



**SUDAN RECOVERY FUND
SOUTHERN SUDAN
(SRF-SS)**



**Allocation Proposal
Sudan Recovery Fund Southern Sudan
Round III**

June 2009

EXECUTIVE SUMMARY

i. The aim of the Sudan Recovery Fund (SRF) is to accelerate recovery in Southern Sudan through high-impact, quickly disbursed projects. The Fund focuses on four key areas: a) consolidating peace and security; b) delivering basic services; c) stabilizing livelihoods; and d) building capacity for decentralized and democratic governance.

ii. The Fund began operations in July 2008. By February 2009, six months after the Fund's inauguration, USD 19.6 million had been allocated through Round I to non-governmental organisations (NGO) for initiatives promoting agriculture and income generation activities in rural areas. Local Steering Committees had been established in each of the south's ten States and a monitoring and evaluation framework to guide implementation had also been established. Under Round II, a Small-Grants mechanism has been put in place and proposals drafted for building the capacity of the Southern Sudan Recovery and Development Commission.

iii. At the Fund's January 2009 Steering Committee, donors requested an allocation strategy outlining priorities and procedures for Round III. In March, a consultant working under the guidance of the Chair of the Steering Committee, the Minister of Finance and Economic Planning, led extensive consultations leading to initial proposals, which were reviewed at an informal stakeholders meeting. This paper builds on these consultations and responds to the request for a Round III allocation proposal.

iv. During Round III, the SRF will enhance its focus on two of the most important issues affecting recovery in Southern Sudan--improving security at the state and community level, and scaling-up the delivery of basic services within the context of the current fiscal crisis. It will do so within a State-led approach to recovery planning. Despite remarkable progress in establishing government systems and modernizing the security and uniformed services, authorities throughout the south are struggling to deal with the sharp increase in insecurity and public disorder, much of it linked to inter-communal conflicts over resources. At the same time, authorities are trying to ensure peace dividends are provided to their people despite the fact that capacity lags dangerously behind demand and the expectations raised by the Comprehensive Peace Agreement (CPA). Addressing these problems through quick impact projects is seen by virtually all stakeholders as the vital ingredient for progress during the remaining transition period.

v. Round III will also start to address the problem of predicable funding for recovery activities by shifting away from short-term instruments used to support humanitarian interventions to projects with a life-span linked to the transition period. Under Round III, there will be a shift in the way that projects are planned and implemented from a humanitarian approach that favours direct execution by agencies and NGOs to a nationally-led process where authorities are accountable for leading planning and implementation. Round III will help to reinforce the "social contract" between communities and their government by strengthening the participation of communities in their own recovery planning. Round III will also focus on reducing transaction costs by using and reinforcing existing systems rather than establishing committees and processes that are specific to the SRF itself. Similarly, SRF activities under Round III will complement activities undertaken through other pooled funds. There will also be close collaboration with other recovery initiatives notably programmes funded by the European Commission and United States Agency for International Development (USAID). This collaboration should ensure that limited implementation capacities are used wisely.

vi. To ensure support at the State and sector level, two windows will be established under Round III. The first window will be State focused; it will help provide recovery financing to all States against their own plans, and, in particular, will help stabilize and "transform conflict" at the county level in four of the States affected by insecurity--Jonglei, Warrap, Lakes and Eastern Equatoria. The second window will be GoSS focused, but with a clear State linkage; it will assist GoSS agencies to deliver vital services at scale to all ten States in four key areas through which peace dividends are being channelled to the population: health, education, water and sanitation and agriculture.

vii. Under window one, the existing State and County plans will provide the core framework for interventions. For programming in conflict-affected areas, a two-stage participatory planning process will be used, linking stakeholder consultations at the county level to decision-making at the State level. This process will use the methodology developed by UNDP's Community Security and Arms Control Project (CSAC), and will build on existing capacity within the UN system. Implementation under window one will be done through Grant Management Units embedded in the Ministry of Finance at the State level. In light of a limited funding envelope and to ensure that the process is tested for its coherence, effectiveness and efficiency, window one will be piloted in Jonglei and one other State with high levels of insecurity, with stabilization and recovery interventions for the other States to follow later.

viii. Under window two, the planning process will build on the work of the GoSS Budget Sector Working Groups (BSWG) and reinforce the annual budget planning process. The priority sectors through which basic services are provided and livelihoods created—Health, Education, Infrastructure (Water and Sanitation) and Natural Resources and Rural Development (Agriculture)--will identify obstacles to service delivery and put in place sustainable *systems* through which services can be delivered efficiently and equitably across the ten southern States. For both windows, detailed implementation strategies are outlined in this paper.

ix. Total required resources for this allocation strategy amount to USD 120 million. USD 90 million is required for window one, while USD 30 million is required for window two. Available resources under the SRF currently amount to USD 40.2 million. These resources are sufficient to meet only part of the 2009 expenditure targets for window one of USD 40 million (USD 10 million for each of the conflict-affected States) and for window two of USD 15 million for the first one or two of the four sector projects. The Chair and co-Chairs of the SRF will agree by July 2009 on a resource mobilization strategy to ensure that recovery activities for 2010 remain at an acceptable funding level.

x. An in-depth review will be conducted by the Technical Secretariat towards the end of the third quarter of 2009. On the basis of this review, and taking into consideration the overall SRF resource envelope, the Technical Secretariat will submit a refined allocations plan to the Steering Committee that will guide implementation of activities during 2010.

1. Background

1.1 *The aim of the SRF is to accelerate recovery in Southern Sudan during the transitional period through high-impact, quickly disbursed projects:* Through the Sudan Recovery Fund-Southern Sudan, partners aim to support the Government of Southern Sudan's (GoSS) core recovery priorities by rapidly disbursing funds to high capacity agencies. As defined in the SRF Strategic Framework, the core recovery priorities are:

- *Consolidating Peace and Security*, defined as generating self-sustaining, nationally owned, resilient processes for post-crisis recovery that aim to address the underlying causes of conflict and significantly reduce the risks of a re-emergence of conflict;
- *Delivering Basic Services*, defined as increasing the Government's capacity to provide basic services "at scale" with the aim of delivering tangible peace dividends, reducing vulnerabilities and limiting the risk of a return to conflict;
- *Stabilizing Livelihoods*, defined as establishing, or re-establishing, the means of production and providing skills training in line with national priorities with the aim of helping to inject cash into the economy and stimulating economic growth at both local and national levels;
- *Building Capacity for Decentralized and Democratic Governance*, defined as enhancing Government capacity to plan, manage and implement recovery activities with the aim of ensuring a sustainable transition from humanitarian relief to longer term development and mobilizing communities to illustrate the benefits of peace and development and their own role in creating and supporting these.

