

# 48 SUDAN

## INTRODUCTION

SUDAN, THE LARGEST COUNTRY IN AFRICA, is rich in natural resources. It has a population of 37 million and, in 2006, had a gross national income (GNI) per capita of USD 2 160 (in purchasing power parity terms). Sudan's development has been held back by conflicts that have afflicted the country for most of the period since its independence in 1956. The conflicts have had particularly devastating consequences for the war-affected regions of Southern Sudan, Eastern Sudan, Blue Nile, Nuba Mountains and Abyei, all of which have lagged developmentally as a result. In the west, the centre-periphery conflict continues to play out in Darfur. The negative effects on Sudan's economy include a ruined infrastructure, diminished human capital, poor health outcomes, food insecurity and weak governance.

A Comprehensive Peace Agreement (CPA) was signed in 2005 between the North, represented by the Government of Sudan, and the South, the signatories being the Sudan People's Liberation Movement (SPLM). The CPA created the Government of National Unity (GoNU) and the semi-autonomous Government of Southern Sudan (GoSS).

DIMENSIONS	2007	CHALLENGES	PRIORITY ACTIONS
Ownership	Low	Co-ordination of development objectives between North and South Sudan	At GoNU level, ensure that policy objectives feed into budget processes; at GoSS level, prepare national development strategy.
Alignment	Low	Low capacity of country systems	Build capacity for PFM country systems, Better estimation of budget inflows; better tracking of donor support.
Harmonisation	Moderate	Lack of government capacity	Increase use of programme-based approaches.
Managing for results	Low	Lack of statistical information	Build capacity to generate statistical information; conduct poverty baseline survey.
Mutual accountability	Low-moderate	Lack of capacity	Build integrated monitoring and evaluation systems in the GoSS and the GoNU.

## OVERVIEW

**Box 48.1:**  
Challenges and priority actions

The GoSS, receives a portion of the national oil revenue, which it allocates through an independent budgeting process and its own public financial management (PFM) systems. Donors provide a significant amount of aid in support of GoSS, notably through a multi-donor trust fund (MDTF). In the North, development aid is channelled through the MDTF for GoNU, as well as through bi-lateral donors and UN agencies.

According to the OECD's Aid at a Glance data, the total net official development assistance (ODA) provided by members of the OECD's Development Assistance Committee (DAC) amounted to USD 1 058 million in 2006. The top three donors for 2005-06 were the United States, the European Commission and the United Kingdom. It should be noted that Sudan also receives aid from countries that did not participate in the 2008 Survey including China, India and a number of Arab donors. Sudan was not included in the first round of monitoring for the Paris Declaration. Therefore, the Paris Declaration 2010 targets for the country will be based on the results of this round of monitoring.

Sudan's 2008 Survey was undertaken through a joint approach co-ordinated between the GoNU and the GoSS. The results combine figures from both the North and the South. It is important to acknowledge that Sudan operates under a "one country, two systems" context. This implies that there are two separate aid management systems, each at a different stage of development. In total, 18 donors responded to the 2008 Survey, their aid constituting 82% of total ODA. Aid accounts for 6% of GNI nationally, though for the South the proportion is significantly higher. Humanitarian assistance almost doubled from 2004 to 2005 as the international community sought to provide assistance to the millions of people displaced by the conflict in Darfur and to support the CPA. Making aid more effective in Sudan's complex governance environment is a challenge – one that donors and the two governments have a mutual interest in addressing.

## OWNERSHIP

**OWNERSHIP IS CRITICAL TO ACHIEVING DEVELOPMENT RESULTS** and is central to the Paris Declaration on Aid Effectiveness. Aid is most effective when it supports a country-owned approach to development; aid is less effective when countries feel that aid policies and approaches are driven by donors that provide assistance. In the context of the Paris Declaration, ownership specifically concerns a country's ability to carry out two, inter-linked activities: exercise effective leadership over its development policies and strategies; and co-ordinate the efforts of various development actors working in the country.

### INDICATOR 1

Do countries have operational development strategies?

Ownership has many dimensions. Indicator 1 – assessed as part of the World Bank's review on *Results-Based National Development Strategies: Assessments and Challenges Ahead* – provides an entry point to the issue. The World Bank assesses the operational value of a country's development strategy and policy against three criteria, all of which are essential features of any serious effort to harness domestic and external resources for development purposes: the existence of an authoritative, country-wide development policy which clearly identifies priorities and is well costed.

The World Bank rates the operational value of a country's development strategy against a five-point scale running from A (highest score) to E (lowest score). The Paris Declaration 2010 target is to raise, to at least 75%, the proportion of partner countries having operational development strategies – *i.e.* meriting a rating of A or B.

In 2005, to support the CPA, a two-phase Framework for Sustained Peace, Development and Poverty Eradication was agreed. The first phase, Consolidating the Peace, covered the period 2005-07; the second phase, Accelerating Progress towards the MDGs, covers 2008-11. The North and South of Sudan have different targets for development, reflecting the vast gaps in both development and capacity.

