the pay and grading system must provide a clear framework for determining salaries and allowances/incentives, through a consistent and transparent pay structure based on efficient resource allocation.

52. **Professional development and retention of talent can have a direct impact on the improved capacity of the public sector and provide the enabling environment to foster reform.** This can be achieved through the development of an administrative career based on a progressive enhancement of public officials' skills, performance, and productivity. A

²³ These reforms are part of the ongoing Public Financial Management and Institutional Strengthening Project (P176761).

²⁴ <https://www.sciencedirect.com/science/article/pii/S2405844022039202>.

²⁵ <https://www.jstor.org/stable/48710264>.



direct link between performance and compensation will lead to a competent and efficient service delivery, improving public sector capacity and laying the foundation for long-term reform.

53. **An improved public sector capacity can lead to enhanced trust and accountability.** Other factors such as governance, legal, and normative foundations in place, efficient HR systems and realistic budgetary forecasts that account for salary and pension provisions will help build public trust in the Government's ability to manage finance and allocate resources efficiently. Successful implementation of such governance, policies, and systems will require planning, monitoring, and evaluation of short- and medium-term iterations to make timely adjustments.

Alignment with Corporate Commitments

54. **Citizen engagement.** The project is committed to fostering diversity and equal opportunities through the development of strategic HRM policy objectives. These objectives will specifically promote affirmative action, and the project will collaborate closely with relevant institutional stakeholders to ensure inclusivity. Additionally, training programs and institutional development plans will be carefully crafted in consultation with beneficiaries to address specific needs and promote skill enhancement. The project Results Framework includes an indicator measuring the proportion of staff trained who state that they have utilized the training received on the job, providing a tangible measure of the practical impact and responsiveness of the training initiatives implemented by the project. The survey findings will guide the development of immediate capacity-building initiatives within Component 2, as well as shape the formulation of capacity-building policies within Component 1.

55. **Gender.** The project seeks to address significant gender gaps in the civil service, where women are underrepresented, particularly in leadership roles. Additionally, it addresses the lack of regulations to systematically ensure equity in recruitment and promotion processes. The establishment of a Young Professionals Program with a 40 percent quota for women ensures an influx of female talent into the civil service. Simultaneously, Component 1 focuses on creating an inclusive policy and regulatory framework for the civil service and gender equity strategy, aiming to foster an equitable work environment. The project will develop a gender equity strategy that will support the development of regulations and policies focused on aspects such as maternity support, childcare support, and flexible working arrangements. The project further emphasizes training, particularly leadership development for women in middle and top-level positions, with a commitment to providing equal opportunities for underrepresented groups. By addressing these gaps through targeted actions, the project endeavors to enhance gender representation and opportunities for women within the civil service.

56. **Climate change.** The project will address the lack of institutional capacity for climate adaptation and mitigation by updating job descriptions to include specialized skills in climate change and develop plans for recruiting, training, and placing staff with expertise in climate-related areas. Skills and knowledge on topics such as climate-sensitive planning for health service delivery supply during the rainy season; identification of energy-efficient supplies for education, health, and water; and climate change-aware public investment will also be part of the training program for the reform champion and young professionals. This will extend to both the young professionals and the reform champions. Specific training will be provided to reform champions specialized in M&E to assess climate risks and track progress on national adaptation and mitigation strategies. Additionally, the project will develop and offer training on climate-related disaster resilience standards for procurement processes, ensuring a climate-resilient approach to acquiring goods and services and planning for disaster response. Metrics will be put in place to track the efficient deployment of staff with climate change, environmental, and disaster risk management competencies and certifications. The functional reviews and institutional development plans for the Ministries of Energy and Water will identify any gaps in specialized skills and functions needed to deliver on climate change reform/policy making. These measures aim to build institutional capabilities for effective climate interventions and bolster the resilience of institutions to climate change.

57. **The project is aligned with the goals of the Paris Agreement on both mitigation and adaptation.** It is anticipated that climate-related hazards will not significantly affect the project's progress nor is the project expected to have a



negative impact on South Sudan’s low-carbon development pathways. Consequently, the project is assessed to have low or no risk on adaptation or mitigation efforts.

58. **Assessment and reduction of mitigation risks.** Project activities will have a negligible impact on greenhouse gas (GHG) emissions and are not expected to have an adverse effect on South Sudan’s low-GHG-emissions development pathways. All project activities are considered ‘universally aligned’ per Paris Alignment methodologies. The project will not finance procurement of large IT infrastructure; however, the project will incorporate life cycle requirements and energy efficiency standards in the procurement of services, equipment, and supplies.

59. **Assessment and reduction of adaptation risks.** The main climate risks identified for the project are increased heat waves and more frequent and intense extreme weather events, which might lead to floods or extreme hot weather and impact the capacity of young professionals, reform champions, and PMU to continue operating. The inherent level of risk that these hazards pose to the project is low. To reduce risks to an acceptable level, the project will include resilience and business continuity measures within the POM to minimize service disruptions.

B. Fiduciary

(i) Financial Management

60. **The World Bank conducted an FM assessment that concluded that basic FM systems and capacity exist at the MoPSHRD, but the overall status is considered weak.** The assessment observed the existence of significant capacity gaps within the implementing ministry, which could materially affect the implementation of the project. These include the budget preparation process not being participatory as required by legislation, inadequate budgeting capacity, lack of budget monitoring tools and reliance on the MoFP for generating budget outturns, manual accounting system, lack of accounting vouchers (financial forms) including payment vouchers, inadequate staffing capacity, and lack of experience in the management of projects funded by the World Bank. Significant weaknesses in the internal controls were also identified. These include: (a) failure to carry out periodic cash and bank reconciliations; (b) lack of a fixed assets management system; (c) verbal payment approvals; (d) lack of documented standard operating manuals; (e) failure to assign expenditure line codes as directed by the MoFP through the approved Chart of Accounts; (f) no documented payment approval thresholds; (g) payments and the supporting documents not canceled by a ‘PAID’ stamp; (h) verbal procurement instructions on payment of salaries; (i) unpaid salaries used in settling other operating expenses; and (j) significant delays in external audits by the National Audit Chamber (NAC).

61. **Based on the findings of the assessment, the overall FM risk rating for the ministry is considered High and upon implementation of proposed mitigation measures, the residual risk rating is expected to become Substantial.** Given the status, the FM arrangements for the project will be handled by the PMU, to be set up within the ministry. FM at the PMU will be headed by a consultant FM specialist, supported by a project accountant hired for the project and complemented by finance staff deployed by the MoPSHRD.

(ii) Procurement

62. **The project procurement activities will be carried out in accordance with the ‘World Bank Procurement Regulations for IPF Borrowers’, dated November 2020, hereafter referred to as ‘Procurement Regulations’.** The project will be subject to the World Bank’s Anticorruption Guidelines, dated July 1, 2016. Accordingly, the MoPSHRD has prepared a Project Procurement Strategy for Development (PPSD) and 18-month initial Procurement Plan which sets out the selection methods and approach to be followed during project implementation for the procurement of goods, works, and non-consulting and consulting services financed by the World Bank. A Procurement Manual will also be prepared to guide the management of procurement activities.

63. **Procurement activities will be implemented through the PMU, to be established in the MoPSHRD.** A procurement capacity assessment of the MoPSHRD is being conducted; however, based on the general country situation



and related assessments, ministries lack procurement units established in the institutions. Procurement processes are conducted as administrative functions, and there is no dedicated procurement staff. The Public Procurement and Disposal of Assets Authority (PPDAA) Act of 2018 requires the establishment of procurement units and procurement committees at each procuring entity, as well as all procurement functions to be conducted and managed by the procurement unit.

64. **In line with the PPDAA 2018 Act, the MoPSHRD Undersecretary will appoint a procurement committee of five to seven members to provide oversight of procurements and contract management.** The PMU will be staffed with a senior procurement specialist who will provide overall coordination and fiduciary assurance to all operations implemented by the ministry. The senior procurement specialist will also provide capacity building for designated ministry procurement staff, including trainings on the PPDAA 2018 Act and World Bank Procurement Regulations. The senior procurement specialist will also support the ministry in establishing and training the procurement committee and procurement units as required under the PPDAA 2018 Act.

65. **The procurement risk for the project is rated as High.** The incomplete public procurement framework, the lack of functional procurement units, and oversight functions at the MoPSHRD, and generally weak PFM governance provide for a challenging environment. The World Bank’s experience and assessment of key procurement issues and risks in South Sudan have shown several additional challenges: (a) the narrow window of opportunity (only about six months) in the dry season during which most of the country is accessible; (b) significant delays in procurement processing, with a significant amount of time spent in preparation of tender specifications, terms of reference (TOR), and evaluation; (c) a nascent market and high costs for goods; and (d) weaknesses in the capacity of procurement staff, procurement planning, and procurement process administration—including the award of contracts, contract management, and contract oversight, and procurement record keeping. These challenges have been carefully factored into the design of the project procurement arrangements.

