

SUDAN
MULTI-DONOR TRUST FUND - NATIONAL
MULTI-DONOR TRUST FUND - SOUTH

The Fifth Population Census of Sudan

ANNEX II
INSTITUTIONAL AND IMPLEMENTATION ARRANGEMENTS

GOVERNMENT OF NATIONAL UNITY
GOVERNMENT OF SOUTH SUDAN

Prepared and Presented by:

The Central Bureau of Statistics

Southern Sudan Centre for Census, Statistics and Evaluation

February 16, 2006

ORGANIZATIONAL STRUCTURE

CENSUS COMMITTEES

1. The Population Census Council (PCC):

Members:

| | | |
|----|--|--------------------|
| 1 | H.E Minister of President Affairs | Chairperson |
| 2 | H.E. Minister of Cabinet Affairs | Members |
| 3 | H.E. Minister of Federal Governance Bureau | Members |
| 4 | H.E. Minister of Finance GNU | Members |
| 5 | H.E. Minister Finance ,GOSS | Members |
| 6 | Representative Of National Assembly | Members |
| 7 | Representative Of the council of states | Members |
| 8 | General Director CBS | Members |
| 9 | General Director SSCSE | Member/Deputy Rapp |
| 10 | Four Expertise to be assigned by president | Members |

Duties & Responsibilities:

According to Article 215, the Population Census Council shall:

1. Plan for the population census
2. Set standards and criteria for the Central Bureau of Statistics and population census
3. Follow-up on the preparations leading to the population census and oversee the actual census operation
4. Report to the Presidency and the High National Population Census Committee regarding the population census

2. The National Technical Committee (NTC):

Members:

| | | |
|-----|--|---------------------------|
| 1. | The CBS General Director. | Chairperson |
| 2. | The SSCSE General Director | <i>Deputy Chairperson</i> |
| 3. | Director of Computer Center of SSCSE | Members |
| 4. | Director of Computer Center of CBS | Members |
| 5. | Director of the Economic and Financial Statistics Directorate of the CBS | Members |
| 6. | Director of the Statistical Coordination and Field Work at CBS | Members |
| 7. | Director of the Administrative and Financial affairs at CBS | Members |
| 8. | National Census Consultant | Members |
| 9. | Director of the Census Field Operations at the CBS | Members |
| 10. | Director of the Census Technical Administration at the CBS | <i>Rapporteur</i> |
| 11. | Senior Statistician SSCSE | <i>Deputy Rapporteur</i> |
| 12. | Director of the Statistical Coordination and Field Work at SSCSE | Members |
| 13. | Director of the Administrative and Financial affairs at SSCSE | Members |
| 14. | Director of the Census Field Operations Southern Sudan | Members |
| 15. | Director of Development Department Federal Ministry of Finance | Members |
| 16. | Representative of the National Population Council | <i>Member</i> |
| 17. | Representative of the Federal Governance Bureau | <i>Member</i> |

- | | |
|--|---------------|
| 18. Representative of the Federal Ministry of labor & administrative reform | <i>Member</i> |
| 19. Representative of the National Health information Center, Federal Ministry of Health | <i>Member</i> |
| 20. Director of the Educational Planning Directorate | <i>Member</i> |
| 21. Director of the Agricultural Statistics Directorate, Federal Ministry of Agriculture | <i>Member</i> |

Duties & Responsibilities:

1. Review plans, budgets and timetable of the population census operations,
2. Submit population census plans to the Population Census Council.
3. Review and finalize all census tools (*Questionnaires, Manuals, Concepts and definitions, Training plan and Methodology, etc*) and submit them to the PCC.
4. Technical supervision of the census operations including geographic and data collection field operations, data processing, analysis and evaluation.
5. Ensure adoption and implementation of all quality measures and standards throughout the country.
6. Submit the census results to the PCC.
7. Members of the committee to advocate for Census as an important tool for decision making in their respective institutions.

