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*Sudan Recovery Fund for  
Southern Sudan*

*SRF-SS*

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**DRAFT**

*Revised Proposal*

*5 February 2008*

## THE SUDAN RECOVERY FUND – SOUTHERN SUDAN

### REVISED PROPOSAL

#### I. Introduction

**01.** Despite important achievements made so far in Southern Sudan since the Comprehensive Peace Agreement (CPA) was signed on 9 January 2005, the expectations of the population of Southern Sudan for greater stability, improved services, and enhanced livelihood opportunities remain high and unmet. The realization of these and other essential peace dividends requires a significant and sustained effort by the Government of Southern Sudan (GoSS) and its partners.

**02.** The Joint Assessment Mission (JAM), coordinated by the World Bank and the United Nations Development Group (UNDG) at the request of the two parties to the CPA, identified the short-to-medium-term recovery and development needs of Sudan covering the six-year interim period of the CPA (2005-2011). It produced a *Framework for Sustained Peace, Development and Poverty Eradication*, to be supported by national and international resources and efforts, with a view to achieving the Millennium Development Goals (MDGs) objectives by 2015.

**03.** The Wealth Sharing Protocol of the CPA provided for the creation of the Sudan Multi-Donor Trust Funds (MDTFs) – one for the north and the other for Southern Sudan -- as key instruments for the international community’s support to Sudan’s socio-economic development in general and to the implementation of the CPA in particular.

**04.** At the end of the Phase One Recovery Period of the JAM (2005-2007), the GoSS recognizes the valuable contribution which the Multi-Donor Trust Fund-Southern Sudan (MDTF-SS) has made towards Southern Sudan’s medium-term development targets, including progress in strengthening the capacity of key state institutions. At the same time, the GoSS has confirmed its interest in seeing the longer-term institutional and infrastructural gains derived from the MDTF-SS complemented by a range of shorter-term recovery initiatives which yield more immediate “peace dividends” for the population, and in which a wider circle of agencies on the ground, especially local and international NGOs, can participate.

**05.** Given the well-established criteria and procedures already in place for longer-term development initiatives through the MDTF-SS, the emerging need for early recovery interventions would seem to be best addressed by the creation of a complementary mechanism alongside the MDTF-SS. This present proposal for the creation of the Sudan Recovery Fund – Southern Sudan (SRF-SS) is intended to serve that very purpose.

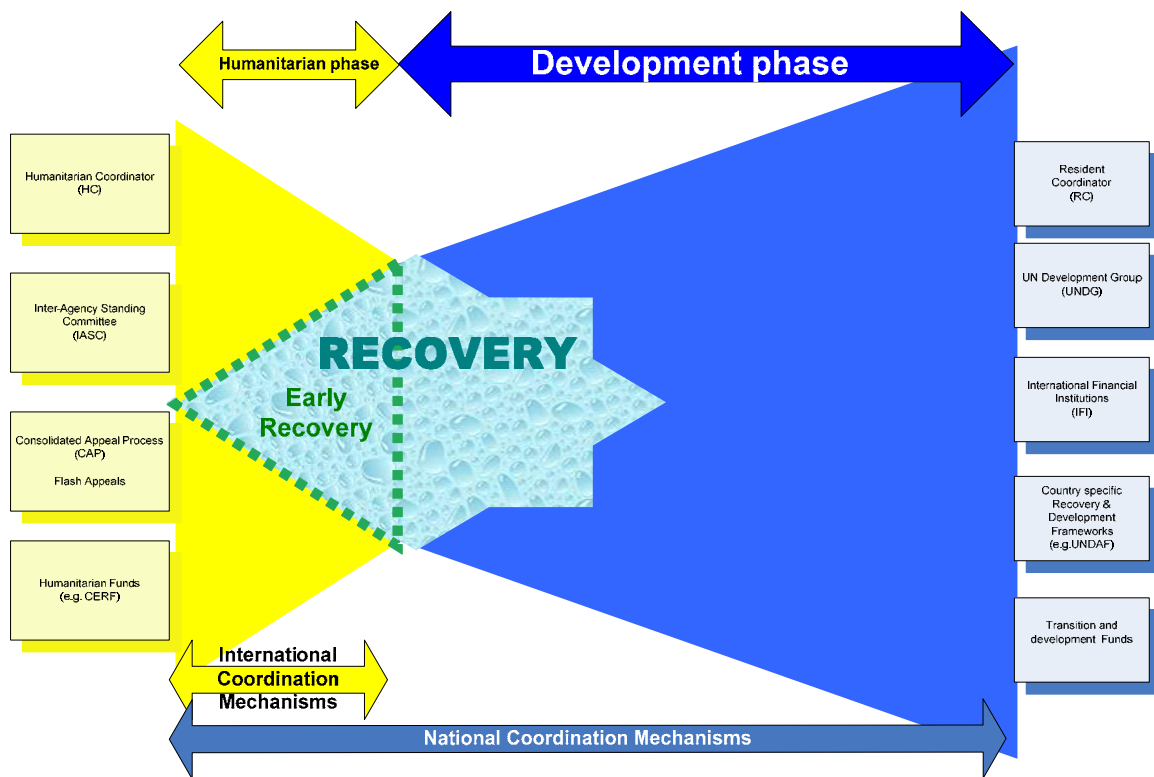
#### II. The “Recovery Gap” in Southern Sudan

**06.** The basic premise for GoSS to advocate and for the international donor community to consider the establishment of the SRF-SS is the existence of a “**recovery gap**” in Southern Sudan. This gap manifests itself through a range of needs that are too long-term, predictable and “structural” in nature to be adequately met through the emergency relief mechanisms such as the multi-donor Common Humanitarian Fund (CHF) – and too urgent, changeable and “situational” in nature to be appropriately addressed through the longer-term socio-economic development instruments such as the MDTF-SS.

07. The existence of a “recovery gap” is not unique to Southern Sudan, but also found in a number of large-scale and complex post-conflict situations elsewhere, often as a result of the extraordinary complexity of synchronizing the national Government’s and the international community’s interventions with the gradual transition from crisis to stability which usually takes place at a different pace in different geographical locations. The time-tested planning and funding categories of *emergency relief* and *development assistance* are increasingly found not to be responsive enough with respect to a range of critically important “transitional” needs.

