

**PROJECT INFORMATION DOCUMENT (PID)  
APPRAISAL STAGE**

Report No.: PIDA3258

<b>Project Name</b>	Institutional Development and Capacity Building Project (P143975)
<b>Region</b>	AFRICA
<b>Country</b>	South Sudan
<b>Sector(s)</b>	Central government administration (90%), Public administration-Health (5%), Public administration- Transportation (5%)
<b>Theme(s)</b>	Administrative and civil service reform (35%), Public expenditure, financial management and procurement (35%), Other accountability/ anti-corruption (10%), Other public sector governance (5%), Managing for development results (15%)
<b>Lending Instrument</b>	Technical Assistance Loan
<b>Project ID</b>	P143975
<b>Borrower(s)</b>	Ministry of Finance and Economic Planning
<b>Implementing Agency</b>	South Sudan Audit Chamber, Ministry of Transport and Roads (now Ministry of Roads and Bridges), Ministry of Labour, Public Service and HRD, Office of the President, National Legislative Assembly
<b>Environmental Category</b>	C-Not Required
<b>Date PID Prepared/Updated</b>	25-Jun-2014
<b>Date PID Approved/Disclosed</b>	26-Jun-2014
<b>Estimated Date of Appraisal Completion</b>	30-Jul-2014
<b>Estimated Date of Board Approval</b>	16-Oct-2014
<b>Decision</b>	Proceed to negotiation

## I. Project Context

### Country Context

1. South Sudan emerged from decades of war and conflict to independence with socio-economic challenges, and institutional and capacity deficits. South Sudan became independent on July 9, 2011 after a six year transitional period (2005 -2011) that followed the signing of the 2005 Comprehensive Peace Agreement (CPA). The CPA ended decades of war between the Government of Sudan (GoS) and the Sudan People's Liberation Movement (SPLM). The SPLM formed the government of the new country, based on the results of elections held in 2010 prior to full independence. South Sudan joined the World Bank Group in April 2012. According to the National Bureau of Statistics, the country has an estimated population of 10 million with about 72% under 30 years of age, and 51% under 18 years. 83% of the population lives in rural areas and a majority lack

education and skills. Levels of unemployment are high, especially among the youth. Despite relatively high GDP figures (boosted by petroleum revenues), it is estimated that 51% of the population live below the poverty line. Since peace was restored, there has been some improvement in service delivery due to the combined efforts of development partners, non-governmental organizations, and the government; however, there are still significant gaps in terms of access and quality.

2. The country's macroeconomic performance has been volatile; it was negatively affected by the shutdown in oil production and export in 2012/2013 and has again been worsened by the civil conflict that erupted in late 2013. Gross domestic product (GDP) was estimated to be over US\$ 15 billion in 2010, growing to US\$19bn in 2011, and then dropping to \$10bn in 2012 due to the freeze in oil production. Per capita GDP reached US\$ 1,858 in 2011 and fell back to US\$943 in 2012; gross national income (GNI) was US\$1210 in 2011 and US\$790 in 2012, compared to a SSA average of US\$1,350 for 2012. Most of the economy is driven by petroleum-related activity which account for 80% of the GDP and 98% of exports. South Sudan recorded average annual real GDP growth rate of about 3.4 % during 2009-2011, and then experienced a drop of 47.6% in 2012. In late 2013, the IMF estimated growth in 2013 at 24.7% and projected growth for 2014 at 43%. Depending on the duration of the civil conflict and on the effect on oil production, actual growth for the year may be (far) lower.

3. The management of the oil revenue and public expenditure are important for effective delivery of public services to the citizens. Therefore, strengthening of the institutions and capacity for economic governance, including management of public finances and procurement efficiently and transparently are critical. Outside the oil sector, livelihoods are concentrated on low productivity, subsistence based agriculture and pastoralism, which although accounting for less than 15 per cent of GDP, engage about 78 per cent of the population .

4. The political economy and governance context is characterized by the dominance of the SPLM which transformed from a rebel movement to ruling party with a 'big-tent' approach that has sought to incorporate various interests and potential opposition groups through rent-sharing. While the SPLM has enjoyed significant good will for bringing independence, support declined during the post-independence period. Moreover, the SPLM/A has been divided internally, and the focus on meeting the expectations of citizens for the dividends of independence in the form of improved service delivery and development outcomes has been insufficient. Continuous flares of internal and external security challenges have created uncertainty and posed a distraction from focusing on development and long term vision. This began to change in mid-2013 when the leadership emphasized a need to strengthen performance in various public statements. However, interests within the SPLM came to a clash, triggering large scale violent conflict since late 2013.