3. The Financial Committee (FC):

Members:

- | | |
|---|---------------------------|
| 1. The Under-Secretary, Federal Ministry of Finance | <i>Chairperson</i> |
| 2. The Under-Secretary of the Ministry of International cooperation | <i>Member</i> |
| 3. The Under-Secretary, Ministry of Finance Southern Sudan Government | <i>Deputy Chairperson</i> |
| 4. Under-Secretary of the Accounts Bureau, National Ministry of Finance | <i>Member</i> |
| 5. Under-Secretary of the Auditor General Chamber | <i>Member</i> |
| 6. Census Director, CBS | <i>Member</i> |
| 7. Census Director, SSCSE | <i>Member</i> |
| 8. Manager, Administration and Finance CBS | <i>Rapporteur</i> |

Duties & Responsibilities:

1. To ensure flow of all financial requirements according to the census operations timetable.
2. To coordinate with the donors to ensure timely flow of financial resources
3. To authorize census expenses as needed
4. To supervise auditing and ensure compliance with accounting guidelines and procedures.
5. To open separate Bank Accounts for the census.
6. To report to the Population Census Council.

4. **Advocacy and Publicity Committee (APC):**

Members:

- | | |
|--|--|
| 1. The Under Secretary of Information & Communication | <i>Chairperson</i> |
| 2. Under-Secretary of the Ministry of Information, Southern Sudan Government | <i>Deputy Chairperson</i> |
| 3. General Director of Corporation of Radio and TV | <i>Member</i> |
| 4. Director General Sudan Academy for Communication Sciences | <i>Member</i> |
| 5. Director, Information and Public Relations of CBS | <i>Member & Rapporteur</i> |
| 6. Director of Communication and Public Relation SSCSE | <i>Member & Assistant Rapporteur</i> |
| 7. Representative of the National Radio Broadcast Station | <i>Member</i> |
| 8. Representative of the National Television Station | <i>Member</i> |
| 9. Director of the Southern Sudan Television | <i>Member</i> |
| 10. Director of the Southern Sudan Radio (<i>Member</i>) | <i>Member</i> |
| 11. Representative of Sudan News Agency, SUNA | <i>Member</i> |
| 12. Representative of the National Journalism Council | <i>Member</i> |
| 13. Representative of Southern Sudan Journalists Association | <i>Member</i> |
| 14. Representative of the Journalists Association | <i>Member</i> |
| 15. Representative of the Artists Association | <i>Member</i> |
| 16. Representative of the Dramatists Association | <i>Member</i> |
| 17. Representative of the Religious Affairs and Endowments | <i>Member</i> |
| 18. Representative of Sudan Council of Churches | <i>Member</i> |
| 19. Representative of Association of Singers and Musicians | <i>Member</i> |

Duties & Responsibilities:

1. Preparation of the general strategy for the media campaign in support of the census.
2. Solicit and mobilize support all means of media and communication for the census operation.
3. Enlightenment of the public and solicit public cooperation with the workers in the census operations.
4. Work closely with the State Advocacy and Publicity committees.
5. Periodically reporting on its performance to the Population Census Council

5. **Monitoring and Observers Committee (MOC):**

Members:

(Any member of this committee is not to be a member of any other census committee).

- | | |
|---|---------------|
| 1. Representative of the Council of States | <i>(Chair</i> |
| 2. Representative of all States. | <i>Member</i> |
| 3. Representatives of the related civil society organizations (Farmers Union, Women Union, Labor Union, Nomads Union, Traditional authority). | <i>Member</i> |
| 4. Representatives (5) of Academic Institutions (Faculties/Departments of Statistics and/or Population Studies) | <i>Member</i> |
| 5. Representative of Sudan Demographers Association | <i>Member</i> |
| 6. Representative of the NGOs | <i>Member</i> |
| 7. Representative of United Nations Population Division | <i>Member</i> |
| 8. Representative of Economic Commission for Africa. | <i>Member</i> |
| 9. Representative of the World Bank | <i>Member</i> |
| 10. Representative of the African Development Bank | <i>Member</i> |

| | |
|--|--------------------|
| 11. Representatives from two National Statistical Offices in the region | <i>Member</i> |
| 12. Representative of United States Agency for International Development | <i>Member</i> |
| 13. Representative of Department For International Development | <i>Member</i> |
| 14. Representative, League of Arab States | <i>Member</i> |
| 15. Representative, African Union | <i>Member</i> |
| 16. Representative of DANIDA | <i>Member</i> |
| 17. Representative, European Union | <i>Member</i> |
| 18. Representative of French Cooperation | <i>Member</i> |
| 19. Representatives of Political Parties | <i>Member</i> |
| 20. Representatives(3)of University Professors; one of them to be the | <i>Rapporteur.</i> |

Duties & Responsibilities:

1. Monitor and observe the census execution operations at all stages and levels
2. Ensure compliance with census established criteria and standards.
3. Ensure comprehensive coverage
4. Ensure transparency of all census procedures and operations
5. Provide regular reports including recommendations when necessary to the PCC.
6. Provide report on the final census results to the PCC.
7. Provide technical advice to the PCC in writing when necessary.