C. Legal Operational Policies

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

D. Environmental and Social

66. **The project will not have any significant adverse E&S 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 E&S 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 Environmental and Social Framework which will be included in the Environmental and Social Commitment Plan.

V. GRIEVANCE REDRESS SERVICES

67. **Grievance redress.** Communities and individuals who believe that they are adversely affected by a project supported by the World Bank may submit complaints to existing project-level grievance mechanisms or the Bank’s Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed in order to address



project-related concerns. Project affected communities and individuals may submit their complaint to the Bank's independent Accountability Mechanism (AM). The AM houses the Inspection Panel, which determines whether harm occurred, or could occur, as a result of Bank non-compliance with its policies and procedures, and the Dispute Resolution Service, which provides communities and borrowers with the opportunity to address complaints through dispute resolution. Complaints may be submitted to the AM at any time after concerns have been brought directly to the attention of Bank Management and after Management has been given an opportunity to respond. For information on how to submit complaints to the Bank's Grievance Redress Service (GRS), visit <http://www.worldbank.org/GRS>. For information on how to submit complaints to the Bank's Accountability Mechanism, visit <https://accountability.worldbank.org>.

VI. KEY RISKS

68. **The overall risk rating of the project is High.** There are significant risks to implementing a project in South Sudan, as evidenced from the previous and ongoing World Bank-supported projects. Furthermore, a project of this nature inherently faces risks such as resistance from existing staff due to changes in incentives and salaries, potential loss of skilled personnel when external support concludes, and challenges in effectively communicating and managing reforms. Additionally, political instability, inadequate institutional capacity, and varying levels of commitment from government stakeholders pose further inherent risks to the success of such projects. Addressing these risks requires strategic planning, stakeholder engagement, and a comprehensive change management approach to ensure the smooth and sustainable implementation of reforms.

69. **Political and Governance risks are High.** The country's fragile context and ongoing political dynamics, including security risks and intercommunal conflicts pose a risk to the project. The uncertainty of the upcoming elections represents an important political and governance risk. The volatile situation may lead to political uncertainty and frequent leadership changes, potentially affecting government ownership and causing delays. To mitigate these risks, the project plans to engage with various government levels and stakeholders to ensure there is broad support and political will for formal changes to the civil service regulatory framework.

70. **Macroeconomic risks are High.** The transitional government, under the International Monetary Fund (IMF) Staff Monitored Program, is undertaking measures to stabilize the economy and initiate PFM and governance reforms with support from the IMF and the World Bank. However, the country's heavy reliance on oil revenues for the central government budget, coupled with risks of debt distress, weak revenue mobilization, and reduced humanitarian aid, makes it highly susceptible to external shocks. Any materialization of these risks could affect macroeconomic stability, affecting project implementation. In response, the World Bank will collaborate with the IMF and other partners to assist the Government in economic management. To address potential fiscal pressure from salary reforms, the project will define updated salary scales based on macro-fiscal projections, labor market conditions, and other economic variables. This process will be complemented by pay and grading reviews preceded by a functional assessment to identify organizational gaps and overlaps. To gradually address fiscal sustainability risks, the Government is starting to undertake legal and regulatory procedures to ensure appropriation and allocation of financial resources to co-finance this reform.

71. **Sector Strategies and Policies risks are Substantial.** The risk of patronage and elite capture is significant, particularly in the context of reform champions and the Young Professionals Program. The provision of monetary incentives to selected civil servants may inadvertently exert pressure on project management to favor individuals with close ties to those in power, such as friends and family members. Such practices can undermine the performance of the reform champions and compromise the entire program's credibility. To mitigate the risk of favoritism and ensure the integrity of these initiatives, the project will implement a transparent and merit-based system, including the following measures: (a) clearly defined job descriptions for all reform champions with clear minimum requirements, expectations, and responsibilities; (b) a competitive internal selection process for candidates, ensuring that appointments are based on merit rather than personal connections and the selection is free of gender and ethnicity biases; (c) regular performance evaluations to maintain accountability and encourage continuous improvement among reform champions;



and (d) a diverse and impartial committee including representatives from sectors and the MoPSHRD for both selection and performance assessments to prevent bias and promote fairness. In addition, the World Bank must approve these procedures and the selection and performance reports through a 'no-objection' process. A similar approach will be applied for the Young Professionals Program.

72. **Institutional Capacity for Implementation and Sustainability risks are High.** Severe institutional capacity constraints in South Sudan's public sector include the presence of unskilled, aging, and absentee staff, leading to low morale due to inadequate compensation and delayed payments. This situation contributes to a widespread noncompliance with existing policies and procedures at all staff levels. The MoPSHRD is also affected by limited institutional capacity and has no experience implementing World Bank projects; however, it is the most well-equipped ministry to manage this reform, demonstrating the necessary political will and a degree of technical capacity. The project's primary focus is on addressing these constraints, with interventions aimed at improving institutional capacity. The institutional sustainability of reform champions will be addressed through Component 1, with definition of the new pay and grading structure based on fiscal discipline factors. The programs for reform champions and young professionals will also be implemented within the MoPSHRD to enhance its capacity. Complementary mitigation measures, part of the Public Financial Management and Institutional Strengthening Project (P176761), involve actions such as payroll reviews, staff identity verification, and the implementation of a payroll management information system.

73. **Fiduciary risks are High.** South Sudan has weak public procurement oversight and challenges in budget preparation, implementation, and oversight. The Government has expressed its commitment to restore good governance, transparency, and accountability and strengthen the fight against corruption. The Public Financial Management and Institutional Strengthening Project (P176761) supports the enhancement of public procurement oversight and budget credibility and transparency to mitigate risks arising from the existing challenges.

74. **Stakeholder risks are High.** The project acknowledges the dual risk of resentment among existing public servants and potential loss of participating public servants when external support ends. To address this, prioritized pay and grading reforms will be gradually implemented in key sectors. Close coordination with donors is crucial to minimizing remuneration differentials between public servants and externally funded staff. To mitigate resistance and communicate both short-term measures and long-term objectives, a comprehensive change management and communications strategy will accompany the reforms. A clear implementation road map will be shared and discussed among relevant stakeholders to ensure effective communication and understanding of the proposed changes.



VII. RESULTS FRAMEWORK AND MONITORING

PDO Indicators by PDO Outcomes

Baseline	Period 1	Period 2	Closing Period
To strengthen institutional capabilities			
Enhanced institutional capacity for attracting and retaining qualified public servants (Text)			
Mar/2024	Jun/2025	Jun/2026	Jun/2027
Current pay and grading structure is not able to attract and retain qualified public servants	Fiscally sustainable and competitive pay-grade structure defined	Pay-grade structure implementation strategy approved	New job classification defined and piloted in the selected sectors (60% of the public servants mapped to the new job classification)
Improved competency-based HRM framework in the civil service (Text)			
Mar/2024	Jun/2025	Jun/2026	Jun/2027
Weak HRM policies	Competency-based civil service management policy framework and implementation strategy approved	Procedures on recruitment, promotion, training, and performance management, developed	Procedures for new recruitments piloted in at least four (4) selected sectors
To strengthen human resource capabilities			
Establishment of a performance-based culture for staff involved in government reforms in selected sectors (Percentage)			
Mar/2024	Jun/2025	Jun/2026	Jun/2027
0	50	80	90

Intermediate Indicators by Components

Baseline	Period 1	Period 2	Closing Period
Strengthening policies, procedures, and systems for civil service management			
Civil service legal framework updated (Text)			
Mar/2024	Jun/2025	Jun/2026	Jun/2027
Outdated civil service legal framework	N/A	Amendment of the Civil Service Act	Amendment of the Pension Fund Act
Share of MDAs trained on competency-based HRM in line with the new policy framework (Percentage)			
Mar/2024	Jun/2025	Jun/2026	Jun/2027
0	0	10	50