5. Prior to December 2013, initial progress had been made, not least due to South Sudan's significant support from the international community, in terms of strengthening institutions as well as service delivery results. Basic immunization rates have increased compared to the mid-2000s, and primary school enrollment is gradually expanding. Basic systems for public financial management have been put place, particularly on the budget planning and preparation side. Civil servants both at the national level and selectively in states have benefited from several capacity strengthening initiatives, including regional support through IGAD and others and support from a range of bi- and multilateral donors. A number of ministries have developed strategic plans for further sector development, although implementation of these remains at early stages; furthermore,

plans had to be put on hold due to the prolonged freeze in oil production.

6. Since 2011, the public discussion shifted from the euphoria over independence to a greater focus on the expectations of citizens. While initially, citizens were grateful to the government for having secured independence from the north, over time, public attention shifted to the achievements made in terms of delivering good governance and public welfare in the new state. Potentially, this rising discontent had a beneficial impact of creating an incentive for political leaders to focus more on delivering shared prosperity. However, such discontent also provided fertile ground for a rapid escalation of violence.

7. In mid-December 2013, a civil conflict erupted, first in Juba and then spreading to central, northern and eastern parts of the country, including in particular Jonglei, Unity, and Upper Nile states. The underlying tensions that erupted into open conflict included elite competition as well as growing discontent about the limited progress made by the country since independence. Renewed conflict is a common risk in fragile states, and in particular in those where military expenditures remain high (Collier and Hoeffler 2006) as has been the case in South Sudan. The international community, as well as regional neighbors (Ethiopia, Kenya and Uganda), have reacted with intensive efforts at containing the conflict, restoring peace, and re-establishing a political settlement.

8. Some of the gains made up to December 2013 are being reversed by the ongoing conflict, in particular in the three most conflict-affected states. The conflict has triggered large-scale internal and external displacement of over 1m people. Food security has worsened in many areas of the country; and government spending on infrastructure development and service delivery has shrunk to a minimum. There is continued high uncertainty about when a durable peace agreement will be reached, as well as over other foundational steps, such as holding national and sub-national elections and adopting a new Constitution. Elections had been scheduled for 2015, but this will not be feasible given the need to undertake a census and create an election register. Negotiations over a new permanent constitution are likely to be challenging and possibly drawn-out.

9. Strengthening institutions and capacity have an important role to play in reducing the likelihood of recurring conflict. There is a crucial challenge of helping South Sudan exit from cycles of violent conflict. This includes assisting with finding a new political settlement on the one hand, and on the other hand continuing to support incremental gains in institution- and capacity building; closely linked to more effective delivery of public goods and services. Such gains will be crucial to ensure that political disputes become less likely to escalate into large-scale violence. Strengthened institutions are also recognized as an essential ingredient for developing greater resilience against political disputes turning violent.

10. As the OECD principles of 'Doing no Harm' emphasize, continued support is essential for securing gains in institutional development. While the situation in conflict-affected states is often volatile, continuity in support is crucial; while support provided should take into account that renewed violence remains a risk. The current country context in South Sudan poses a number of challenges. However, continuing support for state-building and doing so with a more medium- to long-term vision remains essential in order to help South Sudan move away from a self-reinforcing cycle of violence.

## **Sectoral and institutional Context**

12. The public sector made some progress between 2005 and 2011, despite a difficult overall environment. There have been various efforts and initiatives to develop and/or strengthen institutional capacities. An initial set of key laws (such as the Public Financial Management and Accountability Act and the Civil Service Act, both 2011) has been adopted, but implementation of these is still at early stages. The capacity and institutional deficits are substantial and much remains to be done to gradually address these. Government leaders have been well aware of the need for a capable public sector and have repeatedly declared the need for building a capable and effective public sector – but at the same time have also responded to contradictory incentives.

13. Development partners have provided crucial support for establishing the basic building blocks of a public administration, including the establishment of ministerial offices in Juba, advice on the legal framework, as well as various forms of training for government officials across levels of government. Given the early stages of state-building, government leadership and ability to coordinate support has been mixed. Moreover, as in other post-conflict countries, public sector reforms have been contentious. Efforts at a restructuring of the civil service initiated in 2008 and again in 2011 were overall unsuccessful, although at least partial progress was made with reducing the number of ghost workers included in the payroll.

14. Progress with public sector development began to slow from 2012 onwards, and has been negatively affected by the conflict since late 2013. The austerity measures have shrunk resources available for further institutional development. Increasingly, many departments have lacked funding even for basic operating expenditures. The purchasing power of public sector wages was eroded, and wage arrears started to emerge in early 2014.