6. Southern Sudan Population Census Committee (SSPCC):

Duties & Responsibilities:

1. The highest authority for the conduct of the census in Southern Sudan.
2. Mobilization of all Goss Institutions, Southern Sudan States, UN Agencies & NGOs operating in Southern Sudan to support the census
3. Overseeing performance and receiving progress reports from Southern Sudan Census Executive Committee and its sub committees at the State level.
4. Ensure implementation of all the established census procedures and operations in Southern Sudan.
5. Share reports with the PCC

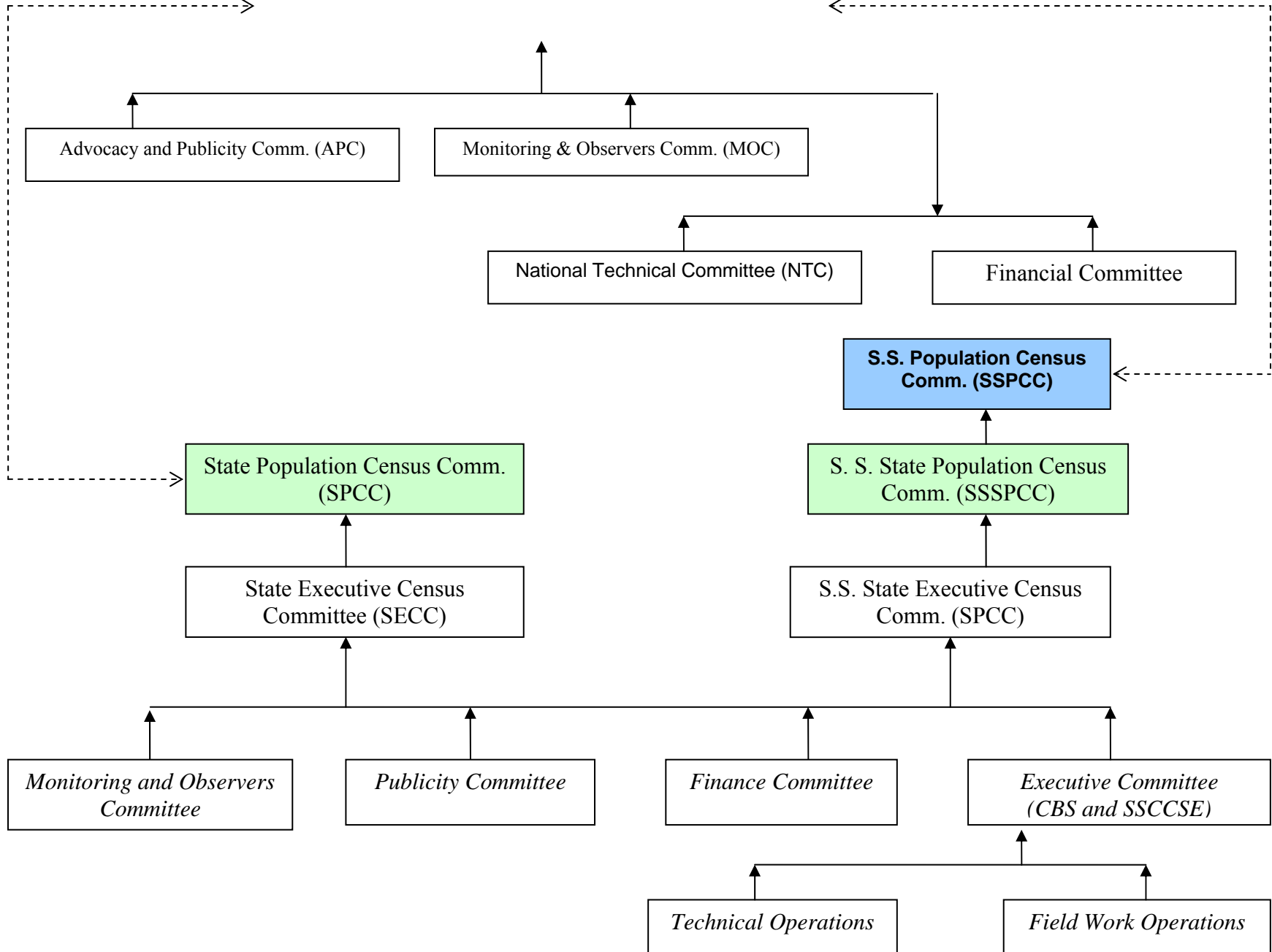
7. State Population Census Committee (SPCC):