HRM procedures are aligned with the objectives of the public sector gender equity strategy (Text)			
Mar/2024	Mar/2025	Mar/2026	Mar/2027
There is no public sector gender equity strategy to guide HRM procedures	Gender equity strategy developed based on public consultations	HRM procedures on recruitment, training and staff leave are reviewed for alignment with the objectives of the public sector gender equity strategy	HRM procedures on recruitment, training and staff leave are aligned with the objectives of the public sector gender equity strategy
Women hired using the new competency-based HRM framework (Percentage)			
Mar/2024	Jun/2025	Jun/2026	Jun/2027
0	0	0	40
Quarterly financial reports of the Pension Fund submitted to the oversight authority within the stipulated timelines (Number)			
Mar/2024	Jun/2025	Jun/2026	Jun/2027
0	1	3	4
Institutional development to create sustainable public sector capacity			
Organizational change plans under implementation (Number)			
Mar/2024	Jun/2025	Jun/2026	Jun/2027
0	0	2	5
Young Professionals who complete the initial induction and training stage of the Young Professionals Program (Number)			
Mar/2024	Jun/2025	Jun/2026	Jun/2027
0	15	25	30
>of which are women (Percentage)			
0	40	40	40
Staff trained who state that they have used the training that they received on the job (Percentage)			
Mar/2024	Jun/2025	Jun/2026	Jun/2027
0	0	50	80
Women trained by the project (in relation with the total number of trainees) (Percentage)			
Mar/2024	Jun/2025	Jun/2026	Jun/2027
0	0	30	30
Women in government middle and top-level positions that have undertaken an executive leadership for women training (Percentage)			
Mar/2024	Jun/2025	Jun/2026	Jun/2027
0	20	40	80
Incentivizing the effective implementation of selected sector reforms			
Government reform teams fully staffed with well performing reform champions receiving incentives (Number)			
Mar/2024	Jun/2025	Jun/2026	Jun/2027
0	3	6	6



Retention rate of reform champions in government reforms that receive incentives (Percentage)			
Mar/2024	Jun/2025	Jun/2026	Jun/2027
0	50	70	80
Reform champions reporting improved motivation to work (Percentage)			
Mar/2024	Jun/2025	Jun/2026	Jun/2027
0	60	80	90
Change management and project coordination			
Change Management program implementation and dissemination (Text)			
Mar/2024	Mar/2025	Mar/2026	Mar/2027
No Change Management Strategy exists	Change Management Strategy prepared	Outreach events to MoFP, MoPSHRD, National Assembly, among others	Outreach events to public servant unions, civil society organization, etc



Monitoring & Evaluation Plan: PDO Indicators by PDO Outcomes

To strengthen institutional capabilities	
Enhanced institutional capacity for attracting and retaining qualified public servants (Text)	
Description	Improvement of this indicator reflects the Government's strengthened capacity to acquire and retain skilled personnel, thereby fostering organizational effectiveness and service delivery excellence
Frequency	Annual
Data source	Government pay strategy documents and regulations
Methodology for Data Collection	Examination of pay and grading strategy documents and related regulations
Responsibility for Data Collection	PMU
Improved competency-based HRM framework in the civil service (Text)	
Description	Entails the development and piloting of competency standards for civil servants detailing knowledge, skills, and attributes required for civil service positions
Frequency	Annual
Data source	MoPSHRD records of civil service HRM procedures; recruitment records
Methodology for Data Collection	Examination of MoPSHRD records and those from the HR departments of the participating MDAs
Responsibility for Data Collection	PMU
To strengthen human resource capabilities	
Establishment of a performance-based culture for staff involved in government reforms in selected sectors (Percentage)	
Description	Percentage of performance evaluations of reform champions that are above the minimum acceptable threshold
Frequency	Annual
Data source	Performance evaluation reports
Methodology for Data Collection	Examination of performance evaluation reports for the reform champions
Responsibility for Data Collection	PMU

Monitoring & Evaluation Plan: Intermediate Results Indicators by Components

Component 1: Strengthening policies, procedures and systems for civil service management	
Civil Service legal framework updated (Text)	
Description	Measures whether the civil service and pension fund acts are updated
Frequency	Semiannual
Data source	Legal and administrative documents
Methodology for Data Collection	Examination of the Civil Service Act and Pension Fund Act Amendments and related documentation
Responsibility for Data Collection	PMU
Share of MDAs trained on competency-based HRM in line with the new policy framework (Percentage)	
Description	Measures how the new policies and procedures have been disseminated and knowledge transferred
Frequency	Annual
Data source	Training reports
Methodology for Data Collection	Review of consolidated training reports from MoPSHRD; and individual training reports from participating MDAs
Responsibility for Data Collection	PMU



HRM procedures are aligned with the objectives of the public sector gender equity strategy (Text)	
Description	Aims to ensure that the development of a public sector gender equity strategy and that relevant objectives of the strategy are adequately included in the HRM procedures
Frequency	Annual
Data source	Legal and administrative documents
Methodology for Data Collection	Examination of HRM procedures and gender equity strategy documentation
Responsibility for Data Collection	PMU
Women hired using the new competency-based HRM framework (Percentage)	
Description	Measures the inclusion of women in new hirings
Frequency	Annual
Data source	MoPSHRD reports
Methodology for Data Collection	Examination of the recruitment reports and relevant HR records
Responsibility for Data Collection	PMU
Quarterly financial reports of the Pension Fund submitted to the oversight authority within the stipulated timelines (Number)	
Description	Aims to improve transparency and accountability of the Pension Fund. Cumulative.
Frequency	Annual
Data source	Pension Fund financial reports
Methodology for Data Collection	Review of the financial reports submitted by the Pension Fund to the assigned authority
Responsibility for Data Collection	PMU
Component 2: Institutional development to create sustainable public sector capacity	
Organizational change plans under implementation (Number)	
Description	Measures how organizational structures are changing to effectively align with priority and functions. Cumulative.
Frequency	Annual
Data source	Ministry progress reports
Methodology for Data Collection	Review of consolidated reports provided from MoPSHRD; and validation of implementation progress with the participating MDAs
Responsibility for Data Collection	PMU
Young Professionals who complete the initial induction and training stage of the Young Professionals Program (Number)	
Description	Measures cumulative number of young professionals selected, inducted, trained, and deployed in the selected sectors
Frequency	Annual
Data source	Young Professionals Program progress reports
Methodology for Data Collection	Review of consolidated reports from MoPSHRD; and validation of progress with the beneficiary MDAs
Responsibility for Data Collection	PMU
Staff trained who state that they have used the training that they received on the job (Percentage)	
Description	Aims to measure the effectiveness and responsiveness of training. Disaggregated by sex.
Frequency	Annual
Data source	Survey reports
Methodology for Data Collection	Analysis of survey results.
Responsibility for Data Collection	PMU



Women trained by the project (in relation with the total number of trainees) (Percentage)	
Description	Measures the participation of women in training activities
Frequency	Semiannual
Data source	Training reports from MoPSHRD and the beneficiary MDAs
Methodology for Data Collection	Review of consolidated training reports from MoPSHRD; and validation through the individual training reports from the beneficiary MDAs
Responsibility for Data Collection	PMU
Women in government middle and top-level positions that have undertaken an executive leadership for women training (Percentage)	
Description	Focuses on current women in government middle and top-level positions in the selected sectors. Aims to improve the effectiveness of women in senior government positions and facilitate women's access to senior level positions.
Frequency	Annual
Data source	Training reports from MoPSHRD and the beneficiary MDAs
Methodology for Data Collection	Review of consolidated training reports from MoPSHRD; and validation through the individual training reports from the beneficiary MDAs
Responsibility for Data Collection	PMU
Component 3: Incentivizing the efficient implementation of selected sector reforms	
Government reform teams fully staffed with well performing reform champions receiving incentives (Number)	
Description	Reform champions identified and selected from the selected sectors, and receiving incentives based on a performance management framework. Disaggregated by sex.
Frequency	Annual
Data source	HR records
Methodology for Data Collection	Examination of HR records from MoPSHRD and the beneficiary MDAs
Responsibility for Data Collection	PMU
Retention rate of reform champions in government reforms that receive incentives (Percentage)	
Description	Measures the effectiveness of the incentives on retaining well-performing staff. Disaggregated by sex.
Frequency	Annual
Data source	HR records
Methodology for Data Collection	Examination of HR records from MoPSHRD and the beneficiary MDAs
Responsibility for Data Collection	PMU
Reforms champions reporting improved motivation to work (Percentage)	
Description	Measures effectiveness of reform champions program from the civil servant perspective. Disaggregated by sex.
Frequency	Annual
Data source	Independent survey results report
Methodology for Data Collection	Review of the independent survey results report
Responsibility for Data Collection	PMU
Component 4: Change management and project coordination	
Change Management program implementation and dissemination (Text)	
Description	Measures the development of a change management strategy for the reforms and its dissemination to various MDAs and other key stakeholders
Frequency	Annual
Data source	MoPSHRD
Methodology for Data	Examination of change management strategy and dissemination and outreach reports