The operationalisation of the Framework was divided between the GoNU and the GoSS. The GoNU adopted a Five-Year Strategic Plan (2007-11) around eight key areas: sustainable peace, national sovereignty and national harmony; citizenship and the Sudanese identity; sustainable development; poverty alleviation and realisation of the MDGs; good governance and rule of law; institutionalisation, capacity building, monitoring and evaluation; information, communications and technology; and development of scientific research mechanisms.

The GoSS chose to operationalise its planning around identified priorities from each of the 10 sectors of the budget (for which it had already developed a comprehensive and integrated planning framework). For the period 2008-11, six top expenditure priorities were identified, which feed into budget and decisions-making processes through the Budget Sector Working Groups. Although the GoSS has articulated its expenditure priorities over the medium term, it still needs to develop a comprehensive strategy for development and poverty eradication.

The GoSS has made efforts to ensure ownership of aid in South Sudan in three ways. First, by formulating the GoSS Aid Strategy, which guides the GoSS's approach to aid co-ordination. Second, by establishing aid co-ordination systems including the Inter-Ministerial Appraisal Committee (which constitutes a formal approval mechanism for all donor projects) and the Quarterly Donor Forum. Third, by ensuring donor participation in the GoSS Budget Sector Working Groups.

Donors have actively participated in establishing the two Framework strategies, with the World Bank providing technical assistance to facilitate the costing of priorities. Civil society and the private sector were involved in the preparation of the Framework through frequent workshops and broad consultations. The National Assembly has been an active participant, for example by making substantial changes to the 2006 budget proposal in an effort to better address post-conflict needs and developmental objectives.

The World Bank's *Results-Based National Development Strategies: Assessment and Challenges Ahead* assesses country development strategies on a scale running from E (no strategy in place) to A (strategy in place) in which A indicates that the country has an operational development strategy and E indicates that no such strategy is in place. Sudan received a rating of D both for 2005 and 2007, indicating that great challenges remain. Identified challenges include weak and debilitated government institutions and lack of capacities at various levels (GoNU, GoSS and state governments). Because of these weaknesses, governments require substantial assistance to carry out their mandates. Lack of capacity is a particularly overwhelming constraint in South Sudan. ■

## ALIGNMENT

FOR AID TO BE EFFECTIVE, it must be aligned with national development strategies, institutions and procedures. The Paris Declaration envisions donors basing their support fully on country partner aims and objectives. Indicators 2 through 8 examine several dimensions of aid to assess the degree to which partner countries and donors achieve alignment.

Data from the 2008 Survey suggest that aid to Sudan aligns largely with national priorities. However, the lack of institutional capacity hinders the use of country systems and leads to duplications in aid management. Building capacity will take time and will require continued efforts on the part of both government and donors.

## BUILDING RELIABLE COUNTRY SYSTEMS

### INDICATOR 2a

How reliable are country public financial management systems?

Indicator 2a of the Paris Declaration assesses the degree to which partner countries either have public financial management (PFM) systems that are in line with broadly accepted good practices or have credible reform programmes in place to establish reliable PFM systems. The assessment is based on the World Bank's Country Policy and Institutional Analysis (CPIA) score for the quality of PFM systems, which uses a scale running from 1 (very weak) to 6 (very strong) with half-point increments. To score highly, a country needs to meet all three of the following criteria: a comprehensive and credible budget linked to policy priorities; effective financial management systems to ensure that the budget is implemented as intended in a controlled and predictable way; and, timely and accurate accounting and fiscal reporting, including timely and audited public accounts. The 2010 target is that each country will move up at least one measure (*i.e.* 0.5 points) on the CPIA scale for measuring the quality of PFM systems.

Sudan received a rating of 2.5 for its PFM systems in 2005. Had Sudan participated in the 2006 round of monitoring, this rating would have placed it in the lower range for participating countries. The World Bank's assessment of the reliability of Sudan's PFM systems for 2007 reveals a slippage to a "weak" 2.0, putting Sudan in the bottom 10% of assessed countries participating in the survey this time around. The global Paris Declaration 2010 target is for half of partner countries to register a half-point increase in their rating for the reliability of PFM systems. The priority for Sudan must be to prevent further slippage and then to consolidate and move towards a rating of 2.5 by 2010.

The GoNU and the GoSS are undertaking numerous efforts to strengthen their PFM systems. Recent efforts by GoNU include modernising and enhancing capacity in the budget systems and establishing a high-level committee to help ensure allocation and monitoring of federal government resources in line with government priorities.

In the South, the GoSS is developing budgeting and PFM systems from scratch. The corresponding low capacity entails significant fiduciary risks and threatens to reduce the development effectiveness of public expenditures. To strengthen the PFM systems, the GoSS has introduced a Single Treasury Account, clear payment procedures and timely budget execution reports. It has also drafted a Public Financial Management Act.

The GoSS is receiving assistance to build capacity in its PFM systems from several donor partners, notably USAID and the MDTF. However, until the capacity is sufficiently developed, donors will not use its PFM systems. The task of improving the PFM systems, particularly in the South, is formidable and will take years of concerted effort from both government and donors.

At the time of the 2006 Baseline Survey, no mechanism was in place to systematically assess and quantify the quality of procurement systems in partner countries. Thus, it was impossible to set country-level targets on progress towards Indicator 2b.