15. The transition from leading a rebel movement to victory and independence, to political and administrative leadership for delivering results to citizens requires a cultural shift in leadership and management for development outcomes: Having emerged from the long years of conflict, there is need for management and leadership development for both the political and administrative leadership in government and the public service in general. The experience of post conflict countries where rebel movements transformed to ruling parties that have been able to transform their economies and achieve promising development outcomes (e.g. Rwanda, Ethiopia, Vietnam etc ), show the transition is not an easy one and needs significant re-orientation. The transformation to strong visionary leadership with development focus has been one of the key characteristics of countries that have been relatively successful in improving development outcomes for citizens. Given its oil resources, South Sudan has the financial means to deliver services to citizens, if the leadership can make this transition in orientation and focus on long term development.

16. Prior to the eruption of internal conflict in late 2013, there had been signs of a shift towards greater emphasis on government performance. In mid-2013, the President re-shuffled the entire cabinet, announcing that new ministers would be expected to deliver improvements for citizens. The President then announced plans to hold ministries and their leaders accountable for delivery of results in priority areas. Each minister has been asked to identify three top priorities to be achieved in 6-12 months and will sign a performance agreement with the President. Ministers will in turn sign performance agreements with their senior civil servants for delivery of results and these will be cascaded down in each ministry. To institutionalize this, the office of the President (OOP) is setting up a Performance Management Unit. However, the parallel efforts to sideline several high-level

politicians (the former Vice President, the former negotiator with the government in Khartoum, and others) and the announcement to dissolve SPLM structures led to a backlash from competing groups.

17. Improving Human Resource Management system and capacity for delivery is urgently needed. South Sudan has limited qualified and skilled personnel. This has been exacerbated by entrenched patronage instead of merit based appointments. Hiring into the public service accelerated rapidly after 2005, reaching a total size of about 150,000 by 2013, while productivity and incentives and motivation to perform have been weak. There is an acute need for civil service reform including calibrating staff numbers and functions, training, provision of technical assistance and long-term capacity building support at all levels of central and state governments. The MoLPSHRD has developed a Strategic Plan (2012-2016) as a starting point to reorganize the Ministry and ensure that it delivers as required. It has been rallying donors to support the strategic plan .

18. There are also concerns about the overall wage bill, although this is primarily driven by a large security sector (military and other armed forces) (see Wage Bill policy note 2013). In 2012, South Sudan spent close to half of its budget on the total wage bill, compared to an average of 30-35% in sub-Saharan Africa (see table 1). However, less than a quarter of this (9 per cent of the total 2012/13 budget) is absorbed by the core civilian part of the public service.

19. To enable better HRM, government has begun developing systems with support from development partners. This includes an electronic payroll system (South Sudan Electronic Payroll System, SSEPS), covering the civil service and the organized forces which has been established and which has provided progress in terms of establishing a clear payroll. Furthermore, a Human Resource Management Information System (HRMIS) has been under development with support from the CBTF, but it is yet to be rolled out to all the states, and data entry and verification still pose challenges. The central Ministry of Labor and Public Service recognizes that even though the number of “ghost” workers have been significantly reduced, there is a continuing need to address inaccuracies and undertake regular staff audits and establishment controls and ensure that discrepancy between the payroll and the nominal rolls are eliminated or minimized. Furthermore, the HRMIS seeks to record basic information such as the age, educational qualification, and career progression of public servants.

20. As in other post-conflict countries (e.g. Liberia, Sierra Leone), the long years of conflict depleted the human capacity and have left a legacy of limited skills. These deficiencies constrain the ability of the public service to implement government policies and programs. While there are a few training centres (e.g. the Government Accountancy Training Centre and the Public Service Training Centre), these are very embryonic and need significant support to bring them up to a standard to meet the capacity challenges and needs in terms of curriculum development, training of trainers, management development, learning resources and logistic support. In recent years, the mode of delivery of training has largely been in the form of external programs with limited impact since only a few officials benefit at a time. While post conflict countries like Liberia and Sierra Leone provide examples of rebuilding public administration institutions, South Sudan is starting from scratch and has both the opportunity to be innovative but also the challenge of starting from a particularly low base.

21. Furthermore, public financial management is still weak, while some progress has been

made since the CPA. Throughout the Interim period there has been investment in building public financial management system in South Sudan (e.g. under the MTFD, LICUS and CBTF I). Currently, all spending agencies carry out planning and budgeting and quarterly budget execution reports are being produced. A procurement unit has been established in MOFEP to oversee government-wide procurement and a draft procurement bill is under consideration by the National Legislature. A supreme audit institution, the South Sudan Audit Chamber, has been created. However, PFM institutions are nascent and major challenges remain. A combined South Sudan Integrated Fiduciary Assessment (SSIFA) and Public Expenditure and Financial Accountability (PEFA) assessment conducted in 2012 provides insights into the state of public financial management in South Sudan (see Table 2).

