

**Support to Public Financial Management**

**Project Number: 00086376**

2020 Annual Report

(February 2021)

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High-level launch of the Joint SDG fund project. Photo: UNDP, 30 September 2020

 

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| **Project Summary** | **Country: South Sudan****Project Duration: Ending 30 June 2022****Project Budget: US $ 2,250,000****Annual Budget: US$ 1,241,381**

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| **Donor** | **Annual budget US$** | **2020 Expenditure Report** |
| **AfDB** | **555,381** | **447,666** |
| **Japan (JSB)** | **436,000** | **369,903** |
| **Joint SDG fund** | **250,000** | **8,861.97** |
| **Total**  | **1,241,381** | **826,430.97** |

**Cumulative expenditure: US$826,431****Contact Persons:**  **Samuel Doe** **Resident Representative**  **UNDP South Sudan** **Tel: +211 92 622 1701** **Email:** **Samuel.doe@undp.org** **Fatmata Sesay** **Economic Advisor** **UNDP South Sudan** **Tel: +211 929779104** **Email:** **fatmata.sesay@undp.org** **Kordzo Sedegah** **Technical Specialist, Public Financial Management** **SPACE Unit** **Tel: +211 925912602** **Email:** **kordzo.sedegah@undp.org** |
| **Responsible Parties:**  *Ministries of Finance and Planning, State Revenue Authorities and State Legislative Assemblies in the ten states of South Sudan, National Revenue Authority and Ministry of Finance and Planning.* |

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# **Acronyms**

|  |  |
| --- | --- |
| AfDBCOVID-19ICTITJSBNRA | African Development BankCoronavirus Disease 2019Information, Communication, and TechnologyInformation TechnologyJapan Supplementary BudgetNational Revenue Authority |
| PFMSDGs SLASRAUNDPUNICEFVSAT | Public Financial ManagementSustainable Development Goals State Legislative AssemblyState Revenue Authority United Nations Development ProgrammeUnited Nations Children’s FundVery-Small-Aperture Terminal |

# **Executive Summary**

United Nations Development Programme (UNDP) is implementing the ‘Support to Public Financial Management (PFM) Project’ at the national and state levels in the Republic of South Sudan. The project is financed by the African Development Bank (AfDB – funding until June 2021), the Government of Japan (funding until March 2021), and the Joint SDG fund (funding until June 2022).

The PFM project seeks to accelerate improvements to the public financial management system at the state level through revenue mobilization, expenditure management, and supporting oversight functions of public financial management. The Non-Oil Revenue Mobilization and Accountability in South Sudan project builds on UNDP’s past achievements in providing technical assistance to national and state governments on budgetary planning, public finance management, and harmonized tax management system through the provision of ICT infrastructure.

The project has expanded to support all ten state governments in 2020, from the former six state level partners. The support aims at addressing significant public financial management challenges stemming from a mix of; weak non-oil revenue generation systems; lack of capacity for resource mobilization and legislative oversight and inadequate budgetary allocations.

The project is implemented in partnership with the Ministry of Finance and Economic Planning, and the National and State Revenue Authorities (SRAs) and State Legislative Assemblies. This project aims among other to modernize and enhance human and institutional capacity in the State Revenue Authority (SRAs).

 The project is an offshoot of the UNDP Country Programme Document (CPD)/UNCF Outcome 2 (Local economies are recovered, and conditions and coping strategies are improved to end severe food insecurity) and Output 2.4 (National and subnational governments capacities developed for tax and trade policy harmonization, revenue diversification, expansion of fiscal space and more transparent utilization of public resources) respectively.