08. Accordingly, the UN Inter-Agency Standing Committee (IASC) has begun to focus more on the requirements of the “early recovery” phase and the institutional mechanisms needed in that context. The essence of “early recovery” is captured in the following definition and diagram <sup>1)</sup> :

*“Early recovery is a multidimensional process guided by development principles that begins in a humanitarian setting, and seeks to build on humanitarian programmes and catalyse sustainable development opportunities. It aims to generate and/or reinforce nationally owned processes for post-crisis recovery that are resilient and sustainable. It encompasses livelihoods, transitional shelter, governance, security and rule of law, environment and other socio-economic dimensions, including the reintegration of displaced populations. It strengthens human security and aims to begin addressing the underlying causes of the crisis.”*



<sup>1)</sup> The definition is found in the “*Early Recovery Guidance Note*”, IASC Cluster Working Group on Early Recovery in cooperation with the UNDG-ECHA Working Group on Transition, section 1.1, page 7. The diagram above is excerpted from a paper submitted to the IASC Working Group Meeting on Early Recovery, at its 15-17 November 2006 meeting at UN headquarters, document WO/0601/DocID, page 2.

**09.** The IASC “early recovery” definition touches on factors that are critically important at this juncture in Southern Sudan. First, it emphasizes the need to “*generate and/or reinforce nationally owned processes*” which are often overwhelmed and hence tend to be somewhat sidelined in the context of humanitarian relief and life-saving interventions. Second, it calls for recovery efforts to “*build on humanitarian programmes*”, but to do it in such a way as to “*catalyse sustainable development opportunities*” which often present themselves in a fluid and rapidly changing post-conflict environment. Third, it “*strengthens human security and aims to begin addressing the underlying causes of the crisis*”, thereby reducing the risks of a re-emergence of conflict and improving the prospects of a lasting peace.

**10.** It follows that the existence of a “recovery gap” in a post-conflict scenario such as the one in Southern Sudan is not just a case of “a few neglected sectors in the economy” which can be addressed later, when the socio-political situation has stabilized. Rather, much of the “early recovery” agenda is of catalytic importance and often a prerequisite for long-term stabilization in a war-torn region – hence the inclusion in the IASC early recovery definition of “*livelihoods, transitional shelter, governance, security and rule of law, environment and other socio-economic dimensions, including the reintegration of displaced populations*”.

**11.** While such early recovery priorities have not been entirely neglected in the JAM Phase One Recovery Period (2005-2007), it is nonetheless a fact that they have suffered to some extent from continued underinvestment, compared to the more familiar categories of humanitarian relief and long-term development. This has by no means happened as a result of deliberate acts by a disinterested international community, but rather by default due to the fund allocation dichotomy traditionally adhered to by most donor country parliaments and aid administrations.

### **III. Decisive Years Ahead for Southern Sudan**

**12.** For obvious reasons, the implementation of the CPA will continue to define the broader political climate in Southern Sudan during the coming three-to-four years, as its people struggles to restore their lives after decades of conflict. In addition to their socio-economic efforts to harness the considerable productive potential of their region, they are also looking ahead to three landmark events : (a) the population census scheduled to start in mid-April 2008, (b) the national elections due in mid-2009, and (c) the referendum on Southern Sudan’s future planned for March 2011. Each of these three events is an important mile stone on the way towards a stable and prosperous future for the region. At the same time, however, each of these three events represents a major risk for renewed tension and conflict, if not implemented in a fair and orderly fashion.

**13.** Under these circumstances, the challenges facing both GoSS and its international partners within a time-limited “window of opportunity” are particularly daunting. The positive long-term impact of many of the MDTF-SS investments will gradually materialize, but will in many cases not be visible and accessible enough to yield significant political pay-offs within the population at large. It is essential, therefore, that major efforts be made in parallel to deliver some immediate and tangible “peace dividends” that will match the population’s initial expectations and high hopes and help to maintain the momentum in favour of peace and stability in the coming years.

**14.** The proposed SRF-SS is not a panacea, but if it is just moderately successful in addressing the evident “recovery gap” in Southern Sudan, it will contribute significantly towards producing crucial “early wins” in critical sectors of the economy. At the same time, the SRF-SS will serve to strengthen the institutions and capacity of GoSS and enable it not only to assume direct ownership of the early recovery process, but also to take political credit for the progress made.

#### **IV. Purpose, Scope and Operating Principles of the SRF-SS**

**15.** The distinct purpose, scope and operating principles of the SRF-SS can be summarized in the following twelve points :

1. SRF-SS is designed to support the strategic priorities that have been articulated in the primary governmental planning frameworks applicable to Southern Sudan since the signing of the CPA in 2005, i.e. (a) the Joint Assessment Mission (JAM) report of March 2005 (“Framework for Sustained Peace, Development and Poverty Eradication”), (b) the subsequent annual budgetary frameworks produced by the GoSS Budget Sector Working Groups, and (c) the three-year GoSS priorities that have recently been articulated in an effort to move beyond the annual plans so far utilized for this purpose.
2. The strategic priorities drawn from the above sources are helpful to arrive at a broader understanding of the operating environment of the SRF-SS, but do not provide detailed guidance for the specific SRF-SS “early recovery” interventions. However, GoSS is preparing a detailed GoSS Recovery Strategy in time for the Sudan Consortium in April 2008. Once available, that new document will serve as the central authoritative source of guidance for all the SRF-SS assistance. In fact, GoSS will have the option of designating the SRF-SS as the main financing mechanism in future for its new Recovery Strategy.
3. In the context of the appraisal and endorsement of project proposals, the SRF-SS will also draw programmatic guidance from the main planning frameworks that have been adopted by the UN System based on consultations with GoSS, i.e. the UN and Partners Work Plan for 2008, the Sudan Country Analysis, and the draft UN Development Assistance Framework (UNDAF) for the period 2009-2012.
4. The SRF-SS is designed to support a broader transition in Southern Sudan from a donor-led to a GoSS-led recovery process. Accordingly, the SRF-SS will emphasize national implementation, local partnerships and local resource mobilization, and capacity building at the community level. This objective is of particular importance in the field of basic services, where the transition process and the gradual phase-out of external assistance is like to be especially difficult.
5. As a pooled funding instrument, the SRF-SS is intended to accomplish the dual purpose of (a) reducing transaction costs both for the GoSS, for donor governments, and for the various fund-receiving organizations, and (b) providing a higher degree of strategic cohesion and programmatic harmonization than it is possible to achieve in the context of approaches that are more fragmented/stand-alone in nature.
6. The SRF-SS will operate under the governance arrangements of the ongoing MDTF-SS and at the same time complement the MDTF-SS in terms of (a) funding enabling activities towards shared key GoSS objectives, (b) working through the Budget Sector Working Groups under GoSS leadership, (c) adopting the same GoSS oversight arrangements under the GoSS IMAC, and (d) providing a mechanism to ensure that critical recovery needs are flagged and supported in a timely manner.
7. One of the key features of SRF-SS is that it encourages active participation by national NGOs/CSOs and international NGOs which are often the only realistic provider of basic services during a period of recovery. NGOs and CSOs will be invited to make proposals alone or jointly with a participating UN agency.