1.2 *Under Round I of the SRF, over twenty million dollars has been committed to eighteen priority projects in the fields of livelihood support.* In close consultation with State Steering Committees, NGOs were invited to submit proposals that promoted agriculture and income generation activities in rural areas. These were reviewed in collaboration with the Inter-Ministerial Appraisal Committee (IMAC) and Budget Sector Working Groups (BSWG) and approved by the SRF Secretariat in November 2008. UNDP, as Management Agent of the Fund, signed agreements with ten international NGOs and one national NGO for a total of USD 18.9 million, allocated to seventeen projects. Under the terms of these agreements, implementing partners have now received USD 4.6 million as advances to initiate project implementation. One additional agreement with an indigenous Southern Sudanese organization will be concluded in June 2009, bringing SRF commitments to USD 20.4 million.

1.3 *Under Round II, a Small Grants Mechanism has been established and a monitoring and evaluation framework has been put in place.* With only limited funding available through Round II, the Steering Committee approved in March 2009 a USD 2.5 million Small Grants Window for national NGOs and Community Based Organisations (CBO) and a capacity building and operational support package for the Southern Sudan Reconstruction and Development Fund (SSRDF). Details of the implementation plans for these initiatives will be further reviewed by the Steering Committee in July 2009. The Technical Secretariat has also developed a monitoring and evaluation framework. In addition to tracking and reviewing the reporting done by contracted parties, the framework includes a comprehensive monitoring plan through which the Technical Secretariat and GoSS counterparts will visit all Round I project sites before the end of 2009. Implementing partners will be monitored for consistency with approved programme documents, impact on the ground and community participation. In January 2009, the SRF Steering Committee reviewed Rounds I and II of the Fund. The Steering Committee noted that although some delays had occurred, associated mostly with sub-standard project preparation, disbursements have proceeded on schedule, demonstrating the overall efficiency of the fund.

1.4 *Before committing additional funds for Round III, donors indicated that an allocation strategy outlining priorities and procedures needed to be prepared by the SRF Secretariat.* UNDP contracted

a consultant to guide the process of gaining consensus under the overall guidance of the Ministry of Finance and Economic Planning (MoFEP) as Chair of the SRF Steering Committee. Following extensive interviews with stakeholders, the consultant presented a draft plan at an informal stakeholders meeting on 26 March 2009. Stakeholders at that meeting raised a number of issues, requesting that these be taken into account in a revised allocations plan.¹ This paper responds to the request of the Steering Committee for a Round III allocation proposal, reflecting the above developments and the findings of on-going consultative process with stakeholders.

2. Rationale and Aim of Round III

2.1 *During Round III, the SRF will address a number of key issues which affect recovery in Southern Sudan.* Substantively, Round III will enhance its focus on improving security at the community level and scaling-up the delivery of basic services within the context of the fiscal crisis. It will do so within a State-led approach to recovery planning. Inter-communal violence and weak delivery systems are arguably two of the most important obstacles holding back Southern Sudan's development and impacting negatively on the peace process. Despite remarkable progress in establishing government systems and modernizing the security and uniformed services, authorities throughout the south are struggling to deal with the sharp increase in insecurity and public disorder, much of it linked directly to inter-communal conflicts over resources. At the same time, authorities are trying to ensure peace dividends are provided to their people despite the fact that capacity lags dangerously behind demand and the expectations raised by the CPA. Addressing these problems through quick impact projects is seen by virtually all stakeholders as a vital ingredient to progress during the remaining transition period.

2.2 *Southern Sudan remains highly vulnerable to financial "shocks," hindering its development path.* The sharp fall in global oil prices has had considerable impact on GoSS' budget plans. Many actions that the GoSS planned to take to accelerate growth, reform and development may have to be postponed, making it more important than ever to help the GoSS mitigate the risks of increased social tension and escalating conflict due to competition for already scarce resources and services. Developing national capacities to effectively plan and prioritize will help to limit the impact of the current shock and future crises when they occur.

2.3 *Round III will start to address the problem of predictable funding for recovery activities by shifting away from short-term instruments used to support humanitarian interventions, which still account for significant spending in Southern Sudan, to projects with a life-span linked to the transition period.* Under Round III, there will also be a shift in the way that projects are planned and implemented from a humanitarian approach that favours direct execution by agencies and NGOs to a nationally-led process where authorities are accountable for leading planning and implementation, but have dedicated support and help from advisors and technical experts to ensure timely delivery and that authorities are learning on the job and developing the skills they need to manage their own development agenda in the future. Round III will also help to reinforce the "social contract" between communities and their government by strengthening the participation of communities in their own recovery planning. Round III will focus on reducing transaction costs by using and reinforcing existing systems rather than establishing committees and processes that are specific to the SRF itself. Similarly, SRF activities under Round III will complement, rather than duplicate, activities undertaken through other pooled funds.

2.4 *To ensure that the SRF provides support both at the State and sector level, two windows will be established under Round III of the fund.* The first window will be State focused; it will help provide recovery financing to all States against their own plans, and in particular will help stabilize and "transform conflict" at the county level in four of the States worst affected by insecurity—Jonglei, Warrap, Lakes and Eastern Equatoria.² The second window will be GoSS focused, but with a clear

¹ See annex B for a summarised list of the issues and concerns raised.

² These four states were selected on the basis of the following criteria: a) each state is experiencing high levels of conflict; b) none of the four states are receiving stabilization assistance through other programmes; and c)

State linkage; it will assist GoSS agencies to deliver vital inputs at scale to all ten States in four key areas through which dividends are being channelled to the population—health, education, water and sanitation and agriculture.

2.5 *Windows one and two will build on and help reinforce national capacities in pragmatic ways.* Both windows will adopt a “learning by doing” approach for counterparts aimed at strengthening existing national planning and prioritization mechanisms and increasing the capacity of State and non-state actors to drive and manage their own long-term recovery.

2.6 *To ensure higher impact, activities implemented under windows one and two will complement other recovery programmes.* Currently, the European Commission is supporting rural development and recovery in Southern Sudan through multi-annual recovery and development programmes that include: a) a €5 million Community Recovery and Rehabilitation Programme (RRP) implemented by UNDP; b) a €3.6 million Livestock Epidemic Surveillance Project (LESP) implemented by the Ministry of Animal Resources and Fisheries (MARF); c) a €40 million South Sudan Productive Capacities Recovery Programme (SPCRP)³; d) a €10 million Sudan Institutional Capacity Programme: Food Security Information for Action (SIFSIA) implemented by FAO; e) a €20 million Food Security Thematic Programme implemented by national and international NGOs; and f) a €10 million Water Facility that comprises projects implemented by ACORD⁴ (€2.5 million) and UNICEF (€8 million). USAID, as one of the largest bilateral donors of recovery and development programmes, has significant programmes focusing on economic growth, infrastructure development, agriculture, maternal and child health and democracy and governance. A new programme, Building Responsibility for the Delivery of Government Services (BRIDGE), was launched in January 2009 and aims to strengthen Sudanese capacities, promote decentralization, deliver peace dividends and help to stabilize border communities in Northern Bahr el Ghazal, Warrap, Unity and Upper Nile States, as well as South Kordofan, Blue Nile and Abyei.