**Key achievements**

* **Project expansion**- The project implementation has expanded to 4 remaining states – Upper Nile, Lakes, Western Bahr el Ghazal and Unity to reach all ten states in South Sudan.
* **Increasing state-level capacity to collect non-oil revenues**- UNDP in partnerships with State Authorities have commenced the of provision of furnished offices for the SRAs in the four additional states.
* **Collaboration and enhanced tax revenue collection-** the National Bureau of Statistics and UNDP are collaborating to collect and classify taxpayer data in three states – Western Equatoria, Central Equatoria and Northern Bahr el Ghazal. This is to result in identification of appropriate tax collectors and enhancement of tax revenue for the provision of social services to the people of these States.
* **Modernised revenue collection-** UNDP is support of modernizing the revenue collection and management, ICT equipment deployment was planned and agreed on by partners. The installation of the solar panels and VSAT equipment is ongoing in the 3 States of Central and Western Equitoria, and Northern Bahr el Ghazal.
* **Project summative evaluation-** in order to enhance knowledge and impact of the project on the communities we serve, a summative evaluation was conducted. This is to ensure quality programming in the area of strengthening non-oil revenue and accountability, and important for the expansion of UNDP project activities in the area of public financial management. The report was published and shared with partners. The management recommendations were responded to.
* **Enhanced capacity for tax officers-** the continued capacity support for the beneficiary States has become the pillar of the project. This is to ensure that revenue collection and management are enhanced. To this end, 350 tax officers (made of men and women from the various States) were trained on tax policy and non-oil revenue administration to ensure that tax revenues are collected effectively and efficiently for enhanced service provision. For instance, revenue collection has shown a rise in the Western Equitoria, increasing from xxx South Sudan Pound (SSP) in January 2020 to SSP xxx

**The main challenges for achieving project outputs in the reporting period:**

* **Delayed appointments of officials in state-level Governments and Legislative Assemblies:** Governors were appointed in 9 of the 10 states in late May 2020, while all remaining state level officials and staff, including in the Ministries of Finance and State Revenue Authorities, are still not appointed, and the State Legislative Assemblies are not reconstituted. This impacted project progress and implementation. As a measure to ensure speedy quality delivery in the year, UNDP has been ensuring the completion of procurement processes so that activities can take place once the state officials are in place, and moved ahead with works such as construction where there were counterparts to engage with.
* **The continued pressure of the COVID-19 pandemic**: The delivery of several project activities has been affected and, in most cases, delayed due to restrictions put in place by the Government in response to the COVID-19 pandemic. For example, a planned training of tax officers, a key activity planned for the year has been suspend in some parts of the country. For instance, that of Kuajok has been postponed indefinitely, but this and others have been planned to be implemented in early 2021. Additionally, although the COVID-19 situation further delayed the shipment of the ICT-components of the project, the solar panels and VSAT equipment was received in Juba during Q3, and stored in Juba during Q4 as the challenge remained to install the equipment in the states, because the full complement of state level officials have not been appointed.
* Most of the project activities (which were largely capacity building activities) could not be implemented in 2020, as the state level partners who are targeted by all interventions were delayed throughout the year. However, preparatory work such as procurement of services (consultants, venue etc) for capacity building have been finalized to ensure timely implementation of project activities.

**Key lessons learned:**

* The impact of COVID-19 wiped out an enormous amount of oil revenues, underlining the vulnerability of South Sudan due to relaying in one source of revenue. Thus, the need to strengthen public financial management in the country is more apparent than ever. Diversifying revenue by strengthening non-oil revenue must be paralleled with more efficient, effective and transparent spending, in order to increase service delivery to the people of South Sudan.
* The continued delay in appointments should have led to a quicker project response and redesign of the planned project activities.
* The changes in state numbers and delay in appointment of state officials show that project design should incorporate political dynamics into account to make the project context friendly.
* Delays due to unanticipated external factors (COVID-19) can have an impact on project duration and require thinking outside the box for solutions on how to continue project implementation. One example is changing contract modalities from international to national consultants.
* Human resources is critical in meeting deadlines and continuing project implementation on time.

**Budget:**

As at the end of 31 December 2020, the projects spent US$ 826,431, being 67% of total available resources of US$1,241,381 for the year 2020.

# **Situational background**

The Transitional Constitution of the Republic of South Sudan (2011) specifies a three-tiered system of decentralized Government: National, State, and County governments. While most high-yielding revenues are collected at the national level, the Constitution, together with the Local Government Act of 2009, devolves responsibility for primary service delivery and infrastructure to states and counties where resources are most limited, and public financial management capacity is low.

The signing of the Revitalized Peace Agreement in September 2018 and the formation of the Revitalized Transitional Government of National Unity (RTGoNU) in February 2020 provides hope for South Sudan to enter a pathway for critical institutional development and improved governance. As a step toward the formation of the RTGoNU, a political compromise was reached on the contentious question on the number of states in South Sudan. The country has now returned to 10 states and three administrative areas, from the previous 32 (+ 1) states. The reconstituted, larger states had Governors appointed in May 2020, while the remaining local government leadership structures are yet to be formed.