Corruption is perceived to be widespread and rampant in Sudan. The government is beginning to address the issue, with particular emphasis on the oil sector. The GoNU has made recent efforts to improve the procurement system. A new procurement code has been drafted and the GoNU's Five-Year Strategic Plan acknowledges the need to improve accountability and transparency. However, weaknesses in the system need to be addressed to make it more reliable.

As in the case of the PFM systems, procurement systems in the South are being built from very low levels. While capacity is built in the GoSS, all procurements in the South are contracted out to an external procurement agent. However, the political will to attend to this issue is reportedly high. In 2006, interim procurement regulations were approved; in 2007, a Presidential Order instructed all units to follow procurement procedures. To establish fully functioning and reliable procurement systems will, however, require considerable continued efforts by the government with the full support of donors. With no assessment made of Sudan's procurement systems, no 2010 target has been set for improving the reliability of procurement systems.

### ALIGNING AID FLOWS ON NATIONAL PRIORITIES

Comprehensive and transparent reporting on aid, and how it is used, is an important means of ensuring that donors align aid flows with national development priorities. The degree to which development assistance to the government sector is fully and accurately reflected in the budget provides a useful indication of the degree to which serious effort is made to connect aid programmes with country policies and processes. It also allows partner country authorities to present accurate and comprehensive budget reports to their parliaments and citizens.

Indicator 3 is a proxy for alignment. It measures the percentage of aid disbursed by donors to the government sector that is included in the annual budgets for the same fiscal year. The indicator is a joint measure of two components: the degree to which donors report aid flows comprehensively to partner countries; and the degree to which partner countries accurately record aid.

The final figure highlights any discrepancy between the government's budget estimates and actual disbursements by donors. The discrepancy (or gap) can be in either direction: budget estimates can be higher or lower than disbursements by donors. In order to have a single measure of discrepancy under 100%, the ratio is inverted when budget estimates are higher than donor disbursements. The 2010 target is to halve the proportion of aid flows to the government sector that is not currently reported on government budget(s), ultimately arriving at a point where at least 85% of aid is reported on the budget.

### INDICATOR 2b

How reliable are country procurement systems?

### INDICATOR 3

**TABLE 48.1:**  
Are government budget  
estimates comprehensive  
and realistic?

	Government budget estimates of aid flows for 2007 (USD m)	Aid disbursed by donors for government sector in 2007 (USD m)	2007*	
	a	b	c = a / b	c = b / a
Canada	1	0		0%
Denmark	4	0		0%
European Commission	138	60		44%
Finland	0	6		3%
France	0	1		24%
GAVI Alliance	0	9		0%
Germany	0	0		0%
Global Fund	0	--		--
Greece	0	2		0%
Japan	4	7		57%
Netherlands	1	38		2%
Norway	1	14		8%
Spain	0	15		0%
Sweden	3	16		22%
United Kingdom	23	31		73%
United Nations	0	55		0%
United States	94	108		87%
World Bank	88	61		69%
Average donor ratio	--	--		23%
<b>Total</b>	<b>357</b>	<b>421</b>		<b>85%</b>

\* Ratio is c=a/b except where government budget estimates are greater than disbursements (c=b/a).

In the GoNU, aid disbursed by donors to the government sector was not accurately estimated in the government budget. 85% of Sudan's total aid disbursed for the government sector is recorded in the national budget putting Sudan on track for reaching the 2010 target. However, the simple (unweighted) average donor ratio reveals a different picture. On average, only 23% of aid by each donor was accurately reflected in GoNU statistics. The percentage is somewhat skewed by the fact that the GoNU Ministry of Finance and Economy only has records (not on budget) of some of the ODA received (primarily through the MDTF, from a few bi-lateral donors, or through loans from Arab donors, India and China – some of which did not participate in the 2008 Survey). In general, little of the aid from smaller donors is accurately estimated or even on budget. One positive development in this regard is the Sudan Aid Information Database (SAID), which is being developed by the GoNU Ministry of International Co-operation in order to collect and share aid-related information.

The GoSS has captured aid information and mapped it to the budget since 2006. The process relies on reported information from donors. Project information is gathered through the planning process of the Budget Sector Working Group, then mapped to the budget to check alignment with national priorities. In 2007, information relating to all reported donor projects was presented to the GoSS Assembly alongside the budget. In addition, the GoSS is in the process of developing its own Aid Information Management System. This system will be similar to the SAID, but more tailored to the weak communications infrastructure base of South Sudan.

The Paris Declaration 2010 target is for countries to have 85% of aid accurately estimated on budget, or to halve the existing gap, whichever is more ambitious. For Sudan, the latter option is the adopted 2010 target. This target will be achievable only through the acceleration of PFM reforms, complemented by progress of the GoNU SAID and the GoSS information management systems.

## CO-ORDINATING SUPPORT TO STRENGTHEN CAPACITY

Capacity constraints significantly undermine the ability of partner countries to capture, co-ordinate and utilise aid flows more effectively. Under the Paris Declaration, donors committed to providing technical co-operation in a manner that is co-ordinated with partner country strategies and programmes. This approach aims to strengthen capacities while also responding to the needs of partner countries. Likewise, there is greater recognition that successful capacity building is endogenous – *i.e.* is led by the partner country. To this end, the partner country defines clear objectives to ensure that existing capacities are used effectively and that external support is harmonised within this framework.