2.7 *Implementing capacity is limited, making streamlining and coordination between major programmes a necessity.* Both the EC and USAID recovery programmes rely on international organizations for implementation, many of which are also involved in humanitarian and development work. International NGOs, in turn, often rely on a limited number of competent national NGOs and CBOs to implement programmes at the state and community level. These organizations already face considerable capacity constraints and may not be able to expand their operational base, at least in the short-term, to meet the demand created by windows one and two.⁵ In an effort to address this problem, the Technical Secretariat will coordinate closely with other principal donors to ensure that overall recovery resources do not exceed the implementation capacities of partners. It will also explore alternative ways of providing financing to support State-led implementation of activities where appropriate.

3. Window One: State Stabilization and Recovery

3.1 *The first aim of window one is to help improve security in four of the most unstable states—Jonglei, Warrap, Lakes and Eastern Equatoria--by channelling funding to projects that:* help to resolve resource-based conflicts at the community level; improve the security environment at the

none of the states receive budgetary supplements as oil-producing regions. Other unstable states are receiving support either through the UN’s Central Emergency Relief Fund, as is the case in Western Equatoria, or USAID’s BRIDGE Programme which covers states bordering the “Three Areas.” At the end of the pilot, the criteria used to select the states will be revisited and may be adapted depending on evolving circumstances.

³ There are two €40 million components under the SPCR, and two €10 million components under the SIFSIA allocated respectively to Northern Sudan and Southern Sudan.

⁴ ACORD: Agency for Cooperation and Research in Development.

⁵ Many of these constraints have been brought together and analysed by a report financed by UNDP under the Rapid Impact Emergency Programme (RIEP) entitled “Mapping/Capacity Assessment of Local Organisations involved in Community Driven Development and Recovery in Southern Sudan (May 2009).

State-level; and strengthen decentralized planning, prioritization and decision-making for conflict-related programming.⁶

3.2 *Window one will also provide recovery financing to all States against their own plans*, enabling them to move beyond providing solely for recurrent expenditures to delivery of certain basic services identified as a priority within the State.

3.3 *Allocations under window one will occur in two distinct phases*. In 2009, allocations will be made to help stabilize and “transform conflict” at the county level in the four the States worst affected by insecurity. The approach will be piloted in Jonglei and one other State with high levels of insecurity, starting in July 2009. Building on lessons learned from these two States and depending on available resources, allocations will be made to the two other unstable States before the end of 2009. In 2010, allocations will be made to provide recovery financing to all States, in accordance with their 2010 annual plan and budget.

Participatory Planning Process for Conflict-Related Programming

3.4 *Under window one, a two-stage participatory planning process will be used for conflict-related programming, linking stakeholder consultations at the county level to decision-making at the state level*. Using the methodology developed by UNDP’s Community Security and Arms Control Project (CSAC), consultations with a wide spectrum of stakeholders will be conducted at the county level to determine the steps needed to improve security and address the root causes of conflict. Reflecting Security Resolution 1325, this phase will also ensure that issues of gender will be specifically taken into account. In an effort to build on existing capacity within the UN system, UNMIS Civil Affairs Section and the UN Resident Coordinator’s Support Office will help to facilitate this process.⁷ The proposals generated during the consultations will be cross-checked with the county plans that are being developed by local government authorities with the assistance of UNDP’s Local Government Recovery Programme (LGRP). This process will be conducted in close coordination with senior county officials from local government and will also be supported by UNMIS Civil Affairs Section, the UN Resident Coordinator’s Support Office and staff from LGRP. Specifically:

- UNMIS Civil Affairs and the UN Resident Coordinator’s Support Office, with support from CSAC staff where possible, will facilitate multi-stakeholder consultations at the county-level using the CSAC methodology.
- The county-level consultations will enable identification of specific conflict flashpoints and the actions that can help to resolve them.
- The proposals generated through the consultative process will also be cross-checked with existing county plans and budgets, which are being developed by local government authorities with support from UNDP’s LGRP to ensure there is consistency in planned activities. UNMIS Civil Affairs Section, the UN Resident Coordinator’s Support Office and staff from LGRP will facilitate this process, which will be conducted in close coordination with senior county officials from local government.
- The proposals will then be submitted to the State Security Committee using a standardized format drafted by the SRF Secretariat. UNMIS Civil Affairs Section and the UN Resident Coordinator’s Support Office, with support from CSAC staff where possible, will facilitate this process.

3.5 *During the second stage, the information collected at the county level through the stakeholder consultations will be channelled to the State Security Committee*. The State Security Committee,

⁶ The planning and implementation processes for window one are summarized in Diagram I.

⁷ Thirty-nine additional posts have been approved for the UN’s integrated Resident Coordinator’s Support Office at the state level. These posts are currently being recruited and should be filled by year-end. To help ensure rapid implementation in window one and avoid delays in the critical pre-election period, staff from UNMIS Civil Affairs will help facilitate the planning process until they can hand-over this responsibility to staff in the RCSO.

which includes key security actors and is responsible for developing and overseeing state security plans and strategies, will use conflict-sensitive approaches to develop a strategy for stabilizing the state. UNMIS Security Sector Advisory Coordination Cell (SSACC), which has expertise in security planning, will help to facilitate the process at the state level, with support from CSAC staff where possible. With assistance from the SSACC, the State Security Committee will draft a concept note summarizing its *stabilization* strategy, which will be linked to the State Security Plan. To ensure that the *stabilization* strategy is consistent with other state planning processes and plans, the concept note will be submitted to the State Ministry of Finance for approval. The State Ministry of Finance, with support from staff from UNDP's Support to States Programme, will ensure the proposals set out in the concept note are consistent with, and do not duplicate, resource allocations within the annual State Plan and Budget. The State Ministry of Finance will also ensure that the concept note takes into consideration existing capacity at the State and county level and includes additional measures, if needed, to strengthen state institutions and ensure that interventions are sustainable. Recognizing the key role of women in peace and development, the State Ministry of Finance will ensure that gender considerations are integrated into the note. This process will be facilitated by UNMIS Civil Affairs Section and the UN Resident Coordinator's Support Office. Once the State Ministry of Finance has given its approval, the note will be forwarded to the SRF Secretariat for technical review and then submitted to the IMAC and SRF Steering Committee for discussion and approval. Specifically:

- The State Security Committees will review the proposals from the county-level consultations and undertake broader conflict analysis exercises in order to prioritize initiatives aimed at improving security across the State. UNMIS SSACC will support this process.
- The State Security Committee will develop a *stabilization* strategy for the State, linked to the State Security Plan. The strategy will present a coherent approach for reducing insecurity through a variety of activities that are specifically relevant to the State context. UNMIS SSACC will support this process.
- On the basis of the *stabilization* strategy, the State Security Committee will draft one concept note for SRF Round III funding. The concept note, which will be based on an indicative funding envelope of USD 7-13 million, will outline activities that will help to resolve the root causes of conflict at the county level as well as activities that address strategic security concerns at the State level. UNMIS SSACC, with help from CSAC staff where possible, will support this process.
- The concept note will be submitted to the State Ministry of Finance for approval, to ensure it is consistent with, and does not duplicate, resource allocations within the annual State Plan and Budget. UNMIS Civil Affairs Section, the UN Resident Coordinator's Support Office and staff from UNDP's Support to States Programme will facilitate this process.
- The concept note, once it has been cross-checked, will be forwarded to the SRF Secretariat for technical review, and if necessary, adjustment.
- The SRF Steering Committee in Juba will review and endorse the concept note.
- Once the Steering Committee has endorsed the concept note, workshops will be conducted at the county level to provide feedback on the results of the process and to outline activities that will take place at the community level. UNMIS Civil Affairs and the UN Resident Coordinator's Support Office, with help from CSAC staff where possible, will facilitate this process.