To be headed by the state Governor and is composed of the State Ministers and their equivalents in the population census council.

Duties & Responsibilities:

1. The highest authority for the conduct of the census in the State.
2. Mobilization of all State Institutions, UN Agencies & NGOs operating in the respective State to support the census
3. Overseeing performance and receiving progress reports from the State Executive Census Committee and its sub committees (Field operations and technical operations committees).
4. Ensure implementation of all the established census procedures and operations in the respective State.
5. Share reports with the PCC; in case of Southern Sudan, through the Southern Sudan Population Census.

Appendix 1. SUDAN FIFH POPULATION CENSUS ORGNIZATIONAL STRUCTURE



PROCUREMENT

1. General

Procurement under the project is a difficult and challenging enterprise given the need to both separate (under two different Agreements) and coordinate the procurement activities needed for the Census. Procurement is on a large scale and will include goods such as transport equipment, office and census equipment, printing and intensive training, but also recruitment of specialized UN agencies, logistics and security issues. In addition, unless procurement activities are initiated at the very early stages of the project and successfully completed within the first year of implementation, there would be a high risk that the census would have to be postponed. This is however a hypothesis which at the moment should not even be considered given the absolute need to count on the census results before the elections. Hence the need for an immediate start of procurement preparation activities and the use of fast-track procurement procedures. The critical path of the project has very little margin of error. Any delays in the availability of funds for procurement purposes by both the Governments and MDTF funding would therefore create unsustainable conditions for procurement. The use of available, though very modest, funding from LICUS and the immediate recruitment of specialized UN agencies based in the country and experienced in international procurement would considerably assist in launching the project.

2. Procurement Capacity

A preliminary assessment of the procurement capacity of the two Census Bureaus reveals that they have little to no procurement capacity to implement the project on their own particularly in the case of international procurement and civil works. Previous experience in the carrying out of the 1993 census and the assistance by MFNE procurement unit would make them capable to implement procurement activities at local level such as recruitment of provisional staff for enumeration and their training. This however would not have been enough to implement a complex project such as the Census which requires the use of fast-track international procedures and a full coordination between the two Governments in procurement. CSB and SSCSE will have therefore to be assisted by a specialized UN Agency such as UNOPS which will carry out procurement and FM activities on their behalf. This will also allow for the use of UN agencies procedures consistent with Bank Guidelines or to establish higher monetary thresholds for Bank procurement methods. In addition to the UN agency procurement and FM experts, local counterpart staff will work in parallel with the UN agency both as facilitators and for capacity building purposes. The recruitment of the procurement and FM experts will be a condition for project effectiveness.

3. Organizational

The project must count on experienced staff and close technical cooperation between North and South Sudan to succeed. Presently no adequately experienced procurement staff are available for international procurement in both the South and the North of Sudan, though the recruitment of a Procurement Agent which will assist the Government of South Sudan in the area of procurement is proceeding well. The firm may start its activities probably around June / July 2006 when most of the major procurement for the Census would have started already. Immediate procurement support from UN agencies already based in Sudan is therefore required for both North and South Sudan.

Agencies such as UNFPA (for overall coordination and supervision), UNOPS (for procurement of goods, logistics and FM activities), and IAPSO (for procurement of goods) would somewhat compensate for the gaps in procurement planning and expertise by both CBS and SSCSE. Recruitment of at least one procurement staff for both CBS and SSCSE and their training at advanced procurement institutions such as ESAMI, GIMPA and ILO would proceed in parallel.