Collection	
Responsibility for Data Collection	PMU

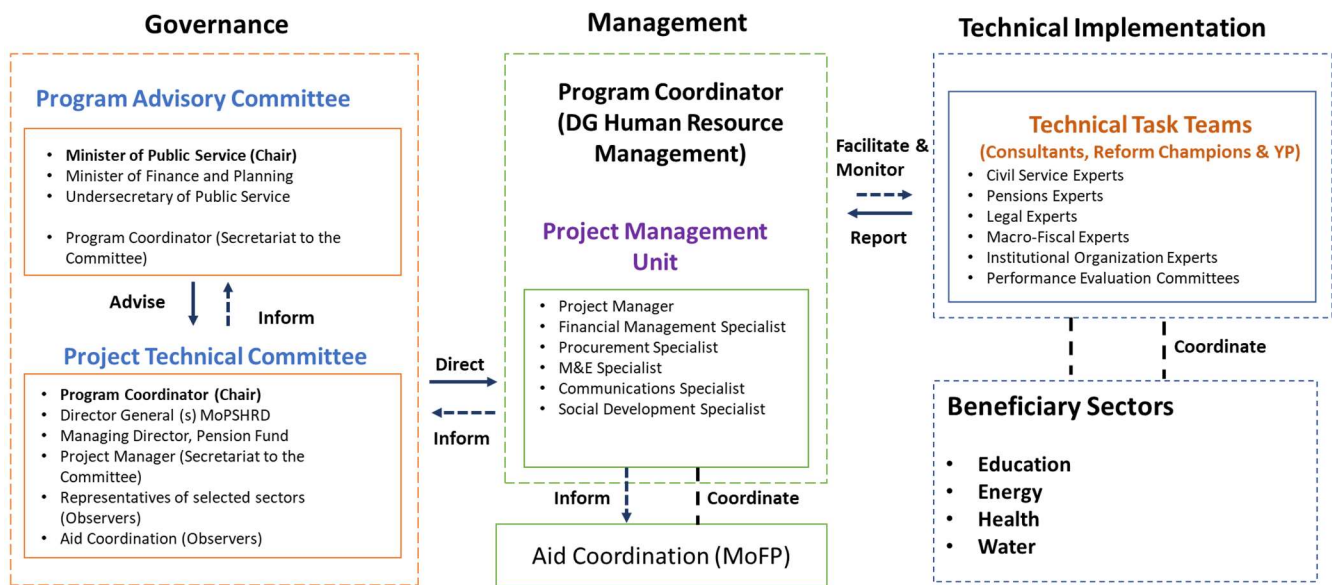


ANNEX 1: Implementation Arrangements and Support Plan

A. Implementation Arrangements

1. 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 PMU, while the implementation will be executed by technical task teams composed of consultants, reform champions, and young professionals.

Figure A1.1. Implementation Arrangements



2. The Program Advisory Committee chaired by the Minister of Public Service will be responsible for overall oversight and policy guidance for the project and related reforms. The Advisory Committee will play a critical role in guiding the project’s strategic direction and ensuring its alignment with broader government objectives. It is responsible for setting the reform agenda, establishing priorities, and making key decisions on policy that may affect or relate to the project. Membership will comprise the Minister of Finance and Planning, the Undersecretary of Public Service, the First Undersecretary of Finance, and the Undersecretary of Planning. Undersecretaries for beneficiary sectoral ministries will be invited as advisers as needed. The high-level committee must meet at least twice a year.

3. The Project Technical Committee will provide technical leadership and guidance to ensure the success of the project. It will provide timely technical and operational decision-making to ensure that the project achieves the defined objectives and adheres to agreed-upon standards, timelines, and budgets. It is tasked with monitoring progress, making technical and operational decisions for addressing challenges, and evaluating the progress of the project, adjusting as necessary to ensure achievement of project objectives. The committee also serves as a platform for interdepartmental coordination, facilitating collaboration and communication among various entities to foster a cohesive approach to reform. The Technical Committee will be chaired by the Director General of Human Resource Management, MoPSHRD, and comprise the Director General of Human Resource Development; MoPSHRD; the Director General of Pension, MoPSHRD; the Director General of Budget, MoFP; the Director General of Macroeconomics, MoFP; the Managing Director,



South Sudan Pension Fund; and the Director General of Aid Coordination, MoFP as adviser. Representatives from the beneficiary sectoral ministries will be invited as advisers as needed.

4. **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, FM, procurement, M&E, communications, E&S specialists. 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 World Bank. The Project Coordinator will serve as Secretary of the Advisory Committee and chair the Technical Committee. The Project Manager will serve as Secretary of the Technical Committee. The PMU must ensure close coordination with the Aid Coordination Directorate of the MoFP.

5. **The technical implementation of the project will be the responsibility of the technical task teams.** The government officials identified as reform champions in the targeted sectors, jointly with specialized technical consultants and young professionals, will be called technical task teams and actively participate in technical implementation of the project. They will develop concept notes and TOR; review and provide technical acceptance of deliverables; and develop proposals for the new regulations, manuals, and procedures.

6. **Sectors will act as beneficiaries rather than implementing actors, contributing inputs to identify and assess the performance of reform champions.** Rather than transferring resources directly to beneficiary sectors, funds will be disbursed directly by the implementing agency to individual reform champions based on their performance evaluations.

7. **The PMU will prepare and adopt a POM and IPM.** The POM will detail the roles and responsibilities for all stakeholders. It will contain detailed guidelines and procedures for the implementation of the project with respect to administration and coordination, M&E, FM, procurement and accounting procedures, E&S aspects, corruption and fraud mitigation measures, and grievance redress mechanism. The IPM will contain guidelines, selection tools, and performance evaluation criteria for the reform champions and young professionals. All amendments to the PMU and IPM will be agreed with the World Bank.

B. Financial Management Arrangements

8. **The World Bank conducted an FM assessment of the MoPSHRD.** The assessment was conducted between February 22 and February 26, 2024, in accordance with the Financial Management Manual for World Bank-Financed Investment Operations issued on March 1, 2010. The assessment covered the six key FM elements of budgeting, accounting, internal control including internal audit, funds flow, financial reporting, and external auditing and oversight arrangements. The objective of the assessment was to determine whether the MoPSHRD maintains adequate FM arrangements to ensure that: (a) funds channeled into the project will be used for the purposes intended efficiently and economically; (b) the project's financial reports will be prepared in an accurate, reliable, and timely manner; and (c) the project's assets will be safeguarded from loss, abuse, or damage.

9. **The outcome of the FM assessment is that basic FM systems and capacity exist at the MoPSHRD, but the overall status is considered weak.** The assessment observed the existence of significant capacity gaps within the implementing ministry, which could materially affect the implementation of the project. These include the budget preparation process not being participatory as required by legislation, inadequate budgeting capacity, lack of budget monitoring tool and reliance on the MoFP in generating budget outturns, manual accounting system, lack of accounting vouchers (financial forms) including payment vouchers (Form 40), inadequate staffing capacity, and lack of experience in the management of projects funded by the World Bank. Significant weaknesses in the internal controls were also identified during the FM assessment and they include, among others: (a) failure to carry out periodic cash and bank reconciliations; (b) lack of a fixed assets management system; (c) verbal payment approvals; (d) lack of documented standard operating manuals; (e) failure to assign expenditure line codes as directed by the MoFP through the approved Chart of Accounts; (f) no



documented payment approval thresholds; (g) payments and the supporting documents not canceled by a 'PAID' stamp; (h) verbal procurement instructions on payment of salaries; and (i) unpaid salaries used in settling other operating expenses.

10. **Significant delays in external audits by the NAC were also noted.** Based on the current status, the FM arrangements for the project will be handled by the PMU to be set up within the ministry. FM at the PMU will be headed by a consultant FM specialist, supported by a project accountant hired for the project and complemented by finance staff deployed by the MoPSHRD. Based on the findings of the assessment, the overall FM risk rating for the ministry is considered High and upon implementation of proposed mitigation measures, the residual risk rating is expected to become Substantial.

Planning and Budgeting

11. **Significant gaps were identified in the planning and budgeting arrangements as maintained by the MoPSHRD which could potentially have a negative impact on the project.** There are no internal tools/mechanisms for monitoring budget execution rates in the ministry. This portends the risk of large unexplained variances in addition to expenditures exceeding the budgeted ceiling. Management is also not well informed on budget performance; thus, budget discipline is not achievable. Budget execution is monitored through printouts from the FMIS, obtained from the MoFP upon request. Management could not provide evidence of previous budget outturn/execution reports generated by the MoFP, an indicator that there are no checks and balances in budget monitoring. Errors and/or misstatements in the budget execution/outturn reports could go undetected. Furthermore, the lack of participatory budgeting poses a risk of misplaced priorities in circumstances where the directorates are not involved in sharing the limited resources.

12. **The PMU will be responsible for the preparation of the annual workplan and budgets and six-month cash flow forecasts, submitted to the World Bank for review.** The PMU will consist of qualified personnel and shall maintain simple but effective budgetary control records such as a vote book, budget progress/control book, or similar electronic record. The project will also procure an acceptable accounting system for real-time budget monitoring at the PMU and will inform the project unit on decision-making. In addition, budget execution for the project will be monitored through the Interim Unaudited Financial Reports (IFRs) submitted to the World Bank every calendar quarter, no later than 45 days after the end of each reporting quarter.