3.6 *The two-stage planning process has several advantages.* The planning process for window one draws on best practices by involving stakeholders at the county level in planning, ensuring that the principal security actors at the State level are directly implicated in stability planning, and linking security planning with broader planning processes within the State. This process will promote engagement between the State and counties and facilitate increased transfers of tangible resources to the county and community level. County-level consultations will help create opportunities to mobilise the community and identify local partners to participate in the implementation of the SRF Round III activities. The approach also has the advantage of building on existing county and State-level

planning processes, rather than establishing parallel processes with high transaction costs. Review of the stabilization strategy to ensure consistency with existing plans at the county and State level will be done through mechanisms already established as part of UNDP's Local Government Recovery Programme, at the county level, and its Support to States Programme, at the state level. This streamlining will help to ensure that work done under Round III complements the work of other actors and contributes to a coherent and sustainable recovery process under the leadership of the State government.

Planning Process for Recovery Financing

3.7 *Window one's provision of recovery financing to all States will be grounded in each State's annual plan and budget*, enabling them to move beyond providing solely for recurrent expenditures to delivery of certain basic services identified as a priority within the State. Using the approach developed under SRF Round I, the State Ministry of Finance will convene a State-level Steering Committee to identify two or three recovery activities for financing through the SRF. These activities will be drawn from the priorities articulated by the State Budget Sector Planning Committees during the annual planning and budget process. The activities identified will directly enhance the State's delivery of basic services. Such activities could include provision of local infrastructure (rehabilitation of bridges, opening up of feeder roads, labour-based public works) and targeted scale-up of capacity for service delivery (State-led agricultural extension, health services). The State Ministry of Finance will forward the two or three activities selected by the State Steering Committee to the SRF Secretariat for technical review. They will then be submitted to the IMAC and SRF Steering Committee for discussion and approval. Specifically:

- The State Ministry of Finance will convene an inter-ministerial State-level Steering Committee to identify two or three recovery activities for financing through the SRF. The process will be supported by staff from the UNDP Support to States project and the SRF Secretariat.
- The activities selected by the State-level Steering Committee will be drawn from the priorities articulated by the State Budget Sector Planning Committees during the annual planning and budget process. The State Steering Committee will provide an initial estimate of indicative costs.
- The activities identified must directly enhance the State's delivery of basic services. Such activities could include provision of local infrastructure (rehabilitation of bridges, opening up of feeder roads, labour-based public works) and targeted scale-up of capacity for service delivery (State-led agricultural extension, health services).
- The State Ministry of Finance will forward the two or three activities selected by the State Steering Committee to the SRF Secretariat for technical review.
- The suggestions will then be submitted to the IMAC and SRF Steering Committee for discussion and approval.

Integrated Planning

3.8 *During the window one pilot in Jonglei and one other unstable State, the priority activities identified through the recovery financing process will be integrated into the state stabilization plan.* The aim of this integration is to ensure that the stabilization plan includes specific programmes and projects that accelerate the delivery of peace dividends. Through this approach, both the *legitimacy* of the state and its *authority* will be extended. The process of integrating recovery activities into the stabilization plan will be led by the State Planning Committee, which will be supported by UNDP's Local Government Recovery Programme. At the end of the pilot period, the approach will be reviewed for lessons learned, in the expectation that if effective, it is used for the other three priority states in window one.

Implementation Process

3.9 Implementation under window one will be done through Grant Management Units embedded in the Ministry of Finance at the State level. To achieve efficiency of scale, a single Grant Management Agent (GMA) will be contracted to work in all States. Grant Management Units (GMU) will be embedded within the State Ministry of Finance. GMUs will co-locate staff from the State Ministry with technical experts and will be responsible for managing all aspects of the SRF grant-making and implementation process at the state level. The international experts in the GMA will be responsible for transferring skills and knowledge to their GMU state counterparts while window one is operational.

3.10 Grant Management Units will oversee a transparent but rapid implementation process. Once final approval has been received from the SRF Steering Committee, the GMU will be responsible for “translating” the activities contained in the concept notes into technically and operationally viable project proposals. To do this, the GMU, working in conjunction with the State Ministry of Finance, will liaise with line ministries at the State level, UN agencies and other partners with relevant technical expertise to agree on the most appropriate modality of implementation. Where appropriate, financing can be provided in support of State-led implementation of activities, using the fiduciary and procurement systems of the GMU. In instances where it is decided that implementation will be led by non-State actors, the GMU will manage open “calls for bids” based on minimum efficiency criteria. With support from the SRF Secretariat, the GMU, together with the State Ministry of Finance, will then liaise with State Ministries and all relevant county entities to oversee implementation as well as the monitoring and evaluation of SRF activities implemented by non-State actors. Specifically:

- A single Grant Management Agent will be contracted through an open bidding process by the SRF Secretariat. Once selected, the GMA will establish Grant Management Units. State officials and technical experts will be co-located in the GMU, which will be embedded within the State Ministry of Finance in each of the four priority states.
- Once approval has been received from the SRF Steering Committee, the GMU, working in conjunction with the State Ministry of Finance, will liaise with line ministries at the State level, local government and UN agencies with relevant technical expertise to “translate” the activities into technically and operationally viable project proposals.
- The GMU will manage open calls for bids where the procurement of goods or services is required. Respondents will be required to describe, and if selected, put in place robust measures for managing assets procured through the project, particularly projects that support security institutions.
- Where appropriate, financing can be provided in support of State-led implementation of activities, using the fiduciary and procurement systems of the GMU.
- If requested by the GMU, the SRF Secretariat will liaise with UN agencies to identify whether specific Long Term Agreements (LTA) or comparable tender and contracts already exist that can be used to fast-track procurement of both services and goods in accordance with relevant procurement regulations.
- The GMU will also be responsible for the monitoring and evaluation of SRF-funded activities in accordance with methodologies provided by the SRF Secretariat.
- The GMU will prepare quarterly reports on the status of planned activities and the level of funds disbursed. The reports will also include an assessment of the impact of the activities that are being implemented. The quarterly reports will be disseminated to the State Security Committee and the SRF Steering Committee.

