

## V. South Sudan

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This note aims to highlight positive and negative experiences in the provision of technical assistance (TA) for the Ministry of Finance and Economic Planning (MOFEP), Government of Southern Sudan, and draws lessons learned in terms of how this TA has influenced and helped build the capacity of the Ministry to perform core state functions.

### Introduction

The Ministry of Finance and Economic Planning of the Government of Southern Sudan (MOFEP) was formed from scratch, along with the rest of the Government, in October 2005. Due to the oil revenues allocated to Southern Sudan under the 2005 Comprehensive Peace Agreement (CPA), it immediately assumed responsibility for managing hundreds of millions of U.S. dollars in monthly revenue. However, it had no Public Financial Management (PFM) systems in place, and very limited human capacity; some of its staff was inherited from the old Sudanese Government, while others came from the Sudanese People's Liberation Movement (SPLM). To assist it with its task of developing PFM systems and economic planning, the MOFEP received mainly two types of technical assistance from partners: (i) long-term advisory support in the areas of planning, budgeting, and treasury systems; and (ii) assistance for carrying out core functions in procurement and accounting on behalf of the government.

At the outset, use of technical assistance posed several challenges. One of them came from the fact that the SPLM administration went overnight from managing an annual revenue of several thousand dollars to about USD 1.5 billion from oil transfers alone, creating immediate feelings of decreased dependency on aid and technical assistance as a whole. The large levels of Southern Sudan's own new revenue meant that aid made out a smaller portion of the total budget and, thus, international actors had less influence on the government's pro-poor spending and expenditure decisions as a whole, as well as limited options to enforce transparency and accountability through the budget. This clearly made the job of technical assistance difficult.

Secondly, international support - including TA - was complicated by the complete lack of infrastructure and communication (no decent accommodation, no health facilities, no commercial banks, no phones besides satellite phones, no internet access, etc). In addition, it was initially difficult for the then-Minister of Finance and Economic Planning to get legislation through Parliament and the fact that there was no enabling law did not make things any easier. Furthermore, continuous in-fighting in the SPLM following Garang's death made progress difficult to achieve. Finally, the rather complex unity model imposed clear restrictions on the Government of Southern Sudan's ability to establish functioning systems and get a full picture of the fiscal situation (*e.g.* oil transfers took long

to materialise and even when they did, there were no systems to assure stakeholders that it was being done transparently).

These challenges imposed limitations on the developmental impact of the different types of technical assistance and thus restricted capacity development. It is probably too early to assess whether the technical assistance provided has served to make the Government of Southern Sudan more accountable to its citizens, as this can only be assessed in the long run.

## The long-term advisory support

The Ministry of Finance and Economic Planning has received various types of long-term technical assistance ranging from economic planning to budget formulation and treasury systems. The developmental impact of this long-term assistance is mixed. Some of these can be considered highly successful, while others can be taken as a complete failure.

The successful long-term technical assistance is modelled on working very closely with national counterparts. It has entailed actually working side-by-side, sitting together and building relationships as the work is being done on a daily basis. The relevant advisors (Planning/Budget, Treasury) appreciated the local situation, and assisted the Ministry to develop simple systems for planning, budget preparation and execution, which could be readily used and owned by counterparts. Moreover, they appreciated that perfect systems could not be developed overnight, and adopted an incremental approach, whereby, once the basics of the systems are established, improvements are made each year, in line with the increasing capacity and ownership of the government. In this way, the technical assistance provided has been conducive to building local capacity and it hopefully will lead to sustainable development in the long run. In addition, these advisors work together in a co-ordinated and harmonised manner among themselves and with other donors, so that there is a consistent dealing with the Government of Southern Sudan. The relevant advisors had extensive experience in similar post-conflict environments (Kosovo, Uganda).

Further, it is important to note that the technical assistance provided to the planning/budgeting function was made easier by the up-front agreement that the Government of Southern Sudan would finance two-thirds of the total cost of implementing the practice (JAM)<sup>11</sup> framework, whose direct impact was a commitment to a certain level of pro-poor spending. At the same time, this indirectly made it easier for technical assistance to operate and get accepted in the Ministry. From this, one could conclude that good planning and up-front agreements - based on a national vision - make implementation and the work of technical assistance effective.