### INDICATOR 4

	Co-ordinated technical co-operation (USD m) a	Total technical co-operation (USD m) b	2007
			c = a / b
Canada	0	1	0%
Denmark	0	0	--
European Commission	3	6	46%
Finland	0	0	--
France	0	1	30%
GAVI Alliance	--	--	--
Germany	0	1	0%
Global Fund	--	--	--
Greece	0	0	46%
Japan	7	7	100%
Netherlands	2	4	37%
Norway	1	1	88%
Spain	0	2	0%
Sweden	0	0	--
United Kingdom	21	22	96%
United Nations	10	64	16%
United States	36	36	100%
World Bank	1	6	8%
<b>Total</b>	<b>80</b>	<b>150</b>	<b>53%</b>

Table 48.2:  
How much technical  
co-operation is co-ordinated  
with country programmes?

Indicator 4 focuses on the extent to which donor technical co-operation – an important input into capacity development – is moving towards this country-led model. It measures the degree of alignment between donor technical co-operation and the partner country's capacity development needs and strategies. The Paris Declaration 2010 target is that 50% of technical co-operation flows are implemented through co-ordinated programmes that are consistent with national development strategies.

Data for the 2008 Survey shows that 53% of technical co-operation to Sudan was co-ordinated with country programmes. The alignment of donors' technical co-operation with national development objectives is high in both the North and the South, reflecting the fact that donors have been fully involved in the development of frameworks for the country's development. However, the high percentage also reflects some definitional flexibility that allowed donors to report much of their technical assistance as meeting the criteria included in the 2008 Survey.

Technical co-operation in Sudan is largely co-ordinated on the basis of the two MDTFs. Some major technical assistance projects are underway to strengthen institutional and resource capacity within the GoNU. In the South, the best examples of co-ordinated support for capacity between donors are the Capacity Building Trust Fund (managed

by UNICEF) and the MDTF (which works in several sectors). Other examples of co-ordinated technical co-operation include the Joint Donor Office and the UNDP Strategic Partnership.

The Paris Declaration 2010 target is that 50% of technical co-operation be co-ordinated with country programmes. The data suggest that Sudan has already exceeded this target, although further progress is possible and desirable.

### USING COUNTRY SYSTEMS

#### INDICATOR 5

Donor use of a partner country's established institutions and systems increases aid effectiveness by strengthening the partner's long-term capacity to develop, implement and account for its policies – to both its citizens and its parliament. The Paris Declaration encourages donors to increase their use of country systems that are of sufficient quality, and to work with partner countries to strengthen systems that are currently weak. In this respect, Indicator 5 is directly linked to Indicator 2 on the quality of PFM and procurement systems, and measures the use of both.

TABLE 48.3:  
How much aid for  
the government sector  
uses country systems?

Indicator 5a measures the extent to which donors use partner country PFM systems when providing funding to the government sector. It measures the volume of aid that uses partner country PFM systems (budget execution, financial reporting, and auditing) as a percent of total aid disbursed to the government sector. The 2010 target is relative to Indicator 2a on the quality of PFM systems.

	Aid disbursed by donors for government sector (USD m)	Public financial management (PFM)				Procurement	
		Budget execution (USD m)	Financial reporting (USD m)	Auditing (USD m)	2007 avg (b,c,d) / a	Procurement systems (USD m)	2007 e / a
Canada	0	0	0	0	--	0	--
Denmark	0	0	0	0	--	0	--
European Commission	60	0	0	0	0%	0	0%
Finland	6	0	0	0	0%	0	0%
France	1	0	0	0	0%	0	0%
GAVI Alliance	9	--	--	--	--	--	--
Germany	0	0	0	0	0%	0	0%
Global Fund	--	--	--	--	--	--	--
Greece	2	0	0	0	0%	0	0%
Japan	7	0	0	0	0%	0	0%
Netherlands	38	0	0	0	0%	0	0%
Norway	14	0	0	0	0%	0	0%
Spain	15	0	0	0	0%	0	0%
Sweden	16	0	0	0	0%	0	0%
United Kingdom	31	0	0	0	0%	0	0%
United Nations	55	0	0	0	0%	2	3%
United States	108	0	0	0	0%	0	0%
World Bank	61	0	0	40	22%	0	0%
<b>Total</b>	<b>421</b>	<b>0</b>	<b>0</b>	<b>40</b>	<b>3%</b>	<b>2</b>	<b>0%</b>

Indicator 5b measures the volume of aid, as a percent of total aid disbursed to the government sector, that uses partner country procurement systems. The 2010 target is relative to Indicator 2b; thus, targets are indicated only for those countries that established scores for Indicator 2b in the context of the 2006 Baseline Survey.

The GoNU has established PFM and procurement systems; however, both are weak and not in line with international standards and norms. Given that most donors are not providing aid on budget or channelling funds directly to the GoNU, the use of GoNU procurement system is non-existent. The GoSS's PFM and procurement systems are still being created, largely from scratch. Thus, most donors channel aid through the MDTF and other funds, through UN agencies or directly through contractors and NGOs. Nonetheless, donors should be encouraged to support the strengthening of Sudan's own systems to ensure that they will reflect international standards, and will prove more reliable and usable in the future.