3.11 The implementation process has a number of advantages. GMUs will have several key functions. They will be responsible for providing all oversight and management functions at the State level, including tender and grant implementation. They will manage open bidding calls, ensuring that this key process is competitive, cost effective and that implementing partners are selected based on their comparative advantage and presence on the ground. GMUs will also be responsible for the systematic transfer of management and oversight skills to State counterparts, who will be co-located in the Units with technical experts. On-the-job training will be key to this transfer. GMUs will be responsible for monitoring and evaluation, ensuring that the impact of SRF-funded activities is closely

tracked. This streamlined approach to implementation, with key functions concentrated in a single unit, will ensure consistency in quality standards, adequate monitoring and evaluation and the sustainable transfer of skills in all aspects of project cycle management to relevant actors in the State administration across the entire portfolio of window one SRF-funded activities.

4. Window Two: Strengthening Sectoral Delivery Systems

4.1 *The aim of window two is to assist GoSS agencies to deliver vital inputs at scale to all ten States in four key areas through which dividends are being channelled to the population—health, education, water and sanitation and agriculture.* The focus of this window will be establishing *sustainable systems* which will markedly increase the delivery of key services. This window will not provide funding for services themselves, which is better done through other instruments including the Basic Services Fund and Common Humanitarian Fund, but instead, will provide funding for essential delivery *systems* which are not already in place and will not be covered by other pooled funds. Possible interventions include delivery systems for learning materials, agricultural tools and seeds, veterinary drugs, water purification systems, pharmaceuticals (distribution, management), all of which are regulated to standards set by GoSS agencies. Interventions will focus on the removal of institutional bottlenecks and overcoming capacity weaknesses in order to achieve economies of scale including bulk procurement and transparent management of service delivery across all ten States.⁸

Planning Process

4.2 *Under window two, the planning process will build on the work of the GoSS Budget Sector Working Groups (BSWGs) and reinforce the annual budget planning process.* The priority sectors through which basic services are provided and livelihoods created—Health, Education, Infrastructure (Water and Sanitation) and Natural Resources and Rural Development (Agriculture) will identify the key bottlenecks and obstacles that limit the capacity of the sector to deliver inputs efficiently and equitably across the ten southern States, or a key opportunity to scale-up sectoral delivery through one intervention that will manifestly impact delivery and for which other financing is not currently available. Following substantive discussions with BSWG sector partners at a half-day workshop or other suitable consultative format, the SRF Secretariat will continue to work with the chair and co-chairs of the Groups to identify one specific medium-sized intervention that is aligned with national plans and designed to address the key obstacle or opportunity identified. These consultations will be synchronized with the ongoing drafting of the Budget Sector Plans for the period 2010-2012. The SRF Secretariat will work with a sector lead agency to draft a concept note describing the proposed intervention, which will be technically reviewed by the BSWG prior to submission to the IMAC and SRF Steering Committee for discussion and approval. The concept note will include specific GoSS measures to ensure sustainability. Specifically:

- The SRF Secretariat will work in partnership with the chairs and co-chairs of the four priority BSWGs—Health, Education, Infrastructure (Water and Sanitation) and Natural Resources and Rural Development (Agriculture) to convene a half-day workshop to identify key issues, constraints and opportunities to improve delivery of inputs within the sector which are not being addressed through other financing.
- Based on the findings of the half-day workshop, the SRF Secretariat will work with the BSWG chair and co-chair to identify one medium sized intervention designed to address a the key bottleneck of opportunity identified by the BSWG based on an indicative funding envelope of USD 30 million in total for each of the four projects with target expenditures of USD 15 million for the first one or two projects for 2009.
- The planning consultations will also take into account gender dimensions.
- The SRF Secretariat will work with a designated technical lead agency to develop a concept note for one medium sized intervention per priority sector, to be reviewed by the BSWG prior to being submitted to the IMAC and SRF Steering Committee for review and endorsement.

⁸ The planning and implementation processes for window two are summarized in Diagram II.

Implementation Process

4.3 *The implementation process for window two will be overseen and managed by the GMA contracted through window one, supported by the SRF Secretariat, to ensure an efficient and cost-effective approach.* To achieve efficiency of scale within the SRF as a whole, the same Grant Management Agent (GMA) contracted under window one will be responsible for managing all aspects of the SRF grant-making and implementation process for window two. The GMA, with support from the SRF Secretariat, will provide overall management oversight of the “request for proposals” and subsequent project implementation processes. Once concept notes for the four priority sectors have been approved by the SRF Steering Committee, the GMA will work closely with the SRF Secretariat, BSWG partners and UN agencies with relevant technical expertise to develop a “request for proposals”. The technical competency and capacity to deliver “at scale” among potential implementing partners will determine whether an open or restricted tender process will be pursued. The GMA will also collaborate with partners during the technical review of proposals to ensure transparent and competent decision-making. All successful proposals will be required to include comprehensive monitoring and evaluation frameworks which the GMA will use to report on progress to the SRF Steering Committee. Specifically:

- The same GMA contracted for window one will be co-located with the SRF Secretariat in Juba.
- Once the SRF Steering Committee has approved the concept notes from the BSWGs in the four priority sectors, the GMA will work closely with BSWG sector partners and relevant UN agencies to draft specifications for the “request for proposals.”
- The process of selecting proposals will be led by the SRF Secretariat and GMA, with the full involvement of the relevant GoSS Agency.
- Where appropriate, the SRF Secretariat will liaise with UN agencies to identify whether specific Long Term Agreements (LTA) or comparable tender and contracting processes exist that can be used to fast-track procurement of both services and goods in accordance with relevant procurement regulations.
- The GMA, with support from the SRF Secretariat, will ensure that relevant ministries at the GoSS and State level are fully appraised of, and where appropriate, involved in, the implementation process.
- The GMA, with support from the SRF Secretariat, will be responsible for the monitoring and evaluation of SRF-funded activities in accordance with methodologies provided by the SRF Secretariat.
- The GMA, with support from the SRF Secretariat, will prepare quarterly reports on the status of planned activities and the level of funds disbursed. The reports will also include an assessment of the impact of the activities that are being implemented. The quarterly reports will be disseminated to BSWGs, relevant ministries and the SRF Steering Committee.

4.4 *Window two will help to strengthen national planning processes and ensure the delivery of tangible peace dividends to the population-at-large.* By using the existing GoSS budget planning and prioritisation process, window two will help to reinforce national systems and increase the availability of financial resources in support of national plans. Window two will also help to transform the delivery of services and create livelihood opportunities “at scale”, building confidence in the national government and helping to improve living conditions throughout southern Sudan.