On the other hand, there is one clear example of unsuccessful long-term technical assistance (Budget) extended to the Ministry of Finance and Economic Planning. The advisers worked alone and recruited their own local staff to assist them, instead of engaging with Ministry counterparts. They often based themselves in a project office far from the MOFEP and only came to the Ministry on occasion to consult and give instructions. They had limited experience working either in post-conflict environments or in Africa (or in any developing country for that matter). To a large extent, they tried to impose an advanced budgeting system on the Ministry, using software that was far too advanced. This then resulted in running one system in addition to the simpler one that the government was trying to establish with the help of other donors. While their intention may have been to deliver a “best-practice” system, they did not appreciate the need for an incremental approach in an environment of limited capacity. More importantly, this technical assistance did not co-ordinate with other development partners, who were also trying to establish a budget system for the Ministry of Finance. On the whole, this resulted in competition which damaged and delayed an important

process, as well as the reputation of international actors vis-à-vis the Government of Southern Sudan. It can be concluded that this experience hampered efforts to develop institutional capacity and cohesion within the Ministry.

An evaluation of long-term technical assistance yields mixed results. The successful long-term technical assistance described above has been conducive to capacity development. It focused on working with local counterparts and in so doing impacting skills. Harmonisation and co-ordination efforts among donors - providing the government with one streamlined, consistent message - helped the process of nation building. On the other hand, the unsuccessful technical assistance was not only disruptive to the work environment and to local processes but also killed capacity development altogether, as it even went to the extent of taking away local personnel to have them work with technical advisers in separate offices. This is made worse when the donors are not co-ordinated but instead compete amongst themselves, further undermining dealings with the government.

As to whether the long-term technical assistance is coherent with other donors' efforts, the two extreme cases described above show the extent to which donors can be incoherent in providing assistance to the Government of South Sudan. If donors were able to consult and co-ordinate with each other, they would be able to ascertain their level of impact and evaluate whether or not it is working.

The output of the technical assistance that proves beneficial will hopefully result in better management and planning of public resources, enhance public services, and, in the long run, develop government accountability to its citizens.

In order to be effective, long-term technical assistance has to be focused on local counterparts, be sensitive to systems in place, and be focused on building relationships in a context where donors harmonise their processes.

## Technical Assistance for core functions in procurement and accounting

The Government of Southern Sudan received technical assistance from private entities to perform core government functions in procurement and in accounting. These two functions were considered essential to service delivery. One of them was paid using the Government of Southern Sudan's own resources and the other one was paid for using resources from a bilateral donor.

Evaluating whether this type of technical assistance lends itself to capacity development depends to a large extent on the structure of the contract. In the case of South Sudan, it can be said that the contracts did not address this issue and, as such, the private companies hired to deliver these services focused on doing so at the cheapest possible cost. One of the companies was based in Nairobi, and the transaction costs of their involvement were enormous (*e.g.* each fund release involved at least two flights between Nairobi and Juba; one for the check signature and one for the cash; the fact that they were not present in Juba on a permanent basis in the beginning meant that there was limited capacity transfer involved).

Going forward, the development community should seek to provide support for contract negotiation to the countries in fragile situations that are offered technical assistance and to ensure that these contracts include a capacity development dimension, in addition to ensuring value-for-money and monitorable deliverables. States in situations of fragility often do not have the capacity for contract negotiations.

This type of technical assistance, if properly delivered, may ensure that there is proper accountability in the use of public resources and transparency in public procurement, which hopefully can help enhance citizens' confidence in their government. On the other hand, while such a system might be justifiable in the short term to create accountability and transparency, it may in fact undermine the long-term legitimacy of the government by providing technical assistance that is too far away from those that are being held accountable.

## Lessons Learned

The impact of the technical assistance provided to the Ministry of Finance and Economic Planning of Southern Sudan can be assessed as having mixed results. Some of it has been positive leading to capacity development while some of it has been destructive and has not contributed to capacity development in any way.

For technical assistance to be conducive to capacity development, it ought to be relevant, be focused on counterparts and be closely integrated into their day-to-day work. The personnel providing technical assistance should have relevant experience in similar situations. Technical assistance is further enhanced in situations where the donors providing the assistance harmonise their operations.

Technical assistance will only impact the government-citizen relationships if it leads to the creation of products and systems that enhance accountability and transparency in the long run.