8. The SRF-SS is designed to facilitate the provision of recovery assistance and serve as a bridge between the short-term horizon of emergency/humanitarian aid (1-12 months) and the longer-term horizon of socio-economic development assistance (3-5 years). Hence, the normal SRF-SS time horizon is 18 -36 months.
9. The SRF-SS aims at comparatively speedy approval and disbursement. Preference will be given to projects that are preferably 18 – 36 months in length and generally in the financial range of USD 0.5 - 3.0 million. In order to ensure accessibility to smaller national and local NGOs, consortia of international and national NGOs will be welcomed and small grant schemes established.
10. GoSS counterpart funding will be welcome, but not made mandatory for SRF-SS grants. This policy is adopted (a) to increase the flow of funding to a range of high-priority community-level activities that are not easily accommodated within the annual budget of GoSS, and (b) to facilitate rapid disbursement and hence early start-up of activities -- which is particularly important in view of the limited duration of the dry season in Southern Sudan.
11. The creation of a variety of funding schemes was foreseen already in the original JAM document which stated, inter alia, that “*the MDTFs is not envisaged as the sole funding channel for development assistance in the Southern Sudan*”, and that activities with distinct objectives could be “*appropriately financed through separate agreed-upon channels*”, provided that they “*follow the basic principles of coherence, coordination and transparency*” outlined in the JAM document.
12. Against this background, the GoSS has in November 2007 confirmed in writing its interest in the elaboration of the present proposal, provided that it reinforces GoSS ownership and leadership and adheres to the requirements of the GoSS Aid Strategy.

## **V. The Programmatic Priorities for the SRF-SS**

**16.** The programmatic priorities of the SRF-SS will, as stated in paragraph 15.2 above, be drawn directly from the GoSS Recovery Strategy to be presented – after due consultation with GoSS’s partners -- at the Sudan Consortium meeting in April 2008. Prior to the official release of that Strategy, it is only possible to describe the Fund’s proposed programmatic priorities in a broad-brush manner, drawing on currently available GoSS sources such as the main JAM report entitled “*Framework for Sustained Peace, Development and Poverty Eradication*” and the priority indications that have so far emanated from the budgetary frameworks produced periodically by the GoSS Budget Sector Working Groups.

**17.** Beyond that, the SRF-SS will be guided by and at all times seek to adhere closely to the internationally accepted concepts and definitions of “early recovery”, particularly those agreed upon within the framework of the IASC (ref. paragraphs 08-09 above).

**18.** In addition, the SRF-SS programmatic priorities will naturally also need to be defined carefully vis-a-vis the other major existing multi-donor instruments for assistance in the Sudan, notably the Common Humanitarian Fund (CHF) and the Multi-donor Trust Fund for Southern Sudan (MDTF-SS), so as to promote, whenever possible, an optimal degree of synergy and mutual support and to avoid any risk of duplication. The chart below provides a schematic overview of some of the key characteristics and differences of these three funding windows.

**PRIMARY MULTI-DONOR FUNDING WINDOWS FOR HUMANITARIAN  
RELIEF, RECOVERY ASSISTANCE AND DEVELOPMENT AID  
IN SOUTHERN SUDAN**

<b>Funding Window →</b>	<b>CHF</b>	<b>SRF-SS</b>	<b>MDTF-SS</b>
Authoritative Source of GoSS Priorities for Fund Utilization	The UN Annual Work Plan	JAM Priorities 3-year GoSS priorities and Recovery Strategy	JAM Priorities
GoSS Ownership and Involvement in Decision-making	Medium	High	High
Requirement for GoSS Counterpart Funding	No	No	Yes
Funding Accessible to national/foreign NGOs	Yes	Yes	No (not directly)
Project Implementation Period	Max. 1 year	18 months – 3 years	3-5 years
Funding Range	Variable	US\$ 0.5 – 3.0 mill.	US\$ multi-mill.
Administrative Agent	UNDP	UNDP	World Bank

**19.** In the following paragraphs, illustrative examples will be given of early recovery initiatives that would appear to be eligible for SRF-SS funding within the context of current GoSS/JAM priorities. The examples given are not exhaustive, but only intended to indicate what appears to be programmatic consistency.

**GoSS/JAM PRIORITY #1 :  
DEVELOPING PHYSICAL INFRASTRUCTURE**

**20.** The SRF-SS is not suited for large-scale initiatives in this field, but could support small-scale infrastructure recovery measures with quick impact, e.g. the removal of critical infrastructural bottlenecks and/or repair and rehabilitation of war-damaged infrastructure. To the extent possible, such activities could be implemented by means of community-based public works schemes, in combination with food-for-work arrangements, when feasible.

In the case of reintegration of refugees, returnees and ex-combattants, transitional shelter facilities may be considered appropriate under this category. Other possible areas of intervention could be (a) small-scale facilities in rural towns that are expected to provide the basis for administrative and market services (e.g. as a complement to the small-scale urban public works schemes of the MDTF-funded "Rapid Impact Emergency Project"), and (b) initiatives at the community level in the rural areas which will facilitate the movement of people and goods as well as local marketing and trade (e.g. rural roads, river transport).