Full implementation of the Revitalized Agreement for the Resolution of Conflict in South Sudan (R-ARCSS) and the success of the R-TGoNU are necessary for the country to gain political stability and improved security, to create an enabling environment for increased productivity and business activities; and attract investors to South Sudan. If good institutions and systems are built, increasing economic activities provide an opportunity for SRAs to collect more taxes for local authorities, which through disciplined, efficient and transparent spending can provide more and better services to cement the social contract between the people and the states. Adequate provision of services is vital to break the current state of fragility in South Sudan, increase trust and confidence in government and for improved livelihood and wellbeing.

The onset of the Covid-19 pandemic, with its associated socio-economic impact on South Sudan – both directly and indirectly – has underlined the pressing need to diversify revenue collection beyond oil, and the need to increase efficiency, efficacy and transparency of spending in order to increase service delivery. Among other, the global fall in oil prices is leading to a depressed fiscal space in South Sudan. Therefore, the importance of strengthening public financial management in the country is critical in addressing the huge development challenge facing the country.

The Support to Public Financial Management project has adopted a strategic implementation approach aimed at strengthened non-oil revenue mobilization to improve service delivery at the state and the national government level. The project seeks to:

* 1. Modernize unified State Revenue Authorities (SRA) with a unified tax system.
	2. Enhance the oversight capacities of State Legislative Assemblies (SLAs); and
	3. Enhance Stakeholder capacity on state public finance reforms.

By joining efforts with UNICEF to deliver on the SDG Fund on PFM in South Sudan, the project is also strengthening its focus on development planning, budget discipline and to provide more support for states to spend efficiently in line with plans to ensure strengthened service delivery.

# **Progress towards development results**

## **Contribution to longer term results**

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| 1. **Country Programme Document (CPD)/UNCF Outcome 2:** Local economies are recovered, and conditions and coping strategies are improved to end severe food insecurity.
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***Summary achievements based on CPD Outcome 2 targets***

Revenue data classification and tax policies and unified systems for increased non-oil revenue generation for enhanced social services provision for states progressed*.*

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| 1. **CPD Output 2.4:** National and subnational governments capacities developed for tax and trade policy harmonization, revenue diversification, expansion of fiscal space and more transparent utilization of public resources.
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*Summary achievement based on 2020 CPD output targets*

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| **CPD output targets** | **Summary achievement** *(provide gender disaggregation)* | **Status**  |
| **Indicator 2.4.1. Degree of diversification of revenues collected at state level****Baseline: 1****Target: 3** | Data collection in the 6 States are ongoing with National Bureau of Statistics to collect and classify data on taxpayers in three target states.3 states SRA offices are supported and structured in such a way that the source of non-oil revenue is diversified. For instance, the tax office in Aweil are structured based on the sources of tax (verification team, check point team, tax officers in different ministries…) and these diversities the source and thereby increased the income.  | Delayed – data collection ongoing with National Bureau of Statistics |
| **Indicator 2.4.2. Number of state governments with functioning gender-responsive tax and trade policy****Baseline: tax policy: 4; trade policy: 0****Target: tax policy 10; Trade policy: 3** | 2 tax policies have been enacted. The project supported the enactment of State Revenue Authority Act in three former states: Aweil, Gbudue and Jubek that form the basis of non-oil revenue management.  | Delayed |
| **Indicator 2.4.3. Number of states with unified tax systems****Baseline: 1****Target: 3** | Six unified tax systems completed in the former states of Jubek, Aweil, Gbudue, Torit, Jonglei, and Gogrial. However, the reconstitution of the states implies that the SRA act and governing structures must be repeated to reflect new state boundaries and institutions. The engagement will also expand to the four additional target states once state officials are appointed, and construction work of SRA offices have started. | Completed |
| **Overall status** | **In progress** |

**Indicator 2.4.1. Degree of diversification of revenues collected at state level. Baseline: 1, Target: 3**

The target to support 3 states has been enhanced to cover 6 states for data collection and classification taxpayers. UNDP supported the National Revenue Authority through the Bureau of Statistics National to undertake training on data classification and collection on taxpayers for enhanced non-oil revenue generation at the level of states in 3 states - Northern Bahr el Ghazal, Central Equatoria and Western Equatoria states. This activity is ongoing, and the resultant effect of the assignment would lead to increased knowledge base about the revenue collection, and a more effective and efficient non-oil revenue collection by the state authorities for improved social services.