5. Comparison with Pooled Funds

5.1 *The two windows will contribute to a sharper focus of the SRF on recovery issues, relative to other pooled funds.*

Pooled Fund	Amount Committed 2009 (million USD)	Key Areas of Support	SRF Round III Approach “Added Value”
Common Humanitarian Fund (CHF)	35	The CHF funds critical humanitarian needs including core emergency pipelines, essential common services and the existing safety net in health, water and education.	Round III allocations will help strengthen national capacities to plan, budget and prioritise effectively reducing the “reactive” allocation of resources to vulnerable populations.
Multi-Donor Trust Fund (MDTF)	325 (Donors) 320 (GoSS)	The MDTF provides a mechanism for GoSS to co-finance large-scale infrastructure projects and key reforms in public administration and public finance.	Round III allocations will help scale up delivery in sectors where infrastructure is constructed through the MDTF.
Basic Services Fund (BSF)	30	The BSF supports the delivery of basic services (health, water, education) through the construction and rehabilitation of infrastructure at local levels.	Round III allocations will help to scale-up delivery in sectors receiving support through the BSF.
Capacity Building Trust Fund (CBTF)	22.7	The CBTF supports capacity and development and public sector reform.	Round III allocations will strengthen the capacity of local governments to plan and budget effectively and manage and oversee implementation of projects, which will complement the work being done by the CBTF to strengthen GoSS fiduciary capacity and systems.

6. Allocation Options

6.1 *Total required resources for this allocation strategy amount to USD 120 million.* USD 90 million is required for window one, while USD 30 million is required for window two. Window one is expected to provide USD 40 million for conflict-related programming in the four States most affected by insecurity, in the range of USD 7 - 13 million per State. It is also expected to provide USD 50 million for provision of basic services in all ten States, with an allocation of up to USD 5 million per State.

6.2 *Table 1 reflects donor contributions and interests accrued on donor contributions of USD 36.2 million.* With USD 22.8 million in Round I commitments and suggested Round II commitments of USD 3.2 million, USD10.2 million currently remain as uncommitted resources. Additional contributions already agreed to include USD 30 million (United Kingdom) and a possible further contribution of USD 6.5 million (Netherlands) bringing the available resources to between USD 40.2 and USD 46.7 million for 2009.

6.3 *The available resources are only sufficient to meet part of the 2009 expenditure targets for window one of USD 40 million (USD 7 - 13 million each for each of the four conflict-affected states) and for window two of USD 15 million (for the first one or two of each of the four BSWG projects).* In an effort to cover the gap, the Chair and co-Chairs of the SRF will agree by July 2009 on a resource mobilization strategy to ensure that recovery activities for 2010 remain at an acceptable funding level.

6.4 *An in-depth review will be conducted by the Technical Secretariat towards the end of the third quarter of 2009.* On the basis of this review, and taking into consideration the overall SRF resource

envelope, the Technical Secretariat will submit a refined allocations plan to the Steering Committee that will guide implementation of activities during 2010.

Table One		
Contributions and Commitments as of June 2009		
Donor Contributions to Date⁹		
Netherlands €10,000,000	US\$14,276,500	
United Kingdom £15,000,000	US\$21,877,500	
Fund Interest	US\$99,650	
Total Contributions:	US\$36,253,650	US\$36,253,650
Commitments to Date		
Technical Secretariat Budget (2008 and 2009)	US\$1,543,870	
Round I Allocations	US\$19,551,718	
UNDP Administrative Agent Fee	US\$361,540	
UNDP Management Fee	US\$1,368,620	
Total Approved and Support Costs:	US\$22,825,748	US\$22,825,748
Uncommitted Resources to Date		US\$13,427,902
Round II Small Grants Window	US\$2,500,000	
Support to SSRDF	US\$505,542	
UNDP Management Fee	US\$210,388	
Total:	US\$3,215,930	US\$3,215,930
Available Resources		US\$10,211,972

⁹ These figures reflect donor contributions plus exchange rate gains.

7. Risk Analysis and Mitigation

7.1 A number of steps will be taken to mitigate the risks that may affect Round III.

Risk	Mitigation of Risk
Insecurity may hinder project implementation	<ul style="list-style-type: none"> • National security and UNMIS to assess risks realistically • Selection of project sites to be risk-sensitive • Local authorities and stakeholders to be implicated in the management of plans and projects to ensure optimum support
The promise of resources may fuel conflict rather than mitigate it	<ul style="list-style-type: none"> • Facilitators in UNMIS and the UN Resident Coordinator’s Support Office to properly communicate to all stakeholders to avoid zero-sum thinking • Projects and plans to be managed even-handedly by staff who are trusted and respected by all parties
Weaknesses in institutional and technical capacity of States, Technical Secretariat and UN staff at the State and county level to prepare plans and manage and manage projects may delay implementation	<ul style="list-style-type: none"> • Weak capacity to be a contingent factor in the design of plans and projects • Capacity strengthening to be built into project management and support arrangements, either in the form of expert staff or additional equipment, or both • Technical Secretariat to address management structures and responsibilities to ensure that existing State and County arrangements are used effectively, and strengthened appropriately in the management of plans and projects • As needed, the Technical Secretariat to draw in operational support, in consultation with the States and Counties, from the UNDP Support to States Programme or from the network of State-level RCSO staff • Staff from UNMIS Civil Affairs to facilitate the planning process for window one in the short-term, until dedicated staff from the integrated Resident Coordinator’s Support Office can be recruited • Where needed, additional external capacity to be engaged, although the exit strategy for all plans and projects should be that they can be managed by existing capacity, strengthened as required
Insufficient resources may be mobilised	<ul style="list-style-type: none"> • The Steering Committee to allocate funds in line with available resources • The Steering Committee and donors to continuously work together to mobilise resources and seek additional partners