Accounting Systems and Capacity

13. **The accounting systems at the MoPSHRD are guided by legislations such as the Public Financial Management and Accountability Act of 2011, the Local Government Act of 2009, Public Financial Management Manual for Local Government, 2013 issued by the MoFP and the Local Government Board, among other legislations.** The Undersecretary is the Accounting Officer in the MoPSHRD and in line with the provisions of legislation. The current accounting capacity includes the Director of Accounts, a Deputy Director of Accounts, a Controller of Accounts, and a Cashier, responsible for the execution of FM functions. At the policy level, the Director General for Administration and Finance reports to the Undersecretary. All the finance staff are MoFP-deployed staff and are permanent and pensionable civil servants. The MoFP guidelines provide for the transfer of staff after a three-year tenure and a maximum of four years, but there have been no transfers of staff over the years. The Undersecretary's position is a presidential appointment and transfers are at the discretion of the presidency.

14. **The assessment observed that there are four staff in accounts out of the 10 staff recommended by the MoFP in the organizational structure.** The positions that are yet to be filled are: (a) Senior Inspector of Accounts; (b) Inspector of Accounts; (c) Head Accounts; (d) Bookkeeper; (e) Senior Bookkeeper; and (f) Assistant Cashier. The ministry acknowledged the shortage and stated that these functions are currently distributed across the existing staff. On average, staff hold a bachelor's degree save for the Cashier, who has a diploma in accounting. The assessment noted that the Deputy Director of Accounts holds a master's degree and is currently in the final level (Section 6) of the Certified Public Accountant (CPA) professional qualifications. Most of the staff have basic computer skills, specifically Microsoft Word and Excel.



15. **A manual accounting system is maintained in the MoPSHRD, and accounting records are manually prepared and maintained.** The manual system lacks adequate controls such as accuracy and completeness checks, among other numerous inherent limitations. A cashbook is maintained by the cashier whereby payments and receipts are recorded. The last transaction was dated February 20, 2024. The ministry has yet to establish a filing system, there are no structured systems for filing documents, exposing the ministry to the risk of misplacement and loss of financial documents. The assessment also noted a lack of payment vouchers. The ministry ran out of Form 40 (payment order/payment vouchers) which is not available at the MoFP. Failure by the MoPSHRD to record budget line codes was noted and the Chart of Accounts is not recorded on payment supporting documents. The MoPSHRD is advised to seek authorization from the MoFP in writing for the printing of payment vouchers to be used by the ministry. A sample of the proposed accounting vouchers should be included in the request for approval. Based on the above findings, the accounting system and capacity of the ministry are deemed inadequate, and substantial improvement is required.

16. **Accounting capacity under the project will consist of a consultant FM specialist and a project accountant hired for the PMU, supported by finance staff designated by the MoPSHRD.** The PMU will be responsible for timely payment processing, recording, and financial reporting. A simple acceptable accounting system will be maintained by the PMU for transaction processing and periodic financial reporting, 45 days after the end of each quarter. The PMU will ensure efficiency in transaction processing and timely financial reporting. Accounting for project transactions will follow a cash basis and will cover all project funds from the International Development Association (IDA). The project-designated accountant(s) will be retained throughout the lifetime of the project, aimed at building sustainable FM capacity in the ministry. The designated finance staff will be required to demonstrate full commitment to the project and willingness to learn through the established knowledge and skills transfer arrangements. The review recommends procurement and installation of acceptable accounting software. The FM assessment further recommended to the MoFP to deploy/hire staff in open positions earlier mentioned in this report to strengthen accounting capacity in the ministry further.

Internal Controls and Internal Audit

17. **The Public Financial Management and Accountability Act of 2011 states that the Accounting Officer shall ensure that adequate control is exercised over the incurring of commitments and that effective systems of internal control and internal audit are applied in respect of all transactions and resources under his or her control.** The Act also states that the internal audit will be headed by an internal auditor, structurally reporting to the Undersecretary and functionally to the Director General of Internal Audit at the MoFP. The two internal auditors deployed at the MoPSHRD are responsible for continuous monitoring of internal controls. The assessment observed that the internal auditors are involved in the day-to-day review of transactions before payment (prior review). The number of internal auditors is sufficient to support the review of internal controls. However, none of the internal auditors hold any professional qualifications such as Certified Internal Auditor (CIA). Some gaps were noted, such as no internal audit reports availed despite the internal auditor's assertion on internal audit reviews. The involvement of the internal auditors in the payment process weakens their independence, as this procedure essentially means that the internal auditors will be auditing a process they are privy to. Additionally, the assessment noted that a draft internal audit annual work plan for FY2023/24 has just been submitted to the Undersecretary for approval, four months before the end of the fiscal year. These delays would potentially affect the actualization of the work plan and exacerbate weak internal controls.

18. **The Accounting Officer has established basic internal controls maintained by the ministry which include regular payment approval and authorization procedures, segregation of functions in payment processing, and internal check mechanisms.** The payment requests are prepared by various departments/end-users and submitted to the Undersecretary for approval as the Accounting Officer who refers the payment to the Director General Administration and Finance and to the Director of Accounts for review and confirmation of completeness including accuracy of computation. The payment request is reviewed by the Controller of Accounts who allocates the budget line number/Chart of Accounts and finally transmits it to the Cashier for payment. The cashier assigns a number for the day to the payment



and records the transaction in the Treasury Book. The ministry also maintains a fixed asset register, but the register is not updated as confirmed by the ministry.

19. **The internal control arrangement under the project will include adequate segregation of functions in payment processing, internal checks, approval, and authorization procedures, which will be detailed in the POM.** This also includes a requirement that all payments must be adequately supported by proper documentary evidence and verified outputs. Adequate segregation of functions and internal checks in payment processing within the PMU will be ensured. The Internal Audit Directorate of the MoFP will retain the internal auditors, responsible for continuously testing the adequacy of internal control, policies, and procedures that guide management on areas of improvement thus enhancing accountability and efficiency in the management of the IDA resources channeled through the ministry. The internal auditors will not be involved in the day-to-day verification of the payment process but rather the internal audits will be post-review. The auditors will prepare and submit quarterly internal audit reports to the World Bank within 45 days after the end of each calendar quarter.

Funds Flow and Disbursement

20. **The MoPSHRD does not generate revenues internally and relies on transfers from the National Treasury.** The national government, through the MoFP, remits funds to finance ministerial activities based on the approved fiscal budget, subject to availability of funds. Remittances channeled through the National Treasury cover (a) wages and salaries and (b) use of goods and services, also referred to as operations cost. The MoPSHRD maintains a bank account denominated in South Sudanese pounds, domiciled at the Central Bank, also referred to as Bank of South Sudan (BOSS) and there are four signatories to the account. The signatories are broadly grouped as primary²⁶ and secondary²⁷ signatories with the mandate for any two to sign, one from primary and another from secondary.

21. **The institutional payroll is prepared by the Payroll Unit in the Directorate of Human Resource Management.** A draft payroll is shared with the respective directorates and checked for accuracy before the final paysheet is prepared and reviewed by the Director General Administration and Finance. The final paysheet is approved by the Accounting Officer and a salary claim form is prepared by the Controller of Accounts, reviewed by the Director General Administration and Finance, and authorized by the Undersecretary. A cover letter is prepared and signed by the Undersecretary and transmitted to the MoFP. The payment is processed by the National Treasury and wired to the BOSS account and credit advice is generated by the MoFP and shared with the ministry as confirmation of the transfer of funds. Currently, salaries are paid in cash, staff sign against their names, and unpaid salaries are retained in the chest. The assessment noted that unpaid salaries at times are used to pay operating expenses whenever there are delays in disbursements by the MoFP. Significant delays in the disbursement of salaries were noted; the salaries for September 2023 were received and paid in February 2024. The operations cost transfers are automatically disbursed by the MoFP based on the approved annual budget and subject to the availability of funds. The MoPSHRD is, however, required to prepare and submit a report on funds utilization as a prerequisite for subsequent disbursements. The World Bank was informed that the operations cost is not received monthly. The ministry confirmed receiving the February 2024 transfer, and there were no transfers made in the month of January 2024.

22. **Disbursement arrangements under the project will use advances to the Designated Account (DA), reimbursement, direct payments, and payments under Special Commitments.** The MoPSHRD will open a segregated US dollar DA with a commercial bank acceptable to the World Bank. Quarterly IFRs will be prepared by the PMU and submitted to the World Bank no later than 45 days after the end of the calendar quarter, which will be used to account for advances to the project. The Grant will be disbursed into the DA following the transaction-based Statement of Expenditures (SoE) method. The project will also maintain an operational account denominated in South Sudanese pounds

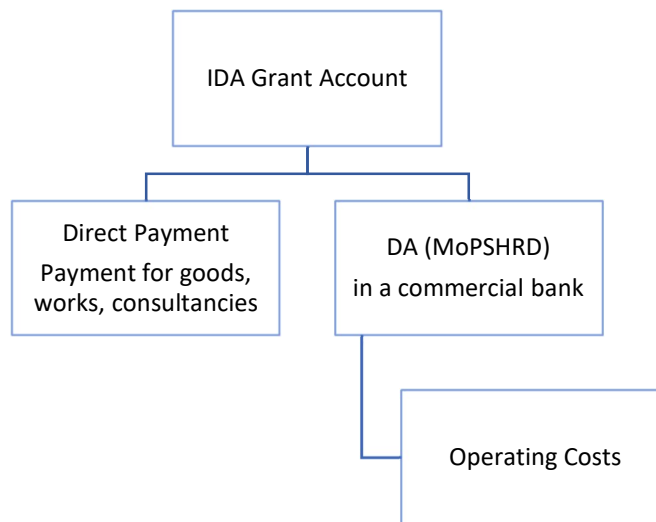
²⁶ (a) Undersecretary and (b) Director General for Administration and Finance.