**GoSS/JAM PRIORITY #2 :  
PROMOTING AGRICULTURE AND  
PRIVATE SECTOR DEVELOPMENT**

**21.** The SRF-SS would be a suitable instrument to promote (a) accelerated economic recovery by means of small-scale productivity improvements at the community level, e.g. by the introduction of improved skills and technological advances in crop, livestock, fisheries and forest production, and (b) economic recovery at the community level in the form of livelihoods initiatives, aimed at improving people's skill levels and employment opportunities (e.g. by means of life skills training, vocational training or on-the-job training), especially for the benefit of women-headed households in the rural areas.

Consideration could also be given within this category to (a) promotion of small-scale rural credit and savings schemes and support to the establishment of local micro enterprises, especially for farmers, small producers, women IDPs, and returnees, and (b) economic recovery activities that strengthen linkages and multiplier effects between local businesses and foreign entrepreneurs, e.g. so as to encourage closer economic integration of foreign-owned enterprises in the South.

**GoSS/JAM PRIORITY #3 :  
RESTORING PEACE AND HARMONY  
AND REGENERATING SOCIAL CAPITAL**

**22.** This priority sector is of particular significance within an early recovery strategy. It would comprise assistance to a broad range of peace and confidence-building initiatives, such as (a) community-driven recovery based on the safe return and reintegration of IDPs and refugees, (b) completion of the ongoing disarmament, demobilization and reintegration (DDR) process for ex-combatants as well as women and children associated with armed forces and groups, (c) support for security sector reform – with special emphasis on measures promoting community security and small arms/light weapons control and increased accountability for security institutions vis-a-vis the civilian administration, and (d) support for community-based co-existence, confidence building, and mechanisms for conflict prevention and resolution.

**GoSS/JAM PRIORITY #4 :  
ACCESS TO BASIC SERVICES**

**23.** In recognition of the fact that Southern Sudan continues to have some of the worst health indicators in the world, there are major ongoing MTFD-funded assistance programmes in health, education, water and sanitation. Under these circumstances, the SFR-SS would probably be well advised to concentrate its support in this area on time-limited measures. There is a particularly urgent need for early recovery assistance aimed at facilitating the gradual transfer of financial responsibility for basic services (incl. salaries and other recurring costs) from donor financing to funding based on revenue and user fees, and in parallel to support maintenance and expansion of service delivery during the transitional period while the Government's capacity in this sector is

built up, especially for women, children and other vulnerable groups and in the field of HIV/AIDS awareness and prevention.

A viable early recovery strategy in basic services also needs to focus on efforts to strengthen the GoSS/MoH systems at the state, county and local level and to cover temporary gaps in vital supplies. Similarly, there is a pressing need to improve through training the competency level of key service personnel and for measures to retain them in post. Moreover, in order to safeguard the quality of service delivery in the future, it is equally essential to improve the collection of data and the quality of sector planning at the local level.

**GoSS/JAM PRIORITY #5 : DEVELOPING INSTITUTIONAL  
INFRASTRUCTURE FOR BETTER GOVERNANCE**

**24.** The SRF-SS is not designed to address the longer-term needs for better governance, but can make a valuable contribution towards the more immediate recovery needs in this field, not least in areas which are likely to result in early benefits for the population. Within this broad category, the following types of assistance are likely to be particularly useful :

a) Institutional infrastructure and systems in support of the rule of law and the establishment of a rule-based society with legal certainty and predictability. This would cover also the promotion of equality before the law, equality in the law, and non-discrimination.

b) Institutional infrastructure and system in support of access to justice and the right to "effective remedy" for anyone whose rights are violated; this would include efforts to strengthen the judiciary as well as customary law mechanisms.

c) Measures to reinforce accountability and transparency in the public sector, including crime prevention and anti-corruption initiatives .

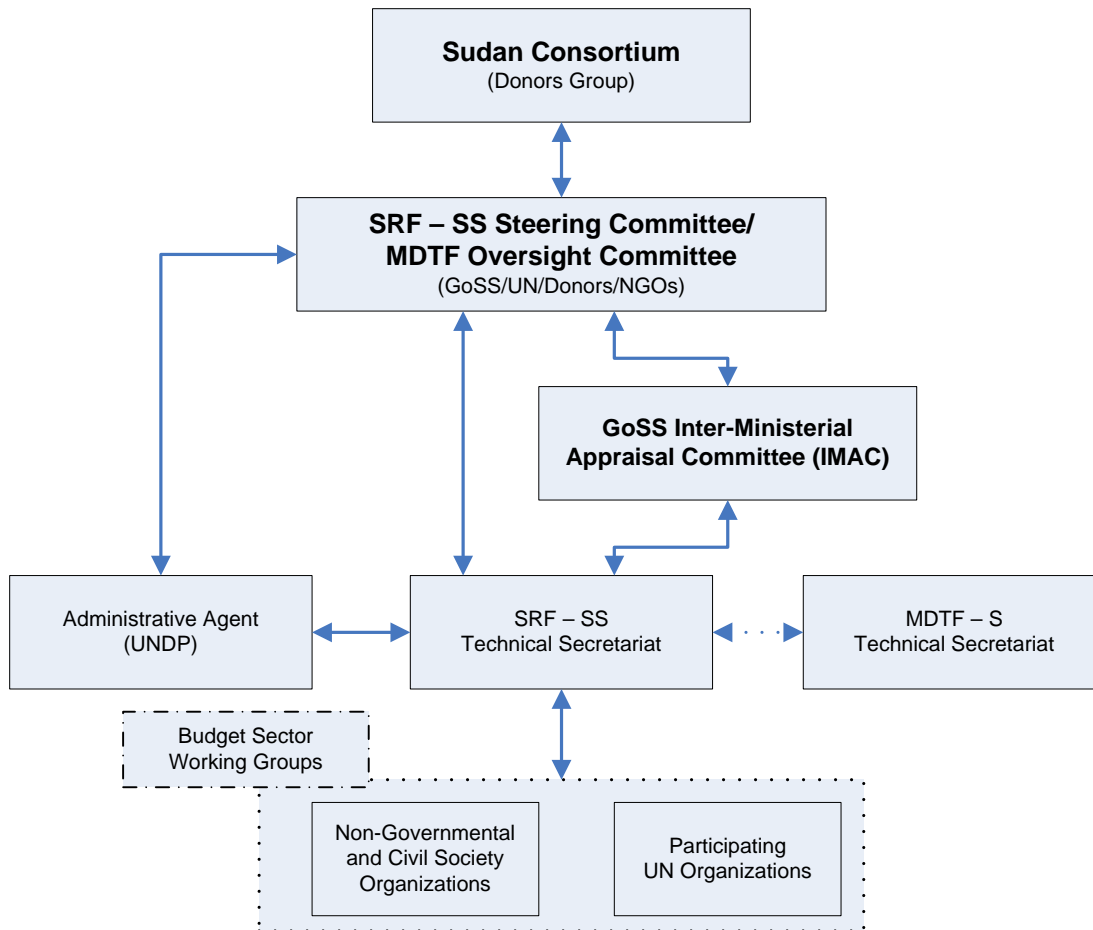
d) Capacity-building at the local level, especially in support of (a) participatory and consultative planning processes at the level of states, counties and communities, and (b) community-based organizations and local NGOs.

e) Women's participation and gender equity.

f) GoSS emergency preparedness and response capacity (e.g. in the case of natural disasters or outbreaks of communicable diseases).