It has been noted that States needs to diversity their revenue sources. It was in this spirit that the three (3) SRA offices Central and Western Equitoria and Northern Bahr el Ghazal are supported and structured in such a way that many sources of collecting non-oil revenue have been identified. For instance, the tax office in Aweil are structured based on the sources of tax (verification team, check point team, tax officers in different ministries…) and these diversifies the source and thereby increased the income.

**Indicator 2.4.2. Number of state governments with functioning gender-responsive tax and trade policy. Baseline: tax policy: 4; trade policy: 0**

So far, UNDP has technically supported the States to enact 3 tax policies. In order to retool and invigorate tax collection to be efficient and devoid of duplication and being progressive, State Revenue Acts was enacted in some 3 former states of Aweil, Gbedue and Jubek (now Northern Bahr el Ghazal, Western Equitoria and Central Equitoria respectively). This activity has not only given legal legitimacy for tax collection, but also ensuring that taxes are properly collected and forwarded to the appropriate state agency for inclusive budgeting.

**Indicator 2.4.3. Number of states with unified tax systems. Baseline: 1, Target: 3**

Completed Six unified tax systems in the former states of Jubek, Aweil, Gbudue, Torit, Jonglei, and Gogrial has ensured that SRAs are established, functional and operative for increased non-oil revenue collection. However, the reconstitution of the states has provided another impetus for realignment of the SRA act and governing structures to conform to the congruent created states. In order to do this holistically, the engagement is being extended to all states to include the four additional target states, once state officials are appointed, and construction work of SRA offices completed. There is a roll out of the project in the remaining 4 States – starting with consultation with the State authorities, and a subsequent release of plots of land for the construction of SRA offices in these states. The construction is at various levels in each State.

## **Progress towards project outputs**

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| **Project Output 1: Capacity of states in non-oil revenue mobilization, budgeting and public accountability enhanced** |

*Summary achievement against 2020 Annual Work Plan (AWP) target*

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| **Indicator**  | **Annual Output Target (2020)** | **Summary achievement**  | **Status:**  |
| *1.1 Number of states with unified tax systems (Baseline six; Target nine)* | *9* | *6. Roll-out of project to four additional states (total 10)* | Partially achieved |
| *1.2 Number revenue training manual and unified tax schedule printed, distributed and utilized by states (Baseline three thousand and nine hundred; Target four thousand nine hundred)* | *4900* | *4400* | Partially achieved |
| *1.3 Number of tax officers trained on tax policy and non-oil revenue administration (at least 20% female) (Baseline two hundred and fifty-eight; Target three hundred and fifty-eight)* | *358* | *350 tax officers trained to date[[1]](#footnote-2).*  | Partially achieved |
| *1.4 Number of SLA members trained on monitoring budget execution and oversight roles (at least 20% female) (Baseline one hundred twenty-six; Target one hundred and eighty-nine)* | *189* | *0. Due to dissolution of State Legislative Assemblies (SLAs) in February 2020 and continued delay in their reconstitution, no SLA members were trained[[2]](#footnote-3).* | Not achieved |
| *1.5 Number of knowledge products published and distributed (Baseline two; Target four)* | *4* | *2 - The Summative Evaluation of the Support to PFM project was completed and shared with all partners.**Training manuals for SLAs and tax officers developed, used and shared.*  | Partially achieved |
| *1.6 Number of people reached on tax awareness messages through different channels (35% female) (Baseline 0; Target two thousand)* | *2000* | *No tax awareness campaign rolled out in consultation with partners, due to the difficult economic situation in South Sudan.* | Not achieved |
|  |  **Overall status** | **Not achieved** |

**Indicator 1.1: Number of states with unified tax systems (Baseline 6; Target 9)**

Four additional states have been reached to ensure that unified tax system is attained in all States. Therefore in 2020, the project expanded its activities into four additional states to make it 10 states as was the initial agreement of expanding Support to PFM in South Sudan. Contracts were awarded and construction works started for construction of State Revenue Authorities’ offices in Malakal, Rumbek, Wau and Bentiu. Plots were identified for construction in all states, and letters officially handing over the construction to the contracted companies were received by local authorities. The construction of the SRAs will enhance their operations in all the locations (4 new and 6 already existing ones) and form the basis of strengthening non-oil revenue mobilization and accountability in the states.