Weaknesses identified are summarized as follows:

- a) Weak credibility of the budget, low predictability and controls in budget execution: The SSIFA report and PEFA suggest weak credibility of the budget, inadequate predictability and controls in budget execution, with a score of D or D+ for most indicators. There is lack of cash flow forecasting, as well as of monitoring and commitment ceilings for ministries, departments and agencies. The credibility of the budget is low, as represented by budget outcomes per spending agency differing significantly from approved budgets, despite favorable revenue outcomes, and by large build-ups of payment arrears. The budget control features of the Integrated Financial Management Information System (IFMIS), including (i) establishing expenditure commitment controls to ensure consistency with approved budgets and projected cash availability (on the basis of cash flow forecasting), and (ii) setting monthly cash expenditure limits are not fully implemented and enforced. This is partly because only 8 out of 56 agencies had been hooked up to IFMIS. However, there is gradual improvement in budget classification and comprehensiveness of information included in the budget.
- b) There are on-going efforts to strengthen the public procurement system, but procurement largely does not function in a way that ensures value for money. As in other developing countries, but more particularly in a fragile environment such as South Sudan, procurement is one of the PFM areas most prone to corruption and has a low score of D in the PFEA (PI-19), which measures competition, value for money, and controls in procurement. The provisions under the Interim Public Procurement and Disposal Regulations, 2006 (IPPDR), which requires open and competitive process as the preferred modality have not been consistently enforced (see also Auditor General's annual report for 2008/9); thus compliance is a major challenge. A procurement bill has been submitted to the National Legislative Assembly (NLA), but yet to be passed into law. Information on procurement operations has remained unavailable and an independent complaints mechanism is lacking (World Bank, SSIFA, 2012). Although procurement capacity is gradually improving with the assistance of donor-sponsored training programs, there is need to continue to develop and reform legal and administrative systems and processes to bring them to acceptable standards.

Table 2: GRSS: Summary of PEFA Ratings

PEFA Indicator	Thematic area	Average PEFA rating
PI-1—PI-4	Credibility of Budget	D+
PI-5—PI-10	Comprehensiveness and Transparency	C
PI-11—PI-12	Policy-based budgeting	C
PI-13—PI-21	Predictability and control in budget execution	D+
PI-22—PI-25	Accounting, Recording and Reporting	C
PI-26—PI-28	External Scrutiny and Audit	C

Source: South Sudan Integrated Fiduciary Assessment, Vol. 1. Main Report. June 2012

c) Audit and oversight institutions are making some progress but they are still nascent with need to strengthen accountability and human capacity: Initial progress has been made in establishing internal audit functions (in the modern sense of overseeing internal control systems) and an external audit function. The PEFA score for external scrutiny and oversight is C on average. However, internal and external audit are yet to be fully embedded and exercise their functional authority over government institutions. Skilled human resources are in short supply. There is also need to strengthen the capacity of the external audit and the role of parliament in oversight (public accounts committee) to be able to clear the backlog of audit reports and play an effective role in improving the accountability of the executive and ministries, departments and agencies in the use of public resources.

22. With the significant inflow of oil revenue, weak economic governance, especially PFM systems and processes pose risks. The experience of the CPA period shows that South Sudan received extensive amount in oil revenue (50% of total oil revenue sales) as per the wealth sharing arrangement of the CPA and this put tremendous pressure on its rather nascent public financial management system. The risks inherent in the weak PFM systems are illustrated in the scandals associated with the strategic grain contracts, which exposed the government to significant liabilities due to frivolous contracts. Reports of Auditor-General sent to the National Assembly/Parliament, have documented cases of misuse of funds and possible corruption in a number of sectors, including customs, roads and other infrastructure, and procurement of vehicles.

23. The theory of change underlying the proposed project is to address four interrelated key ingredients of public sector effectiveness: political commitment and monitoring of progress, institutional capabilities and human capacity, management of financial resources, and accountability, and to take some steps in each of these areas, while being realistic about what is achievable in each given a difficult environment. Political guidance and signaling of commitment is crucial to motivate a public sector and to drive efforts at strengthening and change. Institutional and human capacity is essential for government to have the ability to carry out its selected policies, and is in the midst of early development stages in South Sudan. Financial resource management is a further key ingredient of being able to get things done. Accountability is part of good financial management and importantly, also serves as a feed-back loop to encouraging politicians to seek good performance.

24. The project is designed with a broad scope. For a fragile state like South Sudan, a broad based engagement seems more appropriate than more compartmentalized support, e.g. targeting only PFM or only basic training for civil servants. It is expected that making some progress in each of the areas covered will deliver greater improvements in overall public sector functionality than pursuing extensive progress in one or two areas only. A related benefit of a broad approach is that it provides a degree of flexibility and resilience in terms of being able to support reform initiatives in various sub-areas as they emerge. The main risk of a broad approach is the increased challenge of coordination and the Bank's capacity for follow up due to the greater number of ministries and agencies involved.