## **VI. Governance Arrangements**

**25.** The SRF-SS proposal complies with the requirements laid down in the GoSS Aid Strategy 2006 – 2011. As a fund for small-to-medium-sized recovery projects, the SRF-SS complements the larger, longer-term focused MDTF-SS and aligns itself closely with existing MDTF-SS governance mechanisms. However, for rapid approval and disbursement, certain process and management features need to be specifically tailored. The SRF-SS governance arrangements -- shown here in Figure 1 -- will be as follows :



**26.** At the highest level is the Sudan Consortium, the forum for periodic government–donor consultation and dialogue. It meets once or twice a year to discuss and assess the country’s economic performance, social development, priority operations and funding requirements and pledges for the MDTF-SS and other funds.

**27.** An SRF-SS Steering Committee will be established in Juba. The Committee will be chaired by the GoSS, co-chaired by the UN Deputy Resident Coordinator and will have representation [to be identified in consultation with the GoSS] of contributing donors, and the NGO Forum Secretariat. Additionally, UN Agencies, the World Bank, NGOs and other partner agencies will be engaged as observer participants. The SRF-SS Steering Committee will work closely with and alongside the existing governance arrangements applicable to the MDTF-SS, thus respecting the established GoSS requirements throughout.

**28.** The SRF-SS Steering Committee meetings will be harmonized with those of the MDTF-SS Oversight Committee (OC) in Juba. This will be done to make effective use of Steering Committee/MDTF Oversight Committee members, as many of the members will be the same. This will also ensure synergy and coherence between GoSS priorities, the MDTF-SS, and the SRF-SS, resolving areas of overlap or ambiguity.

**29.** The SRF-SS Steering Committee will exercise programmatic and allocation responsibility for SRF-SS activities. The Steering Committee will, among others :

- (a) Provide strategic guidance for the identification and ranking of current priorities for consideration by those proposing initiatives for funding under the SRF-SS;
- (b) Set global allocations for sectors within the available quarterly and annual funding envelopes;
- (c) Decide on the criteria and strategy for allocation of SRF-SS funds among eligible proposals and activities;
- (d) Maintain close collaboration with national counterparts to ensure flexible adaptation of the SRF-SS activities to changes in programmes and priorities;
- (e) Review projects approved by IMAC and instruct the Administrative Agent for disbursement accordingly, and
- (f) Review and approve the consolidated narrative and financial reports of the SRF-SS Technical Secretariat and Administrative Agent.

**30.** The existing GoSS Inter-ministerial Appraisal Committee (IMAC) in Juba will be the approving body for all proposals through the SRF-SS, to confirm that they are in line with GoSS priorities and that GoSS is aware of and budgets for any recurring costs arising out of projects that come on line. It will be informed of the pipeline of proposals on a regular basis, and will meet as required to approve proposals before it.

**31.** An SRF-SS Technical Secretariat (SRF-SS TS) will be established with appropriate staff <sup>2)</sup> and be based at the Ministry of Finance and Economic Planning in Juba. The Head of the Technical Secretariat will work closely with the IMAC and the Administrative Agent answering to and under the overall direction of the Steering Committee. The Technical Secretariat will provide a range of advice and services to IMAC, the Steering Committee and to applicants be they UN organizations, NGOs or CSOs.

**32.** A key role for the Technical Secretariat will be to provide adequate “quality assurance and compliance” so as to facilitate the submission of solid project proposals to IMAC, ensuring they are vetted/reviewed by relevant sector specialists within the Budget Sector Working Groups, in accordance with the agreed-upon project submission guidelines. In addition, it will have oversight over the quality of UN agencies’ monitoring functions insofar as they relate to the projects funded under the SRF-SS. The Secretariat will be responsible for the consolidation of quarterly progress updates and annual progress reports received from implementing partners, for transmission to GoSS and the concerned donors. The Secretariat shall liaise with the World Bank-managed Technical Secretariat staff for the MTDf-SS, who in turn are invited to liaise with the SRF-SS Technical Secretariat as and when they identify issues or concerns to be jointly resolved, or that need the attention of the SRF-SS.

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<sup>2)</sup> The assumption is that the SRF-SS can only be launched with initial financing of between US\$ 30 – 50 million. With this in mind, the Technical Secretariat will start initially with three international staff – Head of TS, one Planning/Proposals Officer, one Monitoring & Evaluation/Reporting Officer, plus one national administrative assistant. As and when the fund and the number of proposals increase, there will be a need to revisit the level of TS staff on a periodic basis to see if additional resources are required to ensure that effectiveness and efficiency are safeguarded. The optimal staffing profile will include 5 professional staff. In addition, seconded technical staff from UN, donor and partner agencies will be encouraged.

**33.** The Administrative Agent will establish a fund management office <sup>3)</sup> in Juba to :

- (a) Receive contributions from donors that wish to provide financial support to the SRF-SS through the Administrative Agent;
- (b) Administer such funds received, in accordance with a Memorandum of Understanding signed between the Participating UN Organizations and the Administrative Agent on the operational aspects of the SRF-SS, including the provisions relating to winding up the SRF-SS Account and related matters;
- (c) Subject to availability of funds, disburse such funds to each of the Participating UN Organizations in accordance with instructions from the Steering Committee. The Administrative Agent will normally make each disbursement within three (3) to five (5) business days after having received instructions from the Steering Committee along with the relevant Project documents signed by all participants concerned;
- (d) Consolidate financial reports based on submissions provided to the Administrative Agent by each Participating UN Organization and provide these to the Steering Committee for onward circulation to GoSS and donors;
- (e) Provide final financial reporting, including notification that the SRF-SS has been operationally completed;
- (f) Upon request of the Steering Committee, provide staffing support to the SRF-SS Technical Secretariat that will assist in the review and analysis of Project proposals.