The ICT-related equipment that is to be deployed to the SRAs in Northern Bahr el Ghazal, Central Equatoria and Western Equatoria SRAs was shipped to South Sudan and stored in Juba at the end of 2020. The continued delay in appointment of SRA Commissioner Generals further stalled the final deployment of the materials. In Q4 it was decided that the materials must be deployed, and that the state-level authority of the Governors is sufficient for the instalment of the materials.

UNDP in collaboration with National Bureau of Statistics and National Revenue Authority have embarked on training and activities on tax data collection and classification on taxpayers. The training is to ensure that revenue authorities can identify and collect tax revenue from the appropriate taxpayers. The consulting firm vegan their work, in collaboration with the National Bureau of Statistics, to collect data on taxpayers in Northern Bahr el Ghazal, Central Equatoria and Western Equatoria states. This is an important step toward increasing the knowledge base which inform policy decisions in the states. The inception report and methodology were agreed upon in Q4, and further implementation will happen in Q1 2021. The report outlines the steps to be undertaken in addressing the scope of work, the methods and approaches to be adopted for collecting information on registered companies and individual potential taxpayers, and building capacity of the NRA and SRA staffs on methodology to collect, clean and analyze data. The report also clarifies on scope, focus, and tasks to be undertaken, and identifies key task and how they will be executed.

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| **Establishing unified tax systems in the states of South Sudan** |
| A unified tax system consists of three key pillars: (1) the enactment of the state revenue authority bills (SRA), (2) existence of legal framework, and (3) existence of SRA governance structures. These three pillars were previously completed in the former Jubek, Aweil, Gbudue, Torit, Jonglei, and Gogrial states. UNDP is currently expanding the project to all states of South Sudan.UNDP supported the SRA establishment and conducted market and tax-related assessments, which informed the design of the SRA bills and tax laws. The completion of these pillars has harmonized revenue collection and administration within the three states resulting in enhanced accountability and public finance management and oversight functions.  |
| **Need for continued engagement** |
| Despite having supported the establishment of unified tax structures in the six above-mentioned states, political developments in the country has shown that more engagement is required to ensure sustainability of the SRA institutions. Engagements in the other 4 states is required as well as re-engagement in the six states which now have new governors and will have new SRA staff and SLAs once they are reconstituted. The President of South Sudan announced in February 2020 the return to the former ten states of South Sudan, with three administrative areas. The State Revenue Authorities (SRAs) need to be established in the new states by enacting SRA Acts. The Support to PFM project has purposefully targeted states (among the former 32) that have historically served as the capitals of the ten states. With the formation of the new state governments, the project will engage states to establish State Revenue Authorities in all states supported by the project. This means continued engagement to adopt the SRA Act, establishing the SRA governance structures and providing capacity building initiatives to the new, reconstituted institutions. |

**Indicator 1.2: Number of revenue training manual and unified tax schedule printed, distributed and utilized by states (Baseline: 3,900; Target 4,900).**

In order to ensure that participants have a constant reference point, 4400 revenue training manuals were printed in November 2020, but not distributed to the states as this will be done co-currently with planned trainings in 2021.

**Indicator 1.3: Number of tax officers trained on tax policy and non-oil revenue administration -20% female (Baseline:258); Target 358)**

The project has cumulatively trained 350 tax officers, which is just shy of the 2020 target of 358[[3]](#footnote-4), with additional training conducted in Bor and Torit in 2020. A planned training in Kuajok was postponed indefinitely during the first of quarter of 2020 because of the travel restrictions and physical distancing measures imposed to prevent the spread of coronavirus. The postponed training was then planned for first quarter of 2021.