4. Advertising

A General Procurement Notice (GPN) will be prepared and issued on *UN Development Business online* and in *dgMarket online* before project effectiveness listing all major contracts for goods under the project. The Notice shall contain information concerning the Borrower (or prospective Borrower) as for section 2.7 of Bank Procurement Guidelines and a complete list of goods needed for the project and their expected date of delivery to the Client. Specific Procurement Notices (SPN) for goods and works will be published in national papers in Arabic and English language of wide circulation.

5. Procurement of goods

Procurement of transport vehicles (cars, motorcycles, bicycles, boats) and office equipment/stationery will constitute the bulk of the project. Initially, a small number of vehicles (about 10% of the total needs) to be used both in the North and South will be procured through purchases from local dealers through *national shopping (NS)* and from UN offices such as IAPSO / *UNOPS. International Competitive Bidding (ICB)* procurement will be based on technical specifications proposed by the Technical Committee and discussed with the Project procurement advisers. ICB will be used mainly for large packages of vehicles to be delivered at different stages to Khartoum and Juba and further re-distributed to the several States. Purchase of office equipment, computers, scanners and stationery will also be carried out through two stages: one at local level through the use of Shopping (both at international and national level) and /or *National Competitive Bidding (NCB)* for immediate delivery of available equipment and other through large packages under *ICB or LIB* procurement methods. It has to be noted however that, in case of use of a UN agency for procurement, their procurement practices would be used for most of international imports. The Technical committee will make sure that items procured are consistent with the technical specifications provided for the purpose. Other procurement involves printing of forms, questionnaires and other census materials on a relatively large scale from printing firms based in Khartoum and small equipment for the cartography and enumeration teams. Efforts should be made by the Government to expedite import and customs operations at Port Sudan where delays up to 3 months have been registered for goods. This may be obtained through the issue of a waiver for the Census project.. Other procurement involves printing of forms, questionnaires and other census materials on a relatively large scale from printing firms based in Khartoum and small equipment for the cartography and enumeration teams. The Technical committee will make sure that items procured are consistent with the technical specifications provided for the purpose An initial procurement plan for the purchase of goods has been already prepared (see table below).

6. Procurement of works

Procurement of works consist of both rehabilitation of existing structures (mostly for the North) and construction of field offices / processing centers for the South. No International Competitive Bidding (ICB) is anticipated since the structures are too small and located in remote areas to be of any interest to international bidders and may be awarded under NCB or Limited Bidding procurement methods if adequate competition can be found locally. Provisions have been made however for the use of temporary or pre-fabricated structures in case of delays or lack of competition from national bidders. Equally, a reduction of the number of units required for data processing (presently 6 for the North and 3 for the South) will be considered in order to reduce the time needed for construction and possible use of funds for other Census activities. A procurement schedule for works is shown below.

Procurement of Services

7. Consulting Services

As mentioned above, specialized TA will be required for procurement and financial management (FM) services under the project. The consultants required should not only have adequate experience in international procurement but also good knowledge of Bank procurement and FM guidelines and procedures. In addition, they must be supported by an organization with previous experience in census or similar large scale exercises. For this purpose, the recruitment on a *sole source* basis of UNOPS, a UN agency with experience in similar exercises such as recent elections in Afghanistan and Iraq, at the earliest stages of the project has been assessed and found necessary for the Project.. The necessary coordination between procurement activities in North and South Sudan will be maintained through a Project Implementation Facilitator (P.I.F.) to be financed by UNFPA. Given the need to an early delivery of transport vehicles and equipment, recruitment of international procurement advisors, such as UNOPS will be a condition for project effectiveness. A procurement table for consulting and other services is shown in Annex II.

8. Non-Consulting services and Training

A very large number of non-consulting services such as recruitment of census enumeration personnel (about 50,000) and supervisors will be carried out under the project thus presenting serious transparency (such as daily payments to staff), logistics (see below) and security issues. In addition, training of an enormous number of provisional staff will have to be carried out by both statistical bureaus (CBS and SSCCSE) within an extremely short period of time. Though training for the Census is a relatively simple and short-timed operation, the organizational effort and the number of trainers needed for the purpose will have to be thoroughly planned by CBS and SSCCSE under close supervision by UNFPA. In order to speed up the operation, procurement for these activities will be based on national and *commercial practices* used in previous 1993 Census exercise. In addition to training of trainers and provisional staff, capacity building of CBS and SSCCSE in procurement and FM will be carried out through International Training Institutions such as ESAMI, GIMPA and ILO.