## **VII. Project Identification, Review and Vetting**

**34.** The SRF-SS grant management process starts with the establishment, by the Steering Committee, of quarterly global fund allocations across priority areas. This is followed by actors in these areas identifying needs and opportunities for a structured response, either through a project or a programme. The primary screening of concepts and outline proposals is done through the GoSS Budget Sector Working Groups involving key actors and stakeholders. In this way, there is the earliest possible discussion on how best to address specific needs, and on which organization(s) have the comparative advantage for best implementing an appropriate response. Once a concept or proposal has been approved, the proposing organization -- or organizations (UN, NGO, and CSO) in the case of joint programming -- will proceed to develop a complete project proposal. This is then submitted to the SRF-SS Technical Secretariat for compliance, quality assurance and clearance, and for the coordination of the actual vetting process.

**35.** Once a proposal is received, the Technical Secretariat will liaise with the appropriate Budget Sector Working Group, and ask for members of the Group, who have no association with the particular proposal, to be assigned to technically review and assess the proposal. This peer review mechanism will include representatives of local authorities, NGOs and civil society organizations, as appropriate. The Technical Secretariat will also verify the compliance of the proposal with the Steering Committee's guidelines and criteria. To minimize the use of SRF-SS resources to cover the costs of the Technical Secretariat, the Secretariat can also call upon UN

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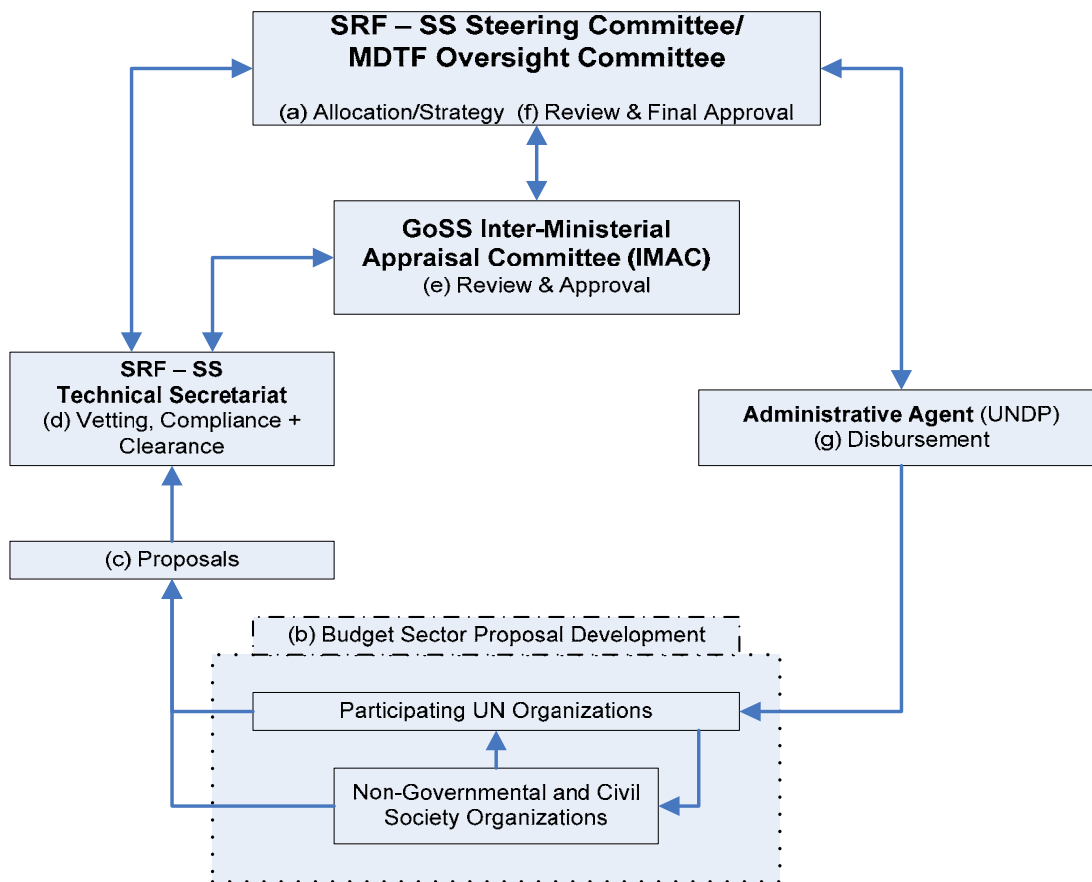
<sup>3)</sup> The proposed Fund Management Office will be a sub-office of the existing Fund Management Unit (FMU) in Khartoum. It will be composed of two (international) professional plus one administrative staff.

and/or partners “in-house” expertise to review proposals in which agencies do not have an interest. Donors will be invited to participate through specialists they may have in the Joint Donor Office in Juba or elsewhere, by technically reviewing proposals on an ad-hoc basis.

36. When the technical review, vetting and compliance check have been satisfactorily completed, the Technical Secretariat will submit the proposal to the GoSS Inter-ministerial Appraisal Committee (IMAC) for its review and approval. Upon receipt of the IMAC approval, the Technical Secretariat will facilitate transmission of the proposal to the SRF-SS Steering Committee for consideration and instruction to the AA for disbursement.

37. The SRF-SS will support the GoSS’s declared policy of decentralized governance through the active involvement, as appropriate, of local authorities and structures in the identification, formulation and implementation of priority projects.

The key processes under the SRF-SS are summarized as shown in Figure 2 below :



### VIII. The Administrative Arrangement of the SRF-SS

38. The SRF-SS will be administered by UNDP, as the Administrative Agent, on behalf of the UN Development Group (UNDG) Participating Organizations, as agreed with the GoSS. UNDP will administer the SRF-SS in accordance with its regulations and rules. It will establish ledger accounts for receipt of contributions. The SRF-SS will be established upon the signing of the standard Memorandum of Understanding with Participating United Nations Organizations and the first Administrative Arrangement between a donor and UNDP as the Administrative Agent.