²⁷ (a) Director of Accounts and (b) Deputy Director of Accounts.



for making payments denominated in South Sudanese pounds. Funds will only be transferred from the main DA to the local currency operational account to meet immediate payment obligations. No significant cash balances will be maintained in local currency to reduce the foreign exchange loss exposure risk. The PMU will electronically submit withdrawal applications through Client Connection, accompanied by an SoE incurred, to the World Bank for replenishment of the DA. The MoPSHRD will be responsible for initiating, incurring, and authorizing expenditures under the project in accordance with the specified procedures, as well as initiating the payment process with all the required supporting documentation. The ministry will designate at least two signatories to Client Connection as secondary signatories, and the MoFP will also designate at least two primary signatories.

Figure A1.2. Proposed Funds Flow Arrangements



Financial Reporting

23. **The legislation in South Sudan requires ministries to prepare quarterly, semiannual, and annual financial reports as part of the financial reporting regime.** The assessment observed that financial reports are not prepared as required. The MoPSHRD highlighted inconsistency in receiving transfers from the MoFP, absenteeism at work due to delayed salaries, and lack of accounting vouchers (financial forms) from the MoFP, among other issues. The review, however, noted the lack of adequate accounting capacity and skills within the ministry which could be linked to nonreporting. Failure to prepare financial reports is noncompliance with legislation, and users of financial information could make irrational decisions as they are not adequately guided. However, the MoPSHRD prepares operations cost expenditure reports, with the December 2023 report being the latest report prepared on February 22, 2024. This report was prepared by the Director of Accounts, reviewed by the Director General Administration and Finance, and approved by the Accounting Officer. The format of the report was provided by the MoFP in an Excel spreadsheet. The Accounting Officer should ensure compliance with the Public Financial Management and Accountability Act, 2011 in addition to other legislation.

24. **Financial reporting requirements under the project shall be achieved through the preparation of quarterly IFRs.** The format and content of the financial report will be agreed upon with the World Bank after effectiveness. The project will procure acceptable accounting software after effectiveness for recording and reporting financial project information. Project accounting documents and records will be retained for at least seven years in line with government rules and regulations for the retention of such documents and records.



External Audit Arrangements

25. The accounts of the GoSS have not been audited since 2011 due to capacity constraints within the MoFP to facilitate the preparation and presentation of annual government financial statements to the NAC. As part of the ongoing PFM reforms, the Government has contracted a private audit/accounting firm to support the preparation of annual financial statements which will be submitted to the NAC for audit. The firm has since completed the preparation of financial statements for three and a half years, for the period ending June 30, 2014. These have been submitted to the NAC for auditing. The annual audited report and financial statements for the MoPSHRD were not available during the assessment.

26. The NAC is the Supreme Audit Institution (SAI) in South Sudan and is constitutionally mandated to audit all public resources including World Bank-financed projects. The project’s external audits will be carried out by the NAC and the project audit report and Management Letter will be submitted to the World Bank no later than six months after the end of the financial year (December 31). Should there be a need to hire private CPA firms to carry out the audit, this will be allowable, and the report will have to be issued by the NAC. Any costs associated with the project audit, including hiring of private CPA firms, will be charged to the project.

Table A1.1. Risk Assessment and Mitigation Measures

Type of Risk	Initial FM Risk Rating	Brief Explanation	Risk Mitigation Measures incorporated in Project Design	Condition of Effectiveness (Y/N)?	Residual Risk Rating
INHERENT RISK					
Country Level	H	The country’s political environment remains volatile/fragile following the resurgence of violence in July 2016 and apparent collapse of the December 2015 peace agreement. Key legislations on public procurement, internal audit, and NAC are inadequate. There are weaknesses in the country’s overall governance environment, involving lack of transparency and accountability over use of public funds and weak oversight. Weak PFM systems included weaknesses in planning and budgeting especially budget execution, internal controls, and accounting systems and capacity. Also, there are poor links between strategic planning and long-term budgeting at the sector levels.	There was relative calm/stability following signing of the Revitalized Peace Agreement in September 2018 and formation of the unity government in February 2020, in addition to the launch of transition government road map in 2022. The Government, in collaboration with development partners, initiated the implementation of PFM reforms outlined in the R-ARCSS. This includes establishment of PFM governance structure, preparation of PFM Reform Strategy and road map, hiring technical assistants to address backlog of financial reporting, and review of key PFM legislation (Public Financial Management and Accountability Act 2011, NAC Act 2011).	No	H



Type of Risk	Initial FM Risk Rating	Brief Explanation	Risk Mitigation Measures incorporated in Project Design	Condition of Effectiveness (Y/N)?	Residual Risk Rating
Entity Level	H	The MoPSHRD has never implemented World Bank-funded projects in the past and therefore lacks adequate capacity.	The project is to be implemented through the PMU to be established in the ministry. The PMU will be equipped with the necessary capacity for the implementation, coordination, monitoring, and reporting of World Bank projects.	No	S
Project Level	H	Project design is complex with activities at the state and county levels with security and logistical challenges mainly due to poor infrastructure and perennial flooding.	PMU capacity enhanced through deployment of key personnel with requisite experience and qualifications to offer technical assistance in the ministry. A third-party monitoring agent will be contracted to support the project.	No	S
OVERALL INHERENT RISK	H				S

Type of Risk	Initial FM Risk Rating	Brief Explanation	Risk Mitigation Measures	Condition of Effectiveness (Y/N)?	Residual Risk Rating
CONTROL RISK					
Budgeting	H	Weak capacity to prepare credible budgets, monitor budget execution, and take timely and appropriate corrective action may result in huge unexplained variances. Government budgets cannot be relied upon for expenditure control. The ministry lacks a planning and budgeting directorate.	PMU with enhanced capacity to take overall responsibility for project budget preparation. Project to follow simple cash budget based on approved work plans. The PMU to design effective budgetary control tools.	No	S
Accounting	H	Weak accounting capacity at the implementing ministry could affect transaction processing and eligibility of expenditures	The project to hire FM consultant and project accountant with adequate skills and relevant experience. Regular FM training is to be conducted for project staff at the ministry level. The POM to provide guidance on project FM functions.	No	S



Type of Risk	Initial FM Risk Rating	Brief Explanation	Risk Mitigation Measures	Condition of Effectiveness (Y/N)?	Residual Risk Rating
Internal controls, management oversight, and risk management	H	Weak internal control arrangements including internal audit function of the implementing ministry could result in risk of ineligible expenditure. Project resources may not reach intended beneficiaries. Weak fiduciary oversight due to low capacity, perennial flooding, COVID-19, and insecurity.	The POM to detail the internal control arrangements. Regular internal audit oversight and World Bank FM Supervision reviews. Annual external financial audit, including sampled field visits (subject to improved security situation) to strengthen controls. Internal auditor to be involved in testing internal controls and prepare periodic internal audit reports, preferably quarterly.	No	S
Funds Flow	H	DA is yet to be opened posing risk of delays in disbursements to the implementing agency that could potentially affect project implementation.	Disbursement of the Grant will use advances, reimbursement, direct payments, and payments under Special Commitments as appropriate. A DA to be opened in an acceptable commercial bank to facilitate transfer of advances to the ministry. The ministry to closely follow up the process of opening DA to expedite the process. PIU with enhanced capacity to submit regular withdrawal applications for DA replenishment and payments to suppliers/contractors.	No	S
Financial Reporting	H	Risk of delayed and inaccurate IFRs due to inadequate accounting capacity and system	Regular FM trainings to be conducted for project staff in line ministry. Qualified FM specialist and project accountant in the PMU responsible for IFR preparation and reporting to the World Bank within 45 days after the end of the quarter as per the Financing Agreement. An acceptable computerized accounting system to be purchased by the project.	No	S
Auditing	H	The NAC has inadequate capacity to conduct project audits could delay submission of audited financial statements.	The Auditor General to engage a private auditor to enhance capacity and submit acceptable audit reports within 6 months after the end of financial year.	No	S
OVERALL CONTROL RISK	H				S



OVERALL PROJECT FM RISK	Substantial (S)
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Note: H = High; S = Substantial; M = Moderate; L = Low.