9. Logistics and security issues

The census operation is a large scale operation which will cover all of Sudan including those areas presenting serious logistics and security problems. Since it will not be possible to guarantee a safe access to all areas of Sudan due to military activities still ongoing and mines in part of the territory, alternative methods will be used to safely penetrate these territories for Census purposes. This will require use of boats (to be purchased in North Sudan but used also in the South and leasing of piloted helicopters from specialized firms. Rentals will be carried out through the use of *commercial practices* from specialized firms operating in Sudan. Logistics problems will be assessed by the Governments in close coordination with UNFPA and UNOPS experts and may lead to purchase of provisional or prefabricated structures through fast-track procurement methods, which may include *direct contracting*.

10. Bank prior review

Bank prior review will be limited to sole source contracts and large contracts for goods (vehicles, computer equipment, and printing) above the threshold of US\$100,000. These contracts will be procured at the early stages of the project and will be tendered in accordance to Bank Guidelines concerning advertising, standard bid documents for ICB and evaluation. Bank post review will be used for contracts for procurement of works under NCB and non-consulting services below the threshold of US\$50,000. In case of use of an UN Agency, such as UNOPS, their procurement procedures will be followed.

11. Operational Costs

Operational costs to be financed under the project will be procured using MFNE administrative procedures. They include purchase of stationery, consumables, transport, storage and distribution of questionnaires, fuel and maintenance of equipment and vehicles and other costs such as rental of vehicles for work in the Khartoum area and helicopters to be used in remote areas with difficult or risky access.

12. Procurement Implementation Risks.

Procurement risks

The main procurement risks under the project would be (i) the lack or delayed availability of donors / counterpart funds which would delay the start of the procurement process for vehicles and equipment, (ii) the lack or late recruitment of a specialized agency in charge of major procurement and (for the South) logistics components of the project, and (iii) delays due to import / customs operations at Port Sudan in case no waiver is issued for goods imported under the Census project. Finally, the need for splitting large ICB packages into two to be signed by different Clients creates several administrative, delivery and contractual issues which need to be handled by experienced staff...**The overall project risk for procurement is considered HIGH.**

13. Procurement Table

The Borrower (and the Procurement Consultants) on its behalf are expected to develop a Procurement Plan for project implementation which will provide the basis for the procurement methods under the Project. A preliminary draft has been prepared during appraisal in coordination with the Bank but it will need to be updated on the basis of funding available at the start of the project. The plan will be reviewed by the Bank and will be updated and made available in the Project's database. The Procurement Plan will be updated every six months to reflect the actual project implementation needs and improvements in institutional capacity

Procurement Table (North Sudan)

| Description | No. contracts | Proc. Method | Start of Tender | Bid evaluation | Contract signing | Delivery Khartoum | Delivery to States |
|---|----------------------------|------------------------|----------------------------|-----------------------|-------------------------|--------------------------|---------------------------|
| GOODS | | | | | | | |
| Vehicles | Multiple | ICB | By April 30, 2006 | By June 30, 2006 | By July 31, 2006 | By 31 October, 2006 | By November 30, 2006 |
| Vehicles | Multiple | Shopping / IAPSO/NCB | By March 30, 2006 | By April 30, 2006 | By May 15, 2006 | By June 30, 2006 | |
| Motorcycles | 1 | NCB/ICB | April 30 | As above | As above | As above | By Nov. 30, 2006 |
| Bicycles | 1 | NCB/ICB | April 30 | As above | As above | As above | By Nov. 2006 |
| Boats | Multiple | NCB / Shopping | | | | | |
| Computers | Multiple | ICB | By April 30, 2006 | By June 30, 2006 | By July 31, 2006 | By October 31, 2006 | |
| Computers | Multiple | NCB / IAPSO / Shopping | By April 30, 2006 | By April 30, 2006 | By May 31, 2006 | By June 30, 2006 | |
| Office equipment | Multiple | ICB | By April 30, 2006 | By June 30, 2006 | By July 31, 2006 | By October 31, 2006 | By Nov. 30, 2006 |
| Scanning Equipment | Multiple | ICB | As above | As above | As above | A above | By Nov. 30, 2006 |
| Software | 1 | Dir. Contract | By Apr.30. 2006 | | By May 30, 2006 | By June 30, 2006 | |
| Printed materials (both N and S supplies) | Multiple | NCB | April 2006 to October 2007 | | | | June 2006 to December2007 |
| Cartographic equipment | Multiple | NCB / Shopping | By April 30, 2006 | By April 30, 2006 | By May 30, 2006 | By August 31, 2006 | |
| Mapping Consumables | Multiple, staged contracts | NCB/Shopping | By April 30, 2006 | April 2006-Dec. 2007 | | | June 2006 to December2007 |
| Field Communication | 1 | LIB | By April 30, 2006 | April 2006 onwards | | | |