Diagram I
Proposed Planning and Implementation
Window One

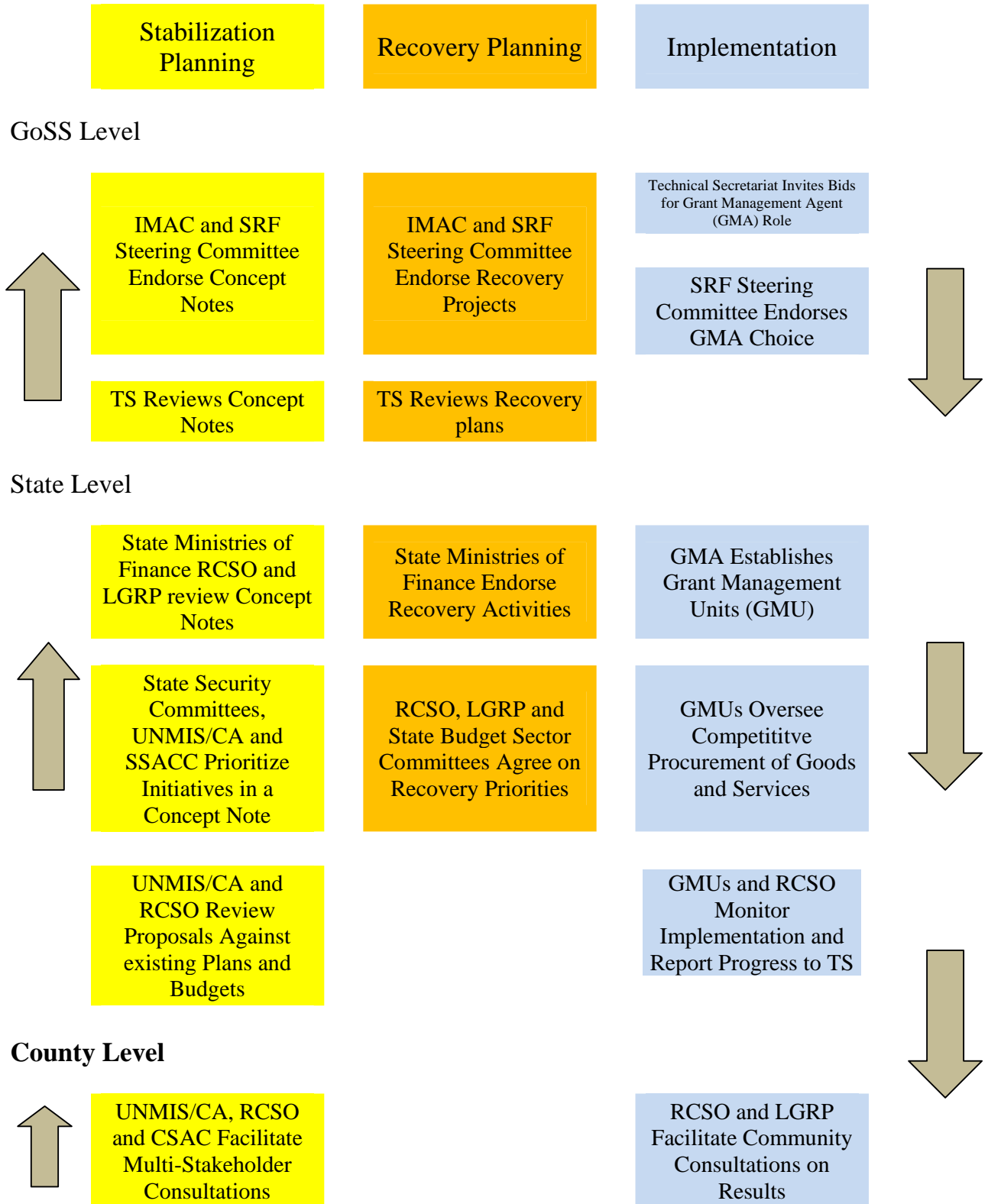
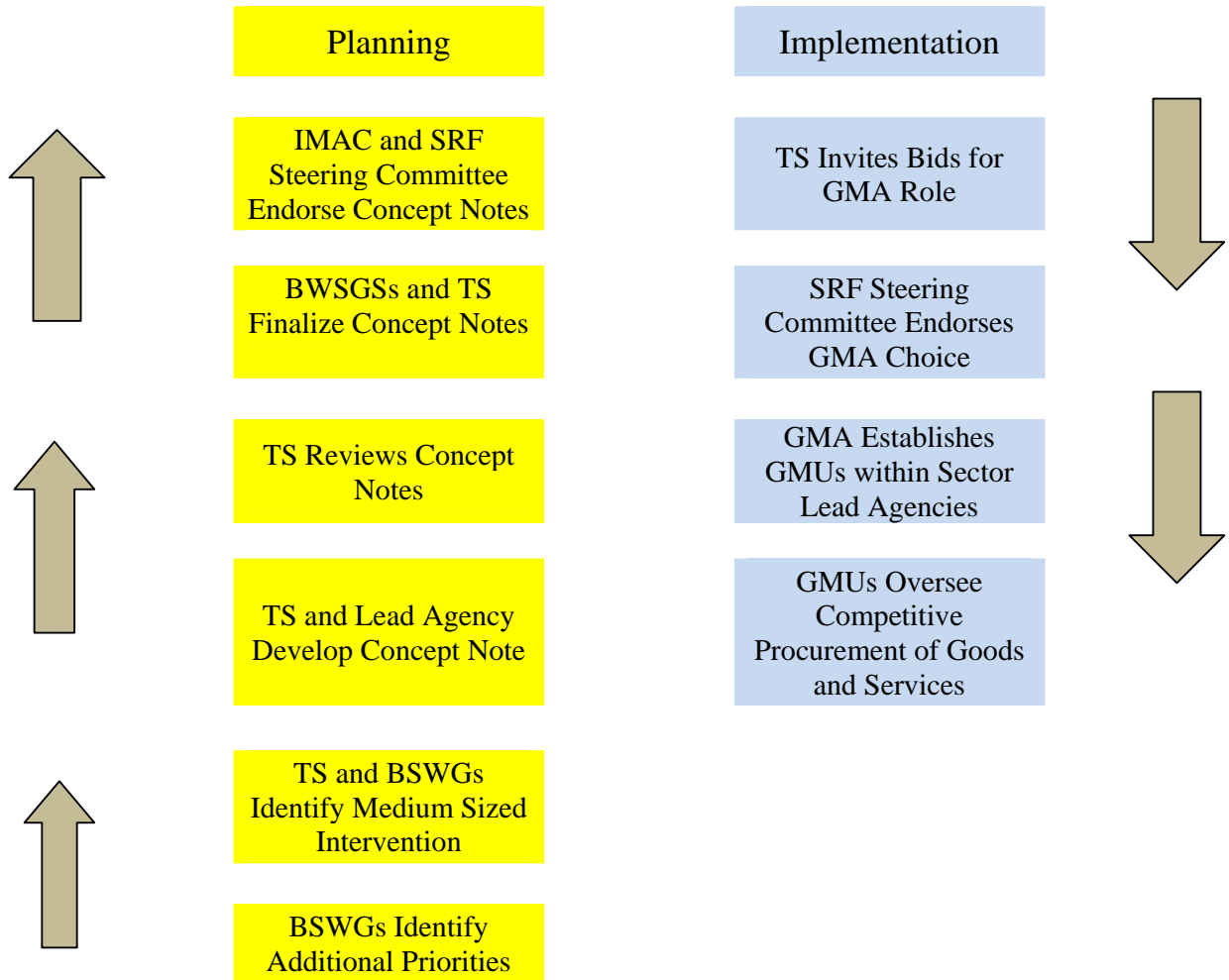


Diagram II
Proposed Planning and Implementation
Window Two



Annex A

The following is a list of the people interviewed in preparation for the SRF Round III allocation plan.