### AVOIDING PARALLEL IMPLEMENTATION STRUCTURES

When providing development assistance, some donors establish specific project implementation units (PIUs), *i.e.* dedicated management units designed to support development projects or programmes. A PIU is said to be “parallel” when it is created at the behest of the donor and operates outside existing country institutional and administrative structures.

In the short term, parallel PIUs can play a useful role in establishing good practice and promoting effective project management. However, in the long run, parallel PIUs often tend to undermine national capacity building efforts, distort salaries and weaken accountability for development.

To make aid more effective, the Paris Declaration encourages donors to “avoid, to the maximum extent possible, creating dedicated structures for day-to-day management and implementation of aid-financed projects and programmes.” Indicator 6 is a count of the number of parallel PIUs being used in partner countries. The 2010 target is to reduce by two-thirds the stock of parallel PIUs in each partner country.

For the 2008 Survey, donors only reported on PIUs at the national level (with the exception of USAID, which reported its technical staff in the South). In recent years, the number of reported parallel PIUs has increased to 105, with a large proportion being accounted for by a small number of donors. This reflects a lack of donor confidence in the capacity of government systems to manage a growing number of aid projects.

The Paris Declaration 2010 target is to reduce the stock of parallel PIUs by two-thirds. For Sudan, a first-time participant in the survey and with only three years (rather than five) to meet the target, reducing the stock of parallel PIUs to 82 is very ambitious – especially as the GoNU has no formal policy for eradicating parallel PIUs. Considering the donor aid pledges made for the next 3 to 4 years at the Sudan Consortium (May 2008), combined with gradual uptake of PFM and public administration reform, parallel PIUs are likely to increase over the short term (2 to 3 years). In spite of these pledges for scaling up aid to Sudan, action should be taken to lower the number of parallel PIUs to 82 by 2010.

### INDICATOR 6

TABLE 48.4:  
How many PIUs are parallel  
to country structures?

	2007 (units)
Canada	67
Denmark	0
European Commission	4
Finland	0
France	0
GAVI Alliance	--
Germany	2
Global Fund	--
Greece	0
Japan	0
Netherlands	0
Norway	0
Spain	0
Sweden	5
United Kingdom	1
United Nations	6
United States	20
World Bank	0
<b>Total</b>	<b>105</b>

## PROVIDING MORE PREDICTABLE AID

### INDICATOR 7

For many countries, development assistance constitutes a vital source of revenue and resources. Being able to predict aid disbursements – in terms of both how much aid will be delivered and when – is an important factor in the ability of countries to manage public finances and undertake realistic planning for development. It is particularly crucial to enabling partner countries to implement medium- to long-term development plans and to optimise the allocation of resources within and across sectors. In this regard, the Paris Declaration calls on donors to provide reliable, indicative commitments of aid over a multi-year framework, and to disburse aid in a timely and predictable fashion according to agreed schedules.

Indicator 7 examines in-year predictability of aid to the government sector, measuring the proportion of planned disbursements (as reported by donors) that are recorded by governments in the national accounting system as actually disbursed. Indicator 7 assesses predictability from two angles. The first angle is the combined ability of donors and government to disburse aid on schedule. The second is the ability of donors and government to record comprehensively disbursements made by donors to the government sector.

**TABLE 48.5:**  
Are disbursements  
on schedule and recorded  
by government?

	Disbursements recorded by government in 2007 (USD m) a	Aid scheduled by donors for disbursement in 2007 (USD m) b	Aid disbursed by donors for government sector in 2007 (USD m) for reference only	2007*	
				c = a / b	c = b / a
Canada	2	0	0	--	0%
Denmark	6	--	0	--	
European Commission	147	47	60		32%
Finland	0	12	6	0%	
France	1	1	1	96%	
GAVI Alliance	0	3	9	0%	
Germany	0	1	0	0%	
Global Fund	0	--	--	--	
Greece	0	0	2	0%	
Japan	7	7	7		96%
Netherlands	5	21	38	24%	
Norway	6	15	14	40%	
Spain	0	0	15	--	
Sweden	3	25	16	10%	
United Kingdom	21	31	31	66%	
United Nations	0	40	55	0%	
United States	1	134	108	1%	
World Bank	44	130	61	34%	
Average donor ratio	--	--	--		27%
<b>Total</b>	<b>242</b>	<b>468</b>	<b>421</b>		<b>52%</b>

\* Ratio is c=a/b except where disbursements recorded by government are greater than aid scheduled for disbursement (c=b/a).

Indicator 7 is designed to encourage progress in relation to both angles, with the aim of gradually closing the predictability gap – by one-half – by 2010. The ultimate goal is to improve not only the predictability of actual disbursements, but also the accuracy of how disbursements are recorded in government systems – an important feature of ownership, accountability and transparency.