**Indicator 1.4: Number of SLA members trained on monitoring budget execution and oversight roles (at least 20% female) (Baseline 126; Target 189)**

No activity was undertaken in 2020[[4]](#footnote-5). The State Legislative Assemblies were dissolved in February and are yet to be established. Once SLAs are established; the project will proceed with the training. SLA training manuals were printed to be used in the planned first quarter of 2021 training of SLA Public Accounts Committee members, if appointed.

**Indicator 1.5: Number of knowledge products published and distributed (Baseline – 2; Target 4)**

The project has cumulatively produced three knowledge products – Summative evaluation of the PFM project, SLA training manual and Tax Officers training manual. The finalization and distribution in November 2020 of the Summative Evaluation of the Public Financial Management project to all project partners increased the knowledge base for future non-oil revenue interventions in South Sudan. The training manuals are shared with training participants.

**Indicator 1.6: Number of people reached on tax awareness messages through different channels (35% female) (Baseline – 0; Target 200)**

Tax awareness campaigns will be rolled out in collaboration with UNICEF with funding from the Joint SDG fund in Q1 2021, when the state level partners are expected to be reinstated. It was decided it would be insensitive and untimely to roll out taxpayer awareness campaigns in 2020, as the socioeconomic impact of covid-19 combined with SRAs not being reconstituted places a heavy burden on taxpayers.

# **Cross Cutting Issues**

## **Gender results**

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| **Gender results** | **Evidence** |
| **Gender result 1:** The project increased the participation of women within a sector that has been predominantly male dominated. For instance, the project trained 92 tax officers in 2020 (14 females: 15%) and 138 tax officers in 2019 (19 females: 14%). The training benefited State Ministry of Finance and Planning (SMoFP), planning departments and members of the public accounts and financial committees (PAFCs) of State Legislative Assemblies (SLAs), who were trained in gender mainstreaming in the budgeting process. | **Evidence 1:** PFM Summative Evaluation, Quarterly reports |
| The PFM Summative Evaluation rated the project’s contribution to gender and women empowerment as Moderately Satisfactory. It found that major achievements included that State Ministry of Finance and Planning (SMoFP), planning departments and members of the public accounts and financial committees (PAFCs) of State Legislative Assemblies (SLAs) were trained in gender mainstreaming in the budget by the project. The main achievement was that the project made significant direct contributions on gender participation in the sector of Public Financial Management. However, there was no discernible impact of the gender mainstreaming in the states’ fiscal budgets. The Joint SDG fund project includes a gender mainstreaming strategy. Disaggregated data is being collected by the project | **Evidence 1:** PFM Summative Evaluation, |

## **Partnerships**

The project is funded by the African Development Bank, the Government of Japan, the Joint SDG fund and UNDP core resources and is part of UNDP´s flagship Support to Public Financial Management program. UNDP is implementing the project in collaboration with the NRA, Ministry of Finance, State Ministries of Finance and Planning, and State Legislative Assemblies of all ten states in South Sudan. Engaging with state-level partners has been difficult during 2020, as many state-levels key posts have been vacant, and engagement has been made difficult.

Within UNDP, the project works closely with the Evidence for Economic and Social Transformation project, by co-funding several activities such as the NDS review. Through co-chairing the PFM Donor Working Group with UNICEF, and participating in the PFM TWG, UNDP is taking an active role in the strengthening of public financial management in South Sudan.

The project worked closely with the NRA and seconded its ICT Specialist to support the NRA in the acquisition of the tax management software. The project complements UNDP’s work on Governance and Economic Management System (GEMS), which is being implemented at the national level, since the capacity building of key economic institutions is the focus of both projects.

## **Environmental Considerations**

All environmental considerations, as per UNDP policy, were considered during the project implementation. Environmental considerations have been taken when entering new contracts for construction works in four new states, and quality assured by the UNDP engineer on site. Besides, UNDP is in the process of delivering solar equipment to provide energy sources as part of green energy to the State Revenue Authorities.

## **Sustainability**

The summative evaluation rated the likelihood for sustainability of the project benefits as satisfactory. This is because the SRAs would remain institutionally and financially sustainable within the confines of the available state fiscal space.

By focusing on strengthening local capacities for local economic governance systems, the project is seeking to strengthen local systems and processes that will continue to work well beyond the project period.