Implementation Support Plan

27. Based on the outcome of the FM assessment, the implementation support plan as presented in Table A1.2 is proposed.

Table A1.2. FM Implementation Plan

FM Activity	Due Date
Desk reviews	
IFR review	Quarterly
Audit report review of the project	Annually
Internal audit of project activities	Quarterly
Review of other relevant information such as internal control systems reports	Continuous as they become available
Onsite visits	
Review of FM arrangements	Every 6 months
Monitoring of actions taken on issues highlighted in audit reports, auditors' management letters, internal audits, and other reports	Quarterly
Transaction reviews (if needed)	Every 6 months

Conclusion of the Assessment

28. The assessment concludes that the FM arrangements have an overall residual risk rating of **Substantial**, which satisfies the World Bank's minimum requirements under World Bank Policy and World Bank Directive on Investment Project Financing, and therefore is adequate to provide, with reasonable assurance, accurate and timely information on the status of the project as required by IDA.

C. Procurement

29. **The project procurement activities will be carried out in accordance with the World Bank Procurement Regulations.** The project will be subject to the World Bank's Anticorruption Guidelines, dated July 1, 2016. Accordingly, the MoPSHRD will prepare a PSD and 18-month initial Procurement Plan which will set out the selection methods and approach to be followed during project implementation for the procurement of goods, works, and non-consulting and consulting services financed by the World Bank. A Procurement Manual will also be prepared to guide the management of procurement activities.

30. **Procurement activities will be implemented through the PMU to be established in the MoPSRHD.** A procurement capacity assessment of the MoPSHRD is being conducted; however, based on the general country situation and related assessments, ministries lack procurement units established in the institutions. Procurement processes are conducted as administrative functions, and there is no dedicated procurement staff. The PPDA Act of 2018 requires the establishment of procurement units and procurement committees at each procuring entity, as well as all procurement functions to be conducted and managed by the procurement unit.

31. **In line with the PPDA 2018 Act, the MoPSHRD Undersecretary will appoint a procurement committee of five to seven members to provide oversight of procurements and contract management.** The PMU will be staffed with a senior procurement specialist who will provide overall coordination and fiduciary assurance to all operations implemented by the ministry. The senior procurement specialist will also provide capacity building for designated ministry procurement staff, including trainings on the PPDA 2018 Act and World Bank Procurement Regulations. The senior procurement



specialist will also support the ministry in establishing and training the procurement committee and procurement units as required under the PPDA 2018 Act.

32. Procurement for the project will be guided by the following arrangements:

- (a) Conduct project procurement activities in accordance with the World Bank Procurement Regulations;
- (b) Initiate the procurement process only after obtaining a no-objection from the World Bank for the Procurement Plan. Enter the Procurement Plan through the World Bank’s portal, the Systematic Tracking of Exchanges in Procurement (STEP) and update the Procurement Plan at least biannually. Update the PPSD at least annually or whenever substantial changes are required to be made to the Procurement Plan. Submit the updated PPSD to the World Bank for concurrence before changing the Procurement Plan in STEP;
- (c) Regularly upload all relevant procurement documents to the STEP portal;
- (d) Use the World Bank’s Standard Procurement Documents for goods, non-consultancy services, and works, as well as the World Bank’s Standard Request for Proposals (RFP) for consultancy services;
- (e) Publish contract award details concerning the implementing agency’s official website;
- (f) Adhere to the prior/post review thresholds prescribed in the Procurement Plan for the first 18 months and subsequent revisions according to the World Bank’s instructions;
- (g) Extend the necessary cooperation for conducting the World Bank’s post-procurement review or any other reviews required by the World Bank including any complaints cases;
- (h) Maintain separate complaint registers and procedures for redressing grievances and complaints, if any.

33. The procurement risk for the project is rated as High. The incomplete public procurement framework, the lack of functional procurement units and oversight functions at the MoPSHRD, and generally weak PFM governance provide for a challenging environment. The World Bank’s experience and assessment of key procurement issues and risks in South Sudan have shown several additional challenges: (a) the narrow window of opportunity (only about six months) in the dry season during which most of the country is accessible; (b) significant delays in procurement processing, with a significant amount of time spent in preparation of tender specifications, TORs, and evaluation; (c) a nascent market and high costs for goods; and (d) weaknesses in the capacity of procurement staff, procurement planning, and procurement process administration—including the award of contracts, contract management, and contract oversight and procurement record keeping. These challenges have been carefully factored into the design of the project procurement arrangements.

D. Strategy for Implementation Support

34. A multidisciplinary World Bank task team will support project implementation. Implementation support will comprise biannual supervision missions, quarterly technical review meetings, a midterm review, and just-in-time technical and advisory support to the Government. During the supervision missions, the World Bank will review implementation progress, update the Results Framework, monitor compliance with the Legal Agreement, and work with Government counterparts to mitigate implementation risks and challenges. The following tables outline the focus of implementation support during the initial and subsequent stages of project implementation, as well as the skill mix required, including the technical, fiduciary, and the E&S skills needed during project implementation.



Table A1.3. Focus of Implementation Support

Time	Focus	Skills Needed	Partner Role
First 12 months	<ul style="list-style-type: none"> Support design of procedures and criteria for selection and performance evaluation. Support the design of the Young Professionals Program. Support the client in developing work plans based on international experiences. Support the beginning of implementation and change management strategy. 	Project management, civil service reform expert, pension administration, economist for fiscal impact analysis, M&E, fiduciary, and E&S	n.a.
12–36 months	<ul style="list-style-type: none"> Play an active role in supporting the client to continue implementing the work plans; ensure regular monitoring of progress to ensure continued achievement of results. Provide support on technical assistance to improve quality of performance evaluation of reform champions and young professionals. Support the project with coordination with other stakeholders such as the MoFP, sectoral ministries, and National Assembly, among others. 	Project management, civil service reform expert, pension administration, economist for fiscal impact analysis, M&E, fiduciary, E&S, and logistic HR management	n.a.

Table A1.4. Task Team Skills Mix Requirements for Implementation Support

Skills Needed	Staff Weeks per Year
Task Team Leaders	16
Civil Service Specialist	6
Operations and M&E	4
Pension Specialist	4
FM Specialist	4
Procurement Specialist	6
E&S Specialists	4



ANNEX 2: Selection and Management of Reform Champions and Young Professionals: Overview of Proposed Methodological Approach

Reform Champions

1. **The transparent and competency-based selection of reform champions is essential to the success of the incentive mechanism designed to facilitate the implementation of targeted sectoral reforms.** Ensuring that the right people participate is a fundamental aspect of the program's architecture. It also provides the evidence for meritocracy as a core feature of more effective governance structures.
2. **The program is meant to incentivize eligible civil servants in a balanced manner, to minimize the risk of internal frustration and opposition.** It can be expected that the adoption of a meritocratic and competency-based methodology for the identification of reform champions may elicit concerns, as it potentially challenges existing norms by scrutinizing the capabilities of current public servants tasked with overseeing or advancing important sectoral reforms. To mitigate this risk,²⁸ three key features are proposed as part of the design:
 - (a) The selection process will rely on a minimum set of criteria that are expected to be fulfilled to ensure that the civil servants identified possess the relevant minimum technical knowledge, skills, and professional experience that would enable them to effectively deliver their roles as reform champions; these minimum criteria will be correlated in general with the job requirements for the roles they already fulfill.
 - (b) The process for the identification of reform champions will also target the identification of competency gaps that will be addressed through individual learning and development programs. These two features are expected to minimize internal rejection and make the incentive program more focused on individual development.
 - (c) The selected reform champions will be subject to ongoing performance evaluations, allowing for the withdrawal of their incentives if their performance falls below expectations, at which point they may be replaced.
3. The selection methodology is expected to incorporate the following process steps:
 - (a) **Definition of reform areas, preparation of relevant competency profiles (definition of required expertise).** This will include a mapping exercise of the key civil service roles that are responsible for oversight and delivery of important sectoral reforms in the selected MDAs. The roles are expected to be mapped and described in terms of brief competency profiles, encompassing educational prerequisites, qualifications, pertinent technical expertise, and professional experience. Additionally, these profiles will outline the necessary competencies for each role, including managerial skills if applicable, as well as communication, problem-solving, and analytical abilities. This approach is meant to increase relevance of roles in the given context and acceptability of the program. It is important that the competency profiles for each role are not described in terms of personal characteristics of current individuals filling in the respective jobs, but in terms

²⁸ Incentive schemes using competitive selection criteria can be effective in motivating performance, but they also can create potential conflicts and opposition. For example, the Tanzanian Selected Accelerated Salary Enhancement (SASE) scheme that was applied in the 90's was recognized for its effectiveness in public sector pay reform. The scheme aimed to provide supplementary pay to civil servants leading reform efforts, bridging the gap between their salaries and future targeted competitive pay levels. As these base salaries progressively increased to meet the medium-term policy goals, the additional SASE payments were correspondingly reduced. To ensure the effectiveness and merit of this top-up, a performance appraisal system evaluated the recipients, guiding the adjustment of their incentive over time. While SASE focused on transparent selection and gradual salary adjustments to avoid the distortions of donor-funded top-ups, the scheme did face challenges in matching incentives to different staff categories and preventing conflicts among them. For details please consult: Rugumyamheto, J.A. 2004. "Innovative Approaches to Reforming Public Services in Tanzania". In: Public Administration and Development, 24, 437-446.



of competencies, qualifications and relevant professional experience needed for an effective delivery of that job (as an example, the competency profiles should not include education requirements that are specific to the individual but might not be relevant for the role). This is important to avoid discrimination in selection and to allow individuals in the same department/organization to have access to the selection process.