In 2007, on aggregate, the government accurately recorded 52% of scheduled disbursements; for the average donor, the ratio was a less encouraging 27%. The data suggest that the predictability gap is largely – but not wholly – explained by the inability of the governments to record aid disbursements, which is also hampered by the inaccuracy of reporting information provided by donors. Efforts have been made to increase the predictability of

aid. For instance, meetings of the MDTF's Oversight Committee provides a venue for the GoNU and the GoSS – together with donors – to agree upon the allocation of resources. The MDTF also ensures that donors participating in the Fund provide information about disbursements. In the future, the SAID will record pledges, commitments and actual disbursements - and may thus help to improve aid predictability.

The Paris Declaration 2010 target is to close the predictability gap by one-half. For Sudan, a first-time survey participant with three years (rather than five) to meet the target, an appropriate level of ambition would be to increase predictability to 68% by 2010.

### UNTYING AID

Aid is said to be “tied” when it is provided on the condition that the recipient country will use it to purchase goods and services from suppliers based in the donor country. Experience shows that aid with such conditions attached increases the costs of goods and services provided to partner countries; it also increases the administrative burdens on both donors and partners. By contrast, untied aid helps build a country’s capacity to provide goods and services.

Country figures for untying aid are based on voluntary self-reporting by donors that are members of the OECD-DAC. The 2010 target is to continue progress towards untying aid over time.

According to an aid untying survey that covered 82% of aid to Sudan, 80% of aid provided by members of the OECD-DAC in 2006 was untied. This compares to an average level of untying of 75% for participants in the previous round of monitoring. Aid to Sudan through the MDTFs is untied: donors supporting these trust funds are not allowed to earmark their contributions.

The Paris Declaration 2010 target is for continued progress in relation to untying aid. At present, several bi-lateral donors continue to channel their assistance through implementing partners in their own countries. However, efforts are being made by some donors to untie their assistance (*e.g.* under the UNDP Strategic Partnership). ■

### INDICATOR 8

How much aid is untied?

### HARMONISATION

**DECades of Development Experience** show that poor co-ordination of aid increases the cost for both donors and partner countries, and significantly reduces the value-added of aid. Harmonisation of aid delivery procedures and adoption of common arrangements help reduce duplication of effort and lower the steep transaction costs of managing aid. The Paris Declaration focuses on two dimensions of aid as a proxy for assessing overall harmonisation: the use of common arrangements within programme-based approaches (PBAs) and the extent to which donors and partner countries conduct joint missions and share analysis.

In a limited capacity environment such as Sudan, minimising transaction costs through aid harmonisation is critical. Limited harmonisation is largely a result of weakness in government institutions, which makes donors reluctant to rely on government systems for channelling aid. Mechanisms exist for harmonising aid among donors, with the two trust funds providing a good example.

## USING COMMON ARRANGEMENTS

### INDICATOR 9

Aid effectiveness is enhanced when donors use common arrangements to manage and deliver aid in support of partner country priorities. A sound mechanism for aid co-ordination can be described as one that builds on shared objectives and that reconciles, in a constructive manner, the various interests of stakeholders.

Indicator 9 assesses the degree to which donors work together by measuring the proportion of total ODA disbursed within PBAs. In practice, there are many different modalities for implementing PBAs, which operate at various levels. At one level, the partner country is responsible for defining clear, country-owned programmes (*e.g.* sector policy) and establishing a single budget framework that captures all resources (both domestic and external). At the second level, donors are responsible for taking steps to use local systems for programme design and implementation, financial management, monitoring and evaluation. Finally, partner countries and donors are jointly responsible for donor co-ordination and harmonisation of donor procedures. The 2010 target is that 66% of aid flows are provided in the context of PBAs.

Data for 2007 show that only 19% of aid to Sudan uses of PBAs. On the whole, external partners are moving toward common arrangements for providing aid. In addition to the MDTFs (used by 15 donors), other mechanisms in place to promote harmonisation include the UNDP Strategic Partnership Arrangement (financed by three donors), and the Capacity Building Trust Fund (funded by six donors and managed by UNICEF), which is specific to the South. In addition, six bi-lateral donors active in the South have come together to establish a Joint Donor Office (JDO). The GoSS uses BSWGs to include donors in the budget process, thereby encouraging donors to align their support with sector plans integrated in the budget. In addition, Sudan is a pilot country in a recent Development Assistance Committee (DAC) initiative to harmonise international engagement in fragile states.

**TABLE 48.6:**  
**How much aid is  
programme based?**

	Programme-based approaches (PBAs)			Total aid disbursed (USD m) d	2007 e = c / d
	Budget support (USD m) a	Other PBAs (USD m) b	Total (USD m) c = a + b		
Canada	0	0	0	19	0%
Denmark	0	0	0	36	0%
European Commission	0	17	17	89	19%
Finland	0	6	6	7	80%
France	0	0	0	8	0%
GAVI Alliance	--	1	1	9	16%
Germany	0	0	0	1	0%
Global Fund	--	--	--	18	--
Greece	0	2	2	2	86%
Japan	0	0	0	7	0%
Netherlands	0	38	38	128	30%
Norway	0	14	14	15	93%
Spain	0	15	15	21	72%
Sweden	0	16	16	25	64%
United Kingdom	0	31	31	74	42%
United Nations	16	7	23	192	12%
United States	--	0	0	134	0%
World Bank	0	0	0	61	0%
<b>Total</b>	<b>16</b>	<b>147</b>	<b>162</b>	<b>846</b>	<b>19%</b>

The Paris Declaration 2010 target is for 66% of aid to make use of PBAs. For Sudan – with weak institutions and a lack of capacity – meeting this target will be a huge challenge. Specific bottlenecks include: differences between donor and government funding cycles; the emergence of new funding instruments; and negotiating a complex political, social, economic and administrative environment.