## **IX. Contributions to the SRF-SS**

**39.** Contributions to the SRF-SS may be accepted from governments, inter-governmental or non-governmental organizations, and private-sector organizations. Since the SRF-SS will focus on a limited range of priority activities, donor contributions will be accepted as unearmarked contributions, the sectoral allocations of which will be approved by the SRF-SS Steering Committee. Donors may however express preferences for particular activities within the scope of the SRF-SS which will be accommodated to the extent feasible.

**40.** Contributions to the SRF-SS may be accepted in fully convertible currency or in any other currency that can be readily utilized. Such contributions will be deposited into the bank account designated by UNDP. Each individual contribution should amount to the equivalent of at least \$200,000.

**41.** The value of a contribution payment, if made in other than US dollars, will be determined by applying the United Nations operational rate of exchange in effect on the date of payment. Gains or losses on currency exchanges will be recorded in the SRF-SS account established by the Administrative Agent to transfer funds to Participating United Nations Organizations.

**42.** In exceptional cases, particularly during the start-up phase of the SRF-SS, Participating United Nations Organizations may, subject to conformity with their financial regulations, rules and directives, start implementation of SRF-SS activities through pre-financing from their own resources. Such advance activities will be undertaken in agreement with the Steering Committee on the basis of funds it has approved or allocated for implementation by the particular Participating United Nations Organization following receipt by the Administrative Agent of an official donor commitment form or signature of the Administrative Arrangement from donors contributing to the SRF-SS. Participating United Nations Organizations will be solely responsible for decisions to initiate such advance activities or other activities outside the above parameters.

## **X. Utilization of the SRF-SS**

**43.** Resources from the SRF-SS will be utilized for the purpose of meeting the direct and indirect costs of projects managed by the Participating United Nations Organizations. Details of such projects, including respective budgets and implementation partners (national entities, NGOs/civil society organizations, inter-governmental organizations) will be set out in the relevant project documents. Participating United Nations Organizations will be entitled to deduct their indirect costs on contributions received according to their own regulations and rules, taking into account the size and complexity of the particular project. The indirect costs will be reflected in the project proposal approved by the Steering Committee, as described further below. Indirect costs of the Participating UN Organizations will be seven percent (7%).

**44.** The Administrative Agent will charge a one-time fee of one per cent (1%) for fund management which will be deducted from the contributions to the SRF-SS at the time that they are deposited. In addition to the above administrative fee, the Administrative Agent may also deduct from the SRF-SS account the actual costs of the staffing support provided by the Technical Secretariat, after getting the approval of the Steering Committee. On a semi-annual basis, UNDP will notify the Steering Committee of the amounts used for such purposes.

45. Participating United Nations Organizations will assume full programmatic and financial accountability for the funds disbursed to them by the Administrative Agent. Such funds will be administered by each Participating United Nations Organization in accordance with its own regulations, rules, directives and procedures.

#### **XI. UNDP Responsibilities as Administrative Agent**

46. The Administrative Agent will be responsible for concluding standard Administrative Arrangements with donors and Memoranda of Understanding with Participating United Nations Organizations. It will receive, administer and disburse funds to Participating United Nations Organizations upon instruction from the Steering Committee and submit periodic consolidated narrative and financial reports to the Steering Committee before further submission to SRF-SS contributing donors.

47. A single, standardized Memorandum of Understanding will be signed between UNDP as Administrative Agent and each Participating United Nations Organization that sets out the duties and responsibilities of each party, for all projects and programmes to be funded by the SRF-SS.

48. Each donor contributes to the SRF-SS by signing a standardized Administrative Arrangement with UNDP as Administrative Agent that sets out the terms and conditions governing the receipt and administration of the contribution.

49. Subject to the availability of funds, the Administrative Agent will normally make each disbursement to the Participating United Nations Organization within three to five business days after receipt of instructions from the SRF – SS Steering Committee.

#### **XII. Participating United Nations Organizations**

50. Each Participating United Nations Organization will assume full programmatic and financial accountability for the funds disbursed to it by the Administrative Agent. Each Participating United Nations Organization will establish a separate ledger account under its financial regulations and rules for the receipt and administration of the funds disbursed to it by the Administrative Agent from the SRF-SS account. This separate ledger account will be administered by each Participating United Nations Organization in accordance with its own regulations, rules, directives and procedures, including those relating to interest. This separate ledger account will be subject exclusively to the internal and external auditing procedures laid down in the financial regulations, rules, directives and procedures applicable to the Participating United Nations Organization.

51. Each of the Participating United Nations Organizations will carry out the activities contemplated in the approved project proposal in accordance with the regulations, rules, directives and procedures applicable to it, using its standard implementation modalities.

#### **XIII. NGO Executed Projects**

52. In order to ensure accessibility to NGOs, who are often the only realistic provider of basic services during a period of recovery, NGOs and CSOs will be invited to submit SRF-SS proposals alone or jointly with a participating UN agency. At the initiation of the SRF-SS, an

Expression of Interest would be issued in accordance with the allocation strategy adopted by the Steering Committee, to solicit applications from NGOs interested in participating in the Fund. NGO implementation capacities would be screened in line with standardized capacity assessment criteria, and a roster of eligible organizations would be established.

**53.** NGOs and CSOs may receive SRF-SS funds to serve as project executing agent. This would be operationalized through a project cooperation agreement with a nominated United Nations Organization in accordance with the regulations, rules and procedures of the Participating United Nations Organization. Use of funds, reporting obligations, liability, audit and other matters relating to the management of the funds provided and the activities will be addressed in such project agreements in the manner that is customary for the concerned Participating United Nations Organizations.