## **South to South and Triangular Cooperation**

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| **Country** | **Type of cooperation** |
| 1. Regional – Africa
 | The project facilitated the participation of the new NRA Commissioner General Dr. Patrick Mugoya (appointed in October 2020) and the Director General for taxes in an online Tax Symposium organized by the Regional Bureau for Africa in December 2020. |

## **Strengthening national capacity**

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| **Results achieved** | **Institution** | **National capacity strengthened** |
| State revenue authorities constructed and equipped  | State Revenue Authorities  | SRA offices constructed and furnished. |
| Enhanced revenue collection  | State revenue authorities | training of tax officer on revenue collection. |
| Enhanced oversight on budget allocations and bill appropriation | State Legislative Assemblies | training of the SLA to have oversight responsibility on budget allocations and bill appropriations |

# **Monitoring and Evaluation**

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| **M&E activity** ( monitoring visit, evaluation, review exercise) | **Key outcomes/ observation**   | **Recommendation**  | **Action taken**  |
| **M&E activity 1 – indicator monitoring: field visit to Aweil and Gbudue states** | Tax officers that have received training on revenue management demonstrate ability to apply the knowledge in their daily work. | The project should also target state Ministries of Finance and Planning to build capacity on planning, budgeting, reporting and expenditure management of the increased funds. | Joint programme proposal with UNICEF submitted to Joint SDG fund. Joint programme design will be used to source other funding. |
| **M&E activity 2 – Summative evaluation of the PFM project** | The final evaluation report was published and shared with all partners.  | Series of management and project recommendations. | Management response finalized. |
| **M&E activity 3 – Regular project meetings with team and Resident Representative about the project progress** | Changes in states’ structures, technical capacity deficit, delay in state governments formation and COVID-19 travel restrictions impacted on the project implementation | The project should find innovative ways to implement the project once the states are formed under the “new normal” of COVID-19. The onboarding of the PFM technical specialist to be expedited. | Acceleration of recruitment of the PFM Technical Specialist |
| **M&E activity 4 – Project site visits** | Summative evaluation undertaken to ascertain the viability of the PFM project. | The design of the project should be expanded to include taxpayers with a focus on taxpayer education, ministries of finance as the central policy arm and driver of the tax system and address fiduciary risks in the Public Financial Management (PFM) system. Revenue Authority enterprise risks; taxpayer compliance risks, and fiduciary risks in budget execution to enthrone transparency, accountability and probity in PFM should be addressed. | In the 2021 AWP, we have designed and employed framework that reduce risk in revenue collection and budget appropriation; to expand tax-payer education; and seek to build both human and institutional capacities as well as influence both policy and legal environment for accountability, transparency and collaboration between national and states. |

# **Risk management**

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| **Risks** | **Mitigation Measures** |
| Changes in states’ borders and state government formation had impacted the existing States borders and its congruent existing administrative centers. | The project undertakes procurement processes to expedite implementation once the states are formed. UNDP, provides advisory support to government for speedy state governments’ formation. |
| Failure to implement a peace agreement leading to continued hostilities. | No major threat happened in the project sites so far in association with this risk. However, the project will continue monitoring the situation and engaging other implementing partners in the PFM space to manage the risk. Particularly the expansion of the project to Upper Nile, where no agreement has been reached on the appointment of a new Governor, will be monitored closely.  |
| The continued political polarization between warring parties and delay in peace agreement affecting access to project sites. | UNDP and other development partners continue to support government to implement the revitalized agreement. |
| The inadequate institutional capacity of the subnational governments to implement PFM functions. | , UNDP is supporting the institutional system strengthening and enhancing technical skills to reduce the impact.  |
| Impact of COVID-19 on project implementation: The project implementation was delayed as workshops and conferences were not possible from late March. | The project adopted virtual communications to coordinate meetings, such as the SDG fund Steering Committee meeting and launch of the Joint SDG fund on September 30. Activities requiring gatherings were suspended e.g. trainings and conferences.  |