### CONDUCTING JOINT MISSIONS AND SHARING ANALYSIS

One of the most frequent complaints of partner countries is that donors make too many demands in relation to their limited resources: country authorities spend too much time meeting with donor officials and responding to their many requests. The Paris Declaration recognises that donors have a responsibility to ensure that, to the greatest extent possible, the missions and analytical work they commission are undertaken jointly – *i.e.* that the burden of such work is shared.

Indicator 10 measures the extent to which donors are merging their missions (Indicator 10a) and analytical work (Indicator 10b) at the country level – either with country partner authorities or amongst the donor community (or both). It calculates the proportion of missions to the country undertaken jointly (*i.e.* by more than one donor) and the share of country-analysis exercises undertaken on a joint or co-ordinated basis. The 2010 target is that 40% of donor missions to the field are conducted jointly and that 66% of country analytical work is carried out jointly.

In Sudan in 2007, only 15% of a total of 332 donor missions were conducted jointly. This figure takes account of potential double-counting. The high percentage of individual missions placed considerable burden on the government, especially during the busy period of budget preparation. The majority of missions are undertaken by the UN and the World Bank. With some exceptions, bilateral donors do not conduct many missions. Attempts to co-ordinate missions have been made, primarily in relation to the MDTF and to joint fiscal missions in the South, led by the World Bank.

### INDICATOR 10a

TABLE 48.7:  
How many donor missions  
are co-ordinated?

	Co-ordinated donor missions* (missions)	Total donor missions (missions)	2007
	a	b	c = a / b
Canada	0	18	0%
Denmark	1	1	100%
European Commission	2	6	33%
Finland	1	3	33%
France	0	0	--
GAVI Alliance	1	1	100%
Germany	1	3	33%
Global Fund	1	3	33%
Greece	0	0	--
Japan	0	5	0%
Netherlands	0	0	--
Norway	0	0	--
Spain	0	1	0%
Sweden	2	10	20%
United Kingdom	2	5	40%
United Nations	56	140	40%
United States	--	30	--
World Bank	9	50	18%
<b>Total</b>	<b>49</b>	<b>332</b>	<b>15%</b>

\* The total of co-ordinated missions has been adjusted to avoid double-counting. A discount factor of 35% is applied.

The Paris Declaration 2010 target is that 40% of donor missions are conducted jointly. For Sudan, this is a realistic target. However, the challenges are numerous - particularly given the complex political environment that often necessitates co-ordination between donor offices in Khartoum (in the North) and Juba (in the South) to facilitate joint missions in the South. Making progress towards this target would reduce the burden on government; this is particularly important during the budget preparation period.

#### INDICATOR 10b

Indicator 10b measures the proportion of country analytical work undertaken jointly. In 2007, 45% of all country analytical work in Sudan was undertaken jointly. This figure – which takes account of potential double-counting – is not far from the 2010 target of 66%. Flagship initiatives include the Joint Assessment Mission (JAM), the Darfur JAM, the Public Expenditure Review and the UN Country Assessment 2007. ■

**TABLE 48.8:**  
How much country analysis  
is co-ordinated?

	Co-ordinated donor analytical work* (analyses) a	Total donor analytical work (analyses) b	2007
			c=a/b
Canada	1	1	100%
Denmark	0	0	--
European Commission	3	4	75%
Finland	0	0	--
France	0	0	--
GAVI Alliance	--	--	--
Germany	0	2	0%
Global Fund	--	--	--
Greece	0	2	0%
Japan	0	0	--
Netherlands	1	2	50%
Norway	0	0	--
Spain	0	0	--
Sweden	0	4	0%
United Kingdom	5	18	28%
United Nations	50	72	69%
United States	4	4	100%
World Bank	4	5	80%
<b>Total</b>	<b>51</b>	<b>114</b>	<b>45%</b>

\* The total of co-ordinated analytical work has been adjusted to avoid double counting. A discount factor of 25% is applied.

## MANAGING FOR RESULTS

#### INDICATOR 11

Do countries have  
results-based monitoring  
frameworks?

THE PARIS DECLARATION CALLS ON donors and partner countries to make a joint commitment to managing for development results – *i.e.* to manage resources according to desired results. This implies defining desired results and measuring progress toward them, as well as using information on results to improve decision making and performance. It also implies strengthening capacity to undertake such management and helping to increase the demand for a focus on results (*i.e.* adopt a results-based monitoring framework).

Indicator 11 utilises data collected as part of the World Bank's review on Results-Based National Development Strategies: Assessments and Challenges Ahead. The review focuses on three particular aspects of a robust results-based monitoring framework: the quality of the information generated; stakeholder access to the information; and the extent to which such information is utilised within a country-level monitoring and evaluation system.