#### **XIV. Reporting, Transparency and Accountability**

**54.** For each project approved for funding from the SRF-SS, each Participating United Nations Organization will provide the Technical Secretariat and Administrative Agent with the following statements and reports prepared in accordance with the accounting and reporting procedures applicable to the Participating United Nations Organization concerned. The Participating United Nations Organizations will endeavour to harmonize their reporting formats to the extent possible:

- a) Quarterly updates on progress and provisional expenditure, by the end of the first following month;
- b) Annual narrative progress report and certified financial statement as of 31 December of each year with respect to the funds disbursed to it from the SRF-SS Account, to be provided no later than four months after the end of the calendar year (i.e. by 30 April);
- c) Final narrative progress reports, after the completion of all project activities financed from the SRF-SS and including the final year of the SRF-SS, to be provided no later than four months into the year following the financial closing of all project activities financed from the SRF-SS (i.e. by 30 April).
- d) Certified final financial statements and final financial reports, after the completion of all project activities financed from the SRF-SS and including the final year of the SRF-SS, to be provided no later than six months into the year following the financial closing of all project activities financed from the SRF-SS (i.e. by 30 June).

**55.** The Administrative Agent shall submit to the SRF-SS Steering Committee and the Technical Secretariat -- for approval and endorsement and for onward submission to donors that have contributed to the SRF-SS -- consolidated financial reports based on the statements and reports submitted by the Participating United Nations Organizations in accordance with the following reporting schedule :

- a) Consolidated annual financial reports no later than five months after the end of the calendar year (i.e. by 31 May);
- b) Consolidated final financial reports after the completion of all project activities financed from the SRF-SS and including the final year of the SRF-SS, no later than seven months

into the year following the financial closing of all project activities financed from the SRF-SS (i.e. by 31 July).

**56.** The Administrative Agent will also provide the Steering Committee and the Technical Secretariat with the following statements on its activities as Administrative Agent, for onward submission to the donors that have contributed to the SRF-SS :

- a) Monthly unofficial statements of contributions, commitments and disbursements related to the SRF-SS Account;
- a) Certified annual financial statement (“Source and Use of Funds”), to be provided no later than five months after the end of the calendar year (i.e. by 31 May); and
- b) Certified final financial statement (“Source and Use of Funds”), to be provided no later than six months into the year following the financial closing of all project activities financed from the SRF-SS (i.e. by 30 June).

**57.** The Technical Secretariat will provide the Steering Committee with the following documents for onward submission to the donors that have contributed to the SRF-SS:

- a) Consolidated quarterly progress updates, no later than two months after the end of each quarter;
- b) Consolidated annual narrative progress reports, no later than five months after the end of the calendar year (i.e. by 31 May);
- c) Consolidated annual financial reports produced by the Administrative Agent, no later than five months after the end of the calendar year (i.e. by 31 May);
- d) Certified annual financial statements on the activities of the Administrative Agent (“Source and Use of Funds”) produced by the Administrative Agent no later than five months after the end of the calendar year (i.e. by 31 May);
- e) Consolidated final narrative progress reports produced by the Technical Secretariat, no later than six months into the year following the financial closing of all project activities financed from the SRF-SS (i.e. by 30 June);
- f) Consolidated final financial reports produced by the Administrative Agent, no later than six months into the year following the financial closing of all project activities financed from the SRF-SS (i.e. by 30 June); and
- g) Certified final financial statement on the activities of the Administrative Agent (“Source and Use of Funds”), produced by the Administrative Agent no later than six months into the year following the financial closing of all SRF-funded project activities (i.e. by 30 June).

**58.** The SRF-SS Steering Committee may also request quarterly narrative progress updates on project activities financed from the SRF-SS for consolidation by the Technical Secretariat and onward submission to the GoSS, donors and the Administrative Agent.

**59.** An independent “lessons-learned and review exercise” of the entire operation of the SRF-SS will be commissioned by the Steering Committee and the Participating United Nations Organizations.

**60.** Each Participating United Nations Organization will take appropriate measures to publicize the SRF-SS so as to give due credit to the GoSS, the donors and other Participating United Nations Organizations. Information given to the press and to the beneficiaries of the assistance provided through the SRF-SS, all related publicity material, official notices, reports and publications will acknowledge the leading role of the GoSS and national partners as well as the role of the donors, the Participating United Nations Organizations, the Administrative Agent and any other relevant parties. In particular, the Administrative Agent will include and ensure due recognition of the role of the GoSS and national partners in all external communications relating to the SRF-SS. In addition, whenever possible and without jeopardizing their privileges and immunities, the Participating United Nations Organizations will promote donor visibility on information, project materials and at project sites in accordance with their respective regulations, rules, policies and procedures.

## **XV. Other Matters**

### **Ownership of Equipment, Supplies and Other Property**

**61.** Ownership of equipment, supplies and other property financed from the SRF-SS will vest in the Participating United Nations Organization undertaking the activities. Matters relating to the transfer of ownership by the Participating United Nations Organization will be determined in accordance with the applicable policies and procedures of the Participating United Nations Organization, including where applicable its basic agreement with the Government of Sudan.

### **Audit**

**62.** Project-level auditing will be subject exclusively to the internal and external auditing procedures provided for in the financial regulations, rules and directives of the respective Participating United Nations Organization. The activities of the Administrative Agent will be subject exclusively to the internal and external auditing procedures provided for in the financial regulations, rules and directives of UNDP.

### **Public Disclosure**

**63.** The Administrative Agent will ensure that decisions regarding the review and approval of projects/programmes funded by the SRF-SS as well as periodic reports on the progress of implementation of such projects/programmes and associated external evaluation reports are posted for public information on the website of the UNDP Country Office in Sudan ([www.sd.undp.org](http://www.sd.undp.org)), as well as on the Administrative Agent’s website ([www.undp.org/mdtf](http://www.undp.org/mdtf)). Website postings will include a record of decisions of the Steering Committee, summary sheets of pipeline and approved projects, fund level financial and progress reports, and external evaluation reports, including relevant information on the operations of the SRF-SS.

**Termination of the SRF-SS**

**64.** Notwithstanding the completion of the projects financed from the SRF-SS, any unutilized balances will continue to be held in the SRF-SS account, until all commitments and liabilities incurred in the implementation of the projects have been satisfied, and project activities have been brought to an orderly conclusion.

**65.** Unless otherwise agreed by the GoSS, SRF-SS donors and the Administrative Agent, the SRF-SS will -- as provided for in the Administrative Arrangement -- terminate upon completion of all projects funded through the SRF-SS and after satisfaction of all commitments and liabilities. Any balance remaining in the SRF-SS Account or in the individual Participating UN Organizations' separate ledger accounts will be used for a purpose mutually agreed upon by the SRF-SS Steering Committee, the concerned donors, and the Administrative Agent.

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