# **Challenges**

* Lack of trust in National Public Financial Management Institutions. National engagement with the NRA made difficult since 2019 due to lack of transparency after sudden removal of former CG. The new CG was appointed in October 2020, which had made donors optimistic for the continued PFM reform process.
* The delay in state government formation has left UNDP with limited or no options to engage with the states since February 2020. Activity implementation has therefore largely stopped in 2020. However, the appointment of Governors made it possible to start engaging with the states in the second half of the year, which was done by addressing letters to Governors on planned activities in their respective states and obtain plots for construction works, and by facilitating the attendance of Governors during the launch of the Joint SDG fund in South Sudan.
* COVID-19 travel restrictions made it difficult to acquire timely human capacity to collect data on revenue collection progress and for implementation of other project activities. To expedite the project’s implementation, the project will to a greater extent rely on national consultants for its technical needs.
* Although the COVID-19 situation further delayed the shipment of the ICT-components of the project, the solar panels and VSAT equipment was received in Juba during Q3, and stored in Juba during Q4 as the challenge remained to install the equipment in the states, because the full complement of state level officials have not been appointed.
* Delay in selection and onboarding of PFM Technical Specialist. This led to a vacuum in terms of project implementation and direction for the project. The Technical Specialist onboarded in October 2020.

# **Lessons Learned**

* The impact of COVID-19 wiped out an enormous amount of oil revenues, underlining the vulnerability of South Sudan to one commodity. Thus, the need to strengthen public financial management in the country is more apparent than ever. Diversifying revenue by strengthening non-oil revenue must be paralleled with more efficient, effective and transparent spending, in order to increase service delivery to the people of South Sudan.
* The changes in state numbers and delay in appointment of state officials show that project implementation should also incorporate political dynamics into its sustainability plan.
* The continued delay in appointments should have led to a quicker project response and redesign of the planned project activities.
* Delays due to unanticipated external factors (COVID-19) can have an impact on project duration and require thinking outside the box for solutions on how to continue project implementation. One example is changing contract modalities from international to national consultants.
* Human resources is critical in meeting deadlines and continuing project implementation on time.

# **Conclusions and Ways Forward**

Consolidate and continue successful engagement with states on non-oil revenue management and accountability:

* The project will consolidate its approach to strengthen non-oil revenue management and continue the roll-out into four new states.
* Continue the ongoing capacity strengthening activities on the national and state level
* Support the re-enactment of SRA acts in ten states to reflect new state boundaries
* Fast-track the installation of solar panels and VSAT in State Revenue Authorities of three target states
* Collect baseline information on state-level planning

Expand project interventions to address identified gaps in the PFM cycle:

* New emphasis on revenue expenditure and monitoring allocations to social sectors in future project design (in line with recommendation from Summative Evaluation and Joint SDG fund rationale)
* Strengthen development planning on the state level by supporting the re-establishment of State Development Planning committees.
* Strengthen national development planning through supporting a Development Financing Assessment.
* Strengthen collaboration and communication between state and national revenue stakeholders.
* Taxpayer data collection and classification in three target states
* Country-wide consultations for review of the NDS, including DFA consultations.
* Strengthen evidence for decision-making in the PFM sector by conducting state-level fiscal space analysis.

# **Financial Summary**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Donor** | **2020 Budget US$** | **2020 Expenditure Report** | **2020 Funds Balance** | **% Spent** |
| **AfDB** | 555,381 | 447,666 | 107,714 | 81% |
| **Japan [JSB]** | 436000 | 369,903 | 66,097 | 85% |
| **MPTF(SDG)** | 250000 | 8861.97 | 241,138 | 4% |
| **Total** | **1,241,381** | **826,431** | **414,950** | **67%** |

1. 2020: 92 tax officers trained, 14 female: 15%

2019: 138 tax officers trained, 19 female: 14%

No gender disaggregation in previous years. [↑](#footnote-ref-2)
2. 2019: 63 SLA members trained, 7 female: 11%. 33 senior government officials trained, 3 female: 9%. No gender disaggregation in previous years. [↑](#footnote-ref-3)
3. 2020: 92 tax officers trained, 14 female: 15%

2019: 138 tax officers trained, 19 female: 14%

No gender disaggregation in previous years. [↑](#footnote-ref-4)
4. 2019: 63 SLA members trained, 7 female: 11%. 33 senior government officials trained, 3 female: 9%. No gender disaggregation in previous years. 2019: 63 SLA members trained, 7 female: 11%. 33 senior government officials trained, 3 female: 9%. No gender disaggregation in previous years. [↑](#footnote-ref-5)