25. Three additional assumptions apply. Firstly, in a situation like South Sudan, efforts to improve service delivery 'here and now' and efforts at improving and strengthening institutions

need to proceed in parallel, in a way of ‘re-building the ship at Sea’ . While this poses a tremendous challenge, the opportunity is to closely orient institutional development efforts towards what is most needed to strengthen service delivery (see also the World Bank’s PSMA 2012).

26. Secondly, and related to the first, as set out in the WDR 2011 on Conflict, Security, and Development, institutional transformation should be expected to take time. In successful cases of transformation, the time horizon was 20 to 40 years; the average time horizon is ‘infinity’ – i.e. non-convergence towards successful institutions. The project is therefore conceptualized as a segment of an expected longer stretch of institutional development. It follows on the very initial efforts from the post-CPA to about 2012.

27. Third, it should be expected that institutions will remain far from optimal for the foreseeable future, and that second-best solutions and making progress against the odds will need to be considered. Institutional distortions and limitations are common in post-conflict countries (e.g. DRC, Liberia, Sierra Leone) (and to lesser degrees affect all countries ). Contextual constraints which are likely to affect public service performance for the foreseeable future in South Sudan include political and institutional coherence, challenges with constraining rent-seeking given the presence of natural resource wealth, and others. However, some progress on service delivery can often be achieved despite continuing contextual constraints and institutional distortions and limitations. Supporting institutional development and capacity building therefore remains a worthwhile endeavor that can both help to achieve some improvements now, contribute to developing state resilience, and lay a foundation for further improvements in the future. This may include considering ‘good enough’ arrangements that do not conform to what would be ‘best practice’ in principle.

#### C. Rationale for Bank Involvement and Relationship to the ISN

28. The fundamental rationale for Bank involvement is the need to continue to engage on efforts at institutional strengthening in South Sudan with a view to help the country to overcome the risk of a ‘fragility trap’. Achieving greater institutional resilience is crucial for a fragile state to achieve greater stability, which in turn is foundational for pursuing shared prosperity. The relapse into conflict is a cause of deep concern; but to address fragility, continued and considered engagement on institutional development is needed, rather than a stop-go approach.

29. In 2011, the Government of South Sudan (GoRSS) adopted the South Sudan Development Plan (SSDP, 2011-2013) , which sets out the country’s strategies for sustainable growth and development. A Medium Term Capacity Development Strategy (MTCDS) was developed by a Working Group under the Leadership of the MoLPSHRD to help prioritize capacity development objectives and needs. Sector capacity development plans set out the details of planned capacity development needs and goals in key sectors broadly classified under the Governance, Conflict Prevention and Security, Social and Humanitarian and Economic Pillars of the SSDP. The Bank’s interim strategy and this proposed project support the SSDP and follow up plans. The government subsequently extended the SSDP’s implementation period to 2015.

30. Implementation of the SSDP and the MTCDS has been delayed by the oil shut-down that started in early 2012 and subsequently by the eruption of internal conflict in late 2013. While oil production resumed in May 2013, austerity measures remained in place throughout 2013, due to the



need to repay short-term debts. With the announcement to introduce performance contracting, the government signaled its intention to shift towards a focus on results and improved performance from 2014 onwards. This offered some opportunity for strengthening government performance. However, the accompanying effort at centralizing power triggered a backlash and the start of an internal conflict in late 2013. It remains to be seen when a renewed political settlement can be found that allows a return to peace and to what extent such a settlement will be conducive to strengthening government performance.

31. The Bank's Interim Strategy Note (2013-2014) for South Sudan has the overarching focus to help the country move from fragility to stability by supporting the foundations for effective and accountable institutions. It recognizes the need to support sustainable institutional development and strengthening, and address the capacity deficits in South Sudan's public service. The Bank's capacity building support would focus on the longer-term endeavor of building legitimate institutions that can mitigate the drivers of instability. The ISN directly links to the SSDP, which targets state- and nation building, including peace-building and rapid economic development as mutually reinforcing objectives. The Governance Pillar of the SSDP identifies the strengthening of institutional and human resource capacity as one of the five top priorities. The Medium Term Capacity Development Strategy (MTCDS) defines the road map for long term public service capacity development. The Bank will complement and add value to the Government's and other development partners' efforts to addressing the institutional development and capacity building deficits in South Sudan based on its comparative advantage.

32. The engagement as proposed is aligned with the OECD principle's and lessons learned to 'Do No Harm' in International Support for Statebuilding (OECD 2010). In particular, this operation emphasizes support for sustainable capacity development approaches as a way to enable a gradual reduction in the reliance on external technical assistants. Furthermore, the support for strengthening accountability contributes to improving state legitimacy; and the support for HRM and PFM strengthening are also expected to contribute positively to institutionalizing the relationship between central government and sub-national levels.