- (b) **Agreement on eligibility and selection criteria across all MDAs for which the process is conducted, to ensure consistency and equal treatment.** Selection criteria should include, among others, relevant subject matter knowledge in the technical area covered by the reforms, relevant professional experience in roles relevant to the reform area, demonstrated track record of effectiveness (minimum experience required to ensure larger pool of applicants), problem-solving skills, communication skills, and leadership skills (if applicable).
- (c) **Setting up a selection panel in each MDA.** Members should include civil servants from the Ministry of Public Service, from the relevant MDA, and external consultants specialized in competency-based selection (behavioral interviews). Panels will have inclusive representation in terms of gender and other social inclusion aspects. Members of the panel will undergo an initial preparation process on the consistent application of the minimum selection criteria.
- (d) **Transparent advertising of the selection process.** Inclusive and fair selection criteria and the selection process need to be reflected in the advertisement. Advertisements will be formulated using inclusive language to encourage applications irrespective of gender and ethnicity and encouraging people living with disabilities to apply.
- (e) **Assessment of candidates.** This phase is expected to be conducted in two steps: (i) an initial screening phase of CVs and relevant qualification documents to check eligibility criteria and (ii) a testing phase, which could include a written test of specialized knowledge in each area and an interview to test relevant competencies²⁹ and motivation. This evaluation should include scenario-based assessments to gauge candidates' problem-solving and leadership capabilities. The structured interviews will include standardized questions to minimize bias and ensure all candidates are evaluated equally. The selection panel will assess candidates and identify key areas for improvement, to inform the preparation of learning and development plans for the selected candidates. The relevant professional experience of civil servants currently occupying positions that align with the advertised roles will be given preference in the event of a tie in selection outcomes with other candidates. This approach is intended to maintain consistency and continuity in operations.
- (f) **Appeals.** A separate appeals panel will be set up, with external experts and professionals from the Ministry of Public Service. Appeals will be possible following both the eligibility and testing phases.
- (g) **Notification of final results.** Candidates who demonstrated strong performance during the selection process but were not chosen will be added to a reserve list. This list will be revisited should any of the initially selected professionals be removed from the incentive program due to performance reasons.

4. **Selected professionals will be expected to commit to a specific set of tasks and results to be achieved as reflected in an individual annual performance plan corresponding to the profile for which they were selected.** During the year, they will benefit from support and learning and development opportunities from external consultants (training and mentoring). A monitoring process will be put in place to track their progress and identify challenges they might face in fulfilling their roles. The program will include a mid-year performance discussion and an end-of-year performance appraisal in the form of an interview with a panel. The performance appraisal will identify level of performance in relation

²⁹ Problem solving, decision-making skills, communication skills, teamwork, and so on—the specific set of competencies will be agreed upon when drafting the profiles.



with the annual performance plan, covering, among others, effectiveness in fulfilling tasks; level of personal initiative; workload managed efficiently; and problem-solving skills, communication, and teamwork. In case of an insufficient level of individual performance (that is not justified by external circumstances), the incentive will be withdrawn to the respective civil servant and another civil servant from the waiting list will be proposed for participation in the incentive program.

Young Professionals

5. **The methodological framework briefly outlined below is meant to secure an equitable and inclusive selection process, aimed at attracting and developing young professional talent for the civil service.** Eligibility conditions will target both external young graduates and existing young civil servants with prescribed years of work experience in the civil service and age limit,³⁰ with the goal of enhancing the civil service by bringing in competent individuals and identifying internal talent capable of contributing to strategic reforms.

6. **The general and specific competencies expected to be tested and developed for the young professionals will be identified with experts from relevant national institutions and externally contracted experts.** The set of general and specific competencies will serve as the basis for: (a) selection process, (b) learning and development program, and (c) regular appraisal process that will be conducted during the two-year program. The selection process will ensure that equal opportunities are given to males and females at all stages.

7. The process is proposed to include the following phases:

- (a) Advertising of the program objectives and selection criteria, highlighting the meritocratic selection methods, the criteria, the expected content of the program, and the opportunities to join the civil service after the program, to motivate competent young people to apply and to trust the process.
- (b) Setting up technical selection panels that will include externally contracted technical experts and experts from national institutions responsible for civil service management and training. The external experts are expected to ensure the application of meritocratic selection methods and will also be responsible for transferring know-how to their peers from national institutions, thereby building capacity for future selection processes.
- (c) The application phase will be conducted in a transparent manner. Documents will be submitted online and will be managed by an independent panel that will include external experts.
- (d) An anonymized screening phase will focus on checking eligibility and assessing candidates' qualifications and motivations without bias. The review of qualifications and motivations will be done based on CVs and motivation letters. Reports on screening results and statistical data on applicants will be made public.
- (e) Assessment of candidates will be conducted using competency-based tools, for example, written general knowledge tests; multiple-choice tests covering verbal, numerical, and abstract reasoning; and competency-based interviews. These methods are designed to objectively assess the candidates' cognitive abilities, general awareness, practical skills in relevant situations and problem-solving abilities. Reports on the results of the assessment phase and statistical data on applicants will be made public.
- (f) An appeals phase will be incorporated in the selection process following each step.

8. The selected young professionals will benefit from a two-year development program, that will include two phases:

- (a) A six-month training program that will incorporate a multifaceted approach to learning and development,

³⁰ A similar program targeting both fresh graduates and young civil servants was implemented in Romania for example. More information is available at <https://www.sciencedirect.com/science/article/pii/S1877042815027871?via%3Dihub>.



including theoretical and practical workshops for hands-on engagement, panel discussions with officials from other countries, and interactive elements like simulations and role-playing. This diverse set of activities aims to provide participants with a comprehensive learning experience.

- (b) Placement, for a period of 18 months, in key middle-level and advisory roles in selected MDAs, based on a matching process (matching identified needs and skills), offering the young professionals, substantial responsibilities and opportunities to engage with senior officials and to contribute to strategic reforms and projects. This approach is meant to cultivate confidence, develop technical competencies, and strengthen their leadership skills through firsthand experience and meaningful interactions in critical government functions. Rotation in roles (at least once) is envisaged across departments in the same institution, to enable a comprehensive understanding of institutional roles and processes. Regular training and mentoring will be ensured in specific technical areas relevant for the reform programs in which young professionals are involved.

9. **In both phases, regular performance monitoring and an annual appraisal process will take place.** This will ensure diligent monitoring of the development and performance of young professionals in their assigned roles. Performance will be assessed with support from external expert.

10. **After the two-year learning and development period, young professionals will undergo assessment for potential absorption (for external candidates) or promotion (for existing civil servants) into specific civil service roles.** This transition is contingent upon successful program completion, alignment with business needs, and availability of resources to fund these positions. The completion of the program will be assessed with support from external experts. A workforce planning process will try to match institutional needs with the competency profiles of the young professionals to inform their transition into permanent civil service positions. This process will operate under transparent conditions to mitigate bias and ensure fairness throughout.

11. **To ensure sustainability, the young professionals, upon absorption into the civil service for external candidates or promotion for existing civil servants, may be expected to commit to a minimum tenure of three to five years (as determined during the design stage).** In the event of early departure from the civil service, individuals would be required to repay the resources invested in their training, thus ensuring the retention of capacity investments. In addition, for future sustainability, the program will be accompanied by targeted training measures for the national institutions that would be expected to continue future implementation of such programs. Identification of partner public institutions in other countries that implemented similar programs will also be encouraged, to support institutional learning for national institutions.³¹

³¹ As it is the case of the fast-track program in Ghana for young civil servants (the high-flyer program), as detailed also in the latest Guidelines published by the Office of the Head of the Civil Service in Ghana, p. 26.
<https://www.ohcs.gov.gh/sites/default/files/GHANA%20CIVIL%20SERVICE%20TRAINING%20POLICY%20AND%20GUIDELINES%20FOR%20IMPLEMENTATION.pdf>