The assessments are expressed in scores running from A (high) to E (low), with B representing a “largely developed results-based monitoring framework.” The 2010 target is to reduce by one-third the proportion of countries lacking transparent, results-based monitoring frameworks (*i.e.* reduce by one-third the number of countries not attaining at least a B rating).

Sudan received a rating of D in both 2005 and 2007. This score reflects the severe capacity constraints faced by government authorities resulting from prolonged and devastating conflict between North and South. Socio-economic data for Sudan is limited; the national statistical system has little capacity to generate useful statistics and track progress on key development indicators.

Donors are engaged in improving the information basis, for example, by providing technical assistance to the Central Bureau of Statistics and assisting the Southern Sudan Commission for Consensus, Statistics and Evaluation.

The Paris Declaration 2010 target for this indicator is for Sudan to move up a step, from a D to a C. Despite the many challenges, progress in two key areas provides reason for optimism. First, the GoNU’s Five-Year Strategic Plan provides the framework for monitoring progress and evaluating results for its eight prioritised areas. Second, the recently completed population census will, for the first time, provide agreed upon baseline and benchmark data for social, economic and political development planning (the last census being from 1983). The planned Poverty Household Survey will also provide vital baseline data for GOSS’s upcoming integrated Development Strategy and Poverty Eradication Strategy. ■

## MUTUAL ACCOUNTABILITY

**THE PARIS DECLARATION RECOGNISES** that for aid to be truly effective, stronger and more balanced accountability mechanisms are required at all levels. In particular, aid is more effective when both donors and partner country governments are accountable – to their respective publics and to each other – for the use of resources and management to achieve development results. The Paris Declaration calls for donors and partner countries to jointly assess (through existing country-level mechanisms) mutual progress in implementing agreed commitments on aid effectiveness, including commitments made under the Paris Declaration.

Indicator 12 is concerned with the specific question of whether there is a country-level mechanism for mutual assessment of progress on the partnership commitments arising from the Rome or Paris Declarations, or from local harmonisation and alignment plans. The 2010 target is for all partner countries to have in place such mechanisms.

At present, Sudan does not have such a functional framework. However, the JAM Monitoring Framework includes some indicators that assess both government and donors’ contributions to aid effectiveness. In addition, the GoSS’s Aid Policy is fully aligned to both the Paris Declaration and to aid co-ordination frameworks in place in Southern Sudan (including the Inter-ministerial Project Appraisal Committee). This alignment helps to ensure adherence to these tenets.

### INDICATOR 12

Do countries have reviews of mutual accountability?

To date, the regular Sudan Consortium meeting – which brings together government, donors, NGOs and civil society organisations – provides the best forum for mutual accountability. The GoSS began holding quarterly donor forums in 2006 (specifically for the South) and now plans to hold an Annual Development Aid Review meeting with donors to review progress. The SAID is another positive development to increase mutual accountability, and is expected to include sections on the follow-up and monitoring of the Paris Declaration indicators. ■

## PROGRESS SINCE 2005 AND PRIORITIES FOR 2010

SUDAN – A COUNTRY WITH A LONG HISTORY OF CONFLICT and very weak institutional capacity – presents a challenging environment for aid effectiveness. The South now has in place many of the basic institutions and frameworks for effective aid co-ordination. The greatest challenge will be to build capacity across governments to exercise leadership over the development process and the co-ordination of aid – particularly in the North where such leadership is most lacking. There is also a need to ensure donor alignment and compliance with government systems. Making progress towards the Paris Declaration 2010 targets will not be easy: making aid effective and delivering development results for the Sudanese people will be a very long-term process. The will to make aid more effective certainly exists; however, the challenge may be made more difficult still by debates about southern secession. ■

### SUMMARY

TABLE 48.9

	INDICATORS	2007	2010 TARGET
1	Operational development strategies	D	C
2a	Reliable public financial management (PFM) systems	2.0	3.0
2b	Reliable procurement systems	Not available	Not applicable
3	Aid flows are aligned on national priorities	85%	85%
4	Strengthen capacity by co-ordinated support	53%	50%
5a	Use of country PFM systems	3%	No target
5b	Use of country procurement systems	0%	Not applicable
6	Strengthen capacity by avoiding parallel PIUs	105	82
7	Aid is more predictable	52%	58%
8	Aid is untied	80%	More than 80%
9	Use of common arrangements or procedures	19%	66%
10a	Joint missions	15%	40%
10b	Joint country analytical work	45%	66%
11	Results-based monitoring frameworks	D	C
12	Mutual accountability	No	Yes

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## ACRONYMS

CPA	Comprehensive Peace Agreement
GNI	gross national income
GoNU	Government of National Unity
GoS	Government of Sudan
GoSS	Government of Southern Sudan
JAM	Joint Assessment Mission
JDO	Joint Donor Office
MDTF	multi-donor trust fund
MDG	Millennium Development Goal
ODA	official development assistance
OECD-DAC	OECD Development Assistance Committee
PBA	programme-based approach
PFM	public financial management
PIU	project implementation unit
SAID	Sudan Aid Information Database
SPLM	Sudan People's Liberation Movement