33. The proposed project builds on the WBG's earlier work supporting PFM and human resources management under the LICUS Trust Fund, and the Core Fiduciary and CABHIRD projects that were implemented under the umbrella of the MDTF-SS. In addition to building on this existing experience in the country, the WBG also brings world-wide lessons and experience to the benefit of South Sudan.

34. A range of analytical products and background documentation informs the proposed operation (see box 1). Analysis include diagnostic work on governance, public sector development, public expenditure management, financial management, and procurement as well as reviews of capacity building efforts, needs and experience in South Sudan. Further analytic work is currently ongoing. The project can also draw on some recent cross-country work about 'what works' with regards to public sector reforms in post-conflict environments.

#### Box 1: Analytical Underpinnings of the IDCBP

Reviews of institutional development and capacity building efforts in South Sudan

- Capacity Building Trust Fund (CBTF): Review and Phase II Strategy (Steve Bertram, Delta

Partnership, 2008)

- MDTF – Towards a Strategic Framework for the MDTF for Southern Sudan: Phase II: 2008-2011, (MDTF Technical Secretariat Paper for the Sudan Consortium, 2008).
- Southern Sudan: Strengthening Good Governance for Development Outcomes: Issues and Options (World Bank, 2010).
- USAID, Government of Southern Sudan: Strategic Capacity Building Study, 2010
- South Sudan Development Plan 2011-2013: The Medium Term Capacity Building Strategy, Annex 6
- World Bank: ‘Assessment of Performance of the Capacity Building Components in the Portfolio of the World Bank Administered Projects of the MDTF-SS’, 2012
- World Bank: Interim Strategy Note for the Republic of South Sudan, 2012-2013
- South Sudan Integrated Fiduciary Assessment (SSIFA), 2012
- Public Expenditure and Financial Accountability (PEFA) for South Sudan, 2012

Cross-country analytic work

- Public Financial Management Reforms in Post-Conflict Countries, World Bank 2012
- Re-building Public Service Capability in Post-conflict Countries, World Bank, forthcoming
- Institutions Taking Root, World Bank forthcoming
- Lessons Learned Review of UN Support to Core Public Administration Functions in the Immediate Aftermath of Conflict

35. The analytic work on South Sudan captures the scale of the problem of building a state virtually from scratch (World Bank 2010), details the status of systems (SSIFA 2012), and provides a review of what has been achieved to date (World Bank 2012 and MDTF 2013). As the MDTF evaluation argues, Strategic Priority 1, Building an Effective Public Sector has been the “strongest performing component of the MDTF-SS portfolio” (p. 53). However, capacity building specifically was assessed as having been relatively more successful when delivered as part of sector programs than through the self-standing CABHIRD. A key lesson from the CABHIRD ICR is the need for a realistic assessment of (often conflictive) political incentives related to public sector reforms and also of the time-frames and realism about what progress is achievable within a given period of time. The ICR endorses the idea of ICT ‘leapfrogging’ as potentially very valuable, in particular with regards to creating greater transparency (see also section III.F below on Lessons Learned).

36. The recent reviews of how actual progress has been made across several post-conflict countries emphasizes that some progress is often achievable, but that it is unlikely to be uniform. Distortions are likely to emerge, e.g. in the size and composition of the civil service. Furthermore, there are often challenges with regards to transitioning from capacity substitution through technical assistants to the use of regular civil service capacities, in particular in environments with low incomes and a constrained pool of skilled labor.

37. Furthermore, in South Sudan, social accountability has an important role to play. As noted in the 2011 WDR (Conflict, Security and Development), political transitions are followed by an extended period where the risk of a resurgence in conflict is elevated. It is increasingly recognized that engaging civil society, media, and other demand-side constituents is crucial for achieving positive development outcomes and mitigating risks. Organized non-state actors—including CSOs, media, informal youth and women groups—are gradually developing in South Sudan, within a challenging context. As is common in many post-conflict countries, the government has been

reluctant to facilitate and accept public criticism. Engagement of civil society includes the formulation and execution of budgets and delivery of public services. The proposed project will seek to mainstream Social Accountability with the relevant key stakeholders across the main project components (see Annex 6 for further detail). It will do this in collaboration with regional Social Accountability support organizations (e.g. Public Service Accountability Monitor; Kenya Institute for Public Research and Analysis; African Media Initiative) and the World Bank Institute.

## II. Proposed Development Objectives

The project development objective is to introduce a results orientation and to enhance core human resource management and development and public finance management capacities and functions in key targeted ministries.