Name	Title	Organization
Brigadier General A. Emor Ojetuk	Governor	Eastern Equatoria State
Dr. David Nailo Mayo	Chairman	SSRDF
Dr. Majok Yak Majok	Under Secretary	Ministry of Health-GoSS
H.E. Angelo Dayu	Minister of Finance	Central Equatoria State
H.E. Tulio Odongi	Minister of Finance	Eastern Equatoria State
Mr. Abdi Aden Mohammed	Head of Office	WHO
Mr. Aggrey Tissa Sabuni	Under Secretary (Planning)	Ministry of Finance and Economic Planning
Mr. Alex Voets	Programme Officer	CARITAS
Mr. Assefaw Tewelde	Deputy Head	Fund Management Unit
Mr. Ben French	Senior Economist	Ministry of Finance and Economic Planning
Mr. Boniface Ndyabahika	Programme manager	Local Government Board
Mr. Chamangu Awow Adoyjok	Director General Programs.	Local Government Board
Mr. Gamal Batwel Nyaragi	Representative	CARITAS
Mr. George Conway	Deputy Head of Office	UNDP
Mr. George Okech	Head of Office	FAO
Mr. Imke van der Honing	Senior advisor	SNV
Mr. Jeffery Von Otto	Deputy Director, Finance	Eastern Equatoria State
Mr. John Jaramogi Oloya	Senior Rural development Specialist	World Bank
Mr. Julius Court	Deputy Head of Office	Joint Donor Team
Mr. Louise Lado Tombe	Representative	UNRCISO
Mr. Marc Bloch	Regional Representative	CARITAS
Mr. Michael Elmquist	Head of Office	Joint Donor Team
Mr. Moses Mabior	Director Aid Coordination	Ministry of Finance and Economic Planning
Mr. Peter Cross	Head of Office	SNV
Mr. Peter Crowley	Head of Office	UNICEF
Mr. Peter Malnak	Head of Office	USAID
Mr. Richard Taylor	Policy Officer	Joint Donor Team
Mr. Sebastiano Bagnasco	Programme Officer	UNOPS
Mr. Stephen Moore	Country Director	Malaria Consortium
Mr. Wani Buyu Dyori	Director General, Finance	Eastern Equatoria State
Mr. Oshima Kesuke	Project Formation Advisor	JICA
Ms. Fiona Davis	Advisor	Ministry of Finance and Economic Planning
Ms. Janneke Meering	Policy officer	Netherlands Ministry of Foreign Affairs
Ms. Joanne Raisin	Recovery and Transition Advisor	DFID
Ms. Kate Louwes	Team leader	Basic Services Fund
Ms. Leontine Specker	Research Officer	Netherlands Institute of International Relations
Ms. Melissa Phillips	Coordinator	NGO Forum
Ms. Munira Museme	Operations analyst	World Bank

Annex B

The following is a summary of issues raised during the SRF III Informal Stakeholders Meeting, 26 March 2009.

Strategy

- An exit strategy needs to be developed for Round II financing to ensure that arrangements for continued service delivery and operational support are in place following the end of the Small Grants Window financing and UNDP support to the SSRDF.
- Careful consideration should be given to the selection of the States to be included in Round III. While there are significant changes in overall vulnerability within and between States, all States have genuine recovery concerns, including the oil producing States.
- There may be no need for four windows (State Projects; Sector Transformation, Innovation and Contingency). Two windows will suffice as Innovation and Contingency can be dealt with within the two remaining windows.
- The overall strategy for Round III should take into account the overall context of development programmes, in particular the ongoing support by UNDP to enhanced State capacity building.

Implementation Arrangements

- There should be clarity on the implementation arrangements in the plan to be submitted to the Steering Committee.
- Round III should focus not only with the Governors, but also with the State Budget Working Groups and the provisions of the Local Government Act (2009) and the principles of “subsidiarity” should be taken into account to ensure that those levels of Government crucial for delivery of services to communities are adequately targeted.

Risks and Contingencies

- A risk analysis and mitigation strategy should be included in the next draft of the allocations plan.
- The strategy should be flexible, possibly including various scenarios, to adjust to changes in overall allocations or delays in commitments and deposits by donors.

Accountability

- The plan should be clear on the overall administrative cost related to the two windows.
- The Technical Secretariat should have sufficient capacity to adequately oversee and coordinate the various programmes proposed under the various windows.
- The plan to be proposed to the Steering Committee should be clear in terms of the specific decisions and guidance that the Steering Committee should provide, to ensure clarity of mandates.
- Careful attention should be given to accountability arrangements bearing in mind capacity constraints and the level of funding involved.

10. Annex D

The following is a list of acronyms.

ACORD	Agency for Cooperation and Research in Development
BRIDGE	Building Responsibility for the Delivery of Government Services (USAID)
BSF	Basic Services Fund
BSWG	Budget Sector Working Group
CBTF	Capacity Building Trust Fund
CHF	Common Humanitarian Fund
CPA	Comprehensive Peace Agreement
CPC	County Project Committees
CSAC	Community Security and Arms Control
CSAP	Community Security Action Plan
DFID	Department for International Development (of the United Kingdom)
DRHC	Deputy Resident and Humanitarian Coordinator
FAO	Food and Agricultural Organisation of the United Nations
GMA	Grant Management Agency
GMU	Grant Management Unit
GoSS	Government of Southern Sudan
LESP	Livestock Epidemic Surveillance Project
LGB	Local Government Board
LGRP	Local Government Recovery Programme
LRA	Lord Resistance Army
LTA	Long Term Agreement
MARF	Ministry of Animal Resources and Fisheries
M&E	Monitoring and Evaluation
MDG	Millennium Development Goal
MDTF	Multi Donor Trust Fund
MoFEP	Ministry of Finance and Economic Planning
MoLACD	Ministry of Legal Affairs and Constitutional Development
NGO	Non Governmental Organisation
NSCSE	New Sudan Centre for Statistics and Evaluation
OCHA	United Nations Office for the Coordination of Humanitarian Affairs

PWPC	Public Works Programme Component
RCSO	Resident Coordinator Support Office
RFP	Request for Proposal
RIEP	Rapid Impact Emergency Project
RRP	Recovery and Rehabilitation Programme
SC	Steering Committee
SIFSIA	Sudan Institutional Capacity Programme: Food Security Information for Action
SNV	Stichting Nederlandse Vrijwilligers (Netherlands Foundation for Volunteers)
SPCRP	South Sudan Productive Capacities Recovery Programme
SRF-SS	Sudan Recovery Fund – Southern Sudan
SSACC	Security Sector Advisory Coordination Cell (UNMIS)
SSC	State Security Committees
SSRDF	Southern Sudan Reconstruction and Development Fund
UN	United Nations
UNCT	United Nations Country Team
UNDP	United Nations Development Programme
UNFPA	United Nations Fund for Population Activities
UNHCR	United Nations High Commission for Refugees
UNICEF	United Nations Fund for Children
UNIFEM	United Nations Fund for Women
UNMIS	United Nations Mission for Sudan
UNOPS	United Nations Office for Project Services
UNRCSO	United Nations Resident Coordinator Support Office
WHO	World Health Organisation