## III. Project Description

### Component Name

Component 1: Result-Based Management and Leadership

### Comments (optional)

### Component Name

Component 2: Strengthening Institutions for Human Resource Management and Development

### Comments (optional)

### Component Name

Component 3: Strengthening Institutions for Public Financial Management and Accountability

### Comments (optional)

### Component Name

Component 4: Project Management

### Comments (optional)

### Component Name

Unallocated amount

### Comments (optional)

## IV. Financing (*in USD Million*)

Total Project Cost:	40.00	Total Bank Financing:	40.00
Financing Gap:	0.00		
<b>For Loans/Credits/Others</b>			<b>Amount</b>
BORROWER/RECIPIENT			0.00
International Development Association (IDA)			40.00
Total			40.00

## V. Implementation

### Institutional and Implementation Arrangements

75. The project will comprise the following main arrangements: strategic directions and review will be undertaken by a steering committee; while technical oversight, shorter term directions and activities will be discussed and decided through a technical committee. Specific activities will be carried out by the respective implementing ministries, departments and agencies, including the Office of the President, MoLPSHRD, MOFEP, MoH, MOTRB, MOAFARF, the Audit Chamber, and the National Legislature. Project execution will be supported by a PMU located under MOFEP, jointly with the PMU for LGSDP and in line with MOFEP's institutional mandate in managing and disbursing funds; while each implementing agency will lead in its respective technical area.

76. **Steering Committee:** As agreed through consultations with project stakeholders, the steering committee will be composed of representatives at the Undersecretary level and equivalent representatives from non-ministerial implementing agencies. This will include relevant Undersecretaries from MoLPSHRD, MoFEP, and OOP, and the D-Gs of the Audit Chamber and the Procurement Directorate (under MoFEP), as well as Undersecretaries from the three target ministries. It will include one representative from the NLA (e.g. chair of the PAC); and a representative of NGOs. It is expected to meet bi-annually to discuss and decide on key policy and strategic issues of the project, to approve annual work plans and to resolve any bottlenecks referred to it by the technical committee.

77. **Technical Committee:** The technical committee will provide technical oversight and coordination among the implementing agencies involved. It will be composed of the relevant technical Director General or Director-level officials who are leading the implementation of components/sub-components in their respective MDAs. The Technical Committee is expected to meet on a monthly or bi-monthly basis to review progress of implementation, follow up actions and share information and experience. The technical committee may resolve to form sub-committees responsible for the three main project components. It may also decide to organize inter-agency workshops on issues that may benefit from wider cross-ministry discussions (e.g. effectiveness and targeting of training for public servants, effectiveness and bottlenecks with records management, monitoring and evaluation, the budgeting process, etc.).

78. Each implementing agency assumes technical leadership and responsibility for implementing respective components and/or sub-components of the project under the leadership of the respective Undersecretary or D-G.

79. The PMU will be located under MOFEP and will be jointly with the PMU for LGSDP. The location of the PMU was intensively discussed with representatives of the implementing agencies involved and was mutually agreed. A senior project coordinator will be appointed, supported by two deputies, one for LGSDP and one for IDCBP. In addition, it will be staffed by professional staff from within government and/or contracted staff for financial management, procurement, monitoring and evaluation. The terms of reference for the staff of the PMU will be stated in Project Implementation Manual. The role of the PMU is to ensure fiduciary management, execution of procurement processes in line with applicable rules, to provide smooth implementation support for implementing agencies, and to facilitate timely and adequate compliance with WBG reporting requirements.

80. As discussed above, the setting up of a PMU is considered the most practical and viable approach to delivering support while meeting fiduciary requirements of IDA stakeholders. The project overall seeks to develop country systems which may eventually become more widely used in the delivery of aid.

#### B. Results Monitoring and Evaluation

81. PDO indicators and intermediate indicators for the operation have been selected with a view to their relevance, reflection of project objectives and components, as well as realism and measurability. A project monitoring system will be established as part of the PMU. Data on activities, outputs, and results indicators will be regularly monitored and reported on starting from the baseline to be collected prior to the start of the project. Annual progress reports will be compiled to inform the technical and steering committees as well as the WBG's task team providing implementation support and supervision. As set out under section II, it is expected that progress made may be variable across components/sub-components and that progress may not be linear over time given a highly uncertain and conflict-affected context.

82. An M&E expert will be recruited into the PMU. The M&E expert will regularly review, report on progress made, and will flag any issues requiring attention. The expert is also expected to closely liaise with the M&E units that the involved ministries intend to strengthen with support from the project and work with the FM and procurement staff to produce regular reports to the World Bank and the Steering Committee.

83. In addition to the regular results monitoring, the project team is working with DIME to design an Impact Evaluation to identify and later scale up effective ways of training civil servants. This will enable a more methodologically robust assessment of the types of training interventions that are most effective (see also Annex 3). This impact assessment is intended to feed also into a global effort at better measuring the effects of support for capacity building and public sector reforms.

84. As set out in under section III F, a Mid-Term Review for the project will be carried out approximately 18 months after the start of disbursements. Ongoing monitoring and reporting will form a basis for the review; which in turn will allow a timely revisiting of the results framework and the effectiveness of the M&E system.

#### C. Sustainability

85. Policy and results sustainability: The GoRSS has in principle and repeatedly endorsed the need for a capable and effective public sector since its initial creation in 2004/05; but the implementation of this was subsequently neglected due to competing pressures and incentives. After independence, expectations about service delivery have grown, and the government has sought to find ways to respond. This is evidenced by the Strategic Plan and the Medium Term Capacity Development Strategy adopted by MoLPSHRD in 2011, and at the highest level of government, by the initiation of performance oriented management in the public sector, announced in November 2013. These commitments were set aside subsequent to the renewed conflict starting in late 2013.

Discontent over actual progress with the delivery of services and the lack of developing the economy in a job-generating way is seen as having contributed to the rapid escalation of the conflict.

86. The specific sustainability risks vary across project components and sub-components; and will also vary depending on the achievements made during the lifetime of the project. There is an overarching risk to sustainability given political volatility and the risks related to ongoing and recurring conflict. Within the project's scope, the risk to sustainability is relatively greater for aspects that seek to reduce rent-seeking behaviors (audit and oversight, procurement, effectiveness of the recruitment board) than for those that focus on capacity development. It is expected that a political commitment to strengthened service delivery will re-emerge once a new political settlement is reached.

87. Within these parameters of high risk, the project design directly targets sustainability. The development of a local training center (Management Development Institute) directly targets the issue of making capacity development more sustainable and continuous and moving beyond more dispersed capacity building efforts, through greater institutionalization. In doing so, it will build on the lessons learned from previous efforts to date in South Sudan, as well as those from other countries. These include the need for institutionalizing training efforts, as well as a need to combine different modalities of building capacity (classroom based and hands-on, general and case-based, etc.), and of tailoring modules to different levels of prior education.

88. Staff turnover can pose a risk to capacity building efforts; however, relative to other countries, in South Sudan turnover has been limited to date. Furthermore, investing in a local training center/management development institute directly addresses this risk by establishing a system for training rather than just providing one-off deliveries of training.

89. With regards to performance management, the project will support the initial development of systems for agreeing on results as well as for monitoring and evaluation, and a clear link to the availability of resources (planning-budgeting links). The project will support rapid results initiatives that can ensure making initial tangible gains in selected areas and thus create demonstration effects; as well as the strengthening institutions for performance monitoring, and leadership development. It is expected that these building-blocks will continue to be developed and used beyond the implementation period of the project. As noted in section III, this component is most directly affected by the degree to which political commitment is in place and sustained over time.

90. With regards to public financial management, initial progress has been made in improving systems, as evidenced by the 2012 PEFA assessment. Project support will particularly aim at further improvements in some of the remaining weakest areas related to budget execution and the credibility of the budget. The move towards performance management is evidence of the GoSS's commitment to achieving greater results with available public resources. This is also supported by the appointment of a reform-oriented Minister of Finance during the mid-2013 government re-shuffle. As discussed in the technical sections of this PAD, the WBG's assistance to further improving PFM performance will proceed in close collaboration with that provided by a range of other development partners, in ways that foster impact as well as sustainability.

91. Fiscal sustainability: It is expected that the gains made in terms of strengthened capacity, a greater focus on performance and results, and improved PFM performance will enable fiscal sustainability of the measures supported through this project (see also section IV.A). Overall fiscal

sustainability will remain subject to risks of shock related to oil production and to the security situation. In addition, and in line with the time horizons for institutional development set out in the WDR 2011 on fragile states – which sets out a minimum period of around 20 years for institutional transformations to take root – some form of technical assistance is likely to continue beyond the lifetime of this operation into the 2020s.

## VI. Safeguard Policies (including public consultation)

Safeguard Policies Triggered by the Project	Yes	No
Environmental Assessment OP/BP 4.01		x
Natural Habitats OP/BP 4.04		x
Forests OP/BP 4.36		x
Pest Management OP 4.09		x
Physical Cultural Resources OP/BP 4.11		x
Indigenous Peoples OP/BP 4.10		x
Involuntary Resettlement OP/BP 4.12		x
Safety of Dams OP/BP 4.37		x
Projects on International Waterways OP/BP 7.50		x
Projects in Disputed Areas OP/BP 7.60		x

**Comments (optional)**

## VII. Contact point

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