Procurement Table (South Sudan)

| Description | No. contracts | Proc. Method | Start of Tender | Bid evaluation | Contract signing | Delivery Juba | Delivery to Regions |
|------------------------|----------------------|---------------------|------------------------|-----------------------|-------------------------|----------------------|----------------------------|
| GOODS | | | | | | | |
| Vehicles | Multiple | ICB | By April 30, 2006 | By June 30, 2006 | By July 31, 2006 | By Dec. 31, 2006 | By January. 31, 2006 |
| Vehicles | Multiple | NCB / IAPSO | By March 30, 2006 | By April 30, 2006 | By May 15, 2006 | By July 31, 2006 | By Sept. 30, 2006 |
| Motorcycles | 1 | ICB | April 30 | As above | As above | As above | By January. 31, 2006 |
| Bicycles | 1 | ICB | April 30 | As above | As above | As above | By January. 31, 2006 |
| Boats | Multiple | NCB | | | | | |
| Computers | Multiple | ICB | By April 30, 2006 | By June 30, 2006 | By July 31, 2006 | By Nov. 30, 2006 | |
| Computers | Multiple | NCB | By April 30, 2006 | By April 30, 2006 | By May 31, 2006 | By July 31, 2006 | |
| Office equipment | Multiple | ICB | By April 30, 2006 | By June 30, 2006 | By July 31, 2006 | By Nov. 31, 2006 | By Dec. 31, 2006 |
| Scanning Equipment | Multiple | ICB | As above | As above | As above | A above | As above |
| Software | 1 | Dir. Contract | By April 30. 2006 | | By May 30, 2006 | By June 30, 2006 | |
| Cartographic equipment | Multiple | NCB / Shopping | By April 30, 2006 | By April 30, 2006 | By May 30, 2006 | By Sept. 30, 2006 | |
| Mapping Consumables | Multiple | NCB/Shopping | By April 30, 2006 | | | | |
| Field Communication | 1 | LIB | By April 30, 2006 | | | | |

Procurement Table (North Sudan)

| Description | No. contracts | Proc. Method | Advertising (Locally) | Start of Tender | Bid evaluation | Contract signing | Completion |
|--------------------------------|----------------------|---------------------|------------------------------|------------------------|-----------------------|-------------------------|-------------------|
| WORKS | | | | | | | |
| Rehab Census Field offices | Multiple (15) | NCB | By April 30, 2006 | By May 31, 2006 | By June 30, 2006 | By July 31, 2006 | By Feb. 2007 |
| Rehab. Data Processing Centers | Multiple (1 to 6) | NCB | By Feb. 2007 | March 30, 2007 | By May 31, 2007 | By June 30, 2007 | By Oct. 31, 2007 |
| Rehab. Stores Questionnaires | Multiple | NCB | By October 31, 2006 | By Nov. 30, 2006 | By Dec. 31, 2006 | By January 31, 2006 | By May 31, 2007 |
| | | | | | | | |
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Procurement Table (South Sudan)

| Description | No. contracts | Proc. Method | Advertising (Locally and internationally) | Start of Tender | Bid evaluation | Contract signing | Completion |
|--|----------------------|---------------------|--|------------------------|-----------------------|-------------------------|-------------------|
| WORKS | | | | | | | |
| Construction Census Field offices | Multiple (10) | NCB | By April 30, 2006 | By May 31, 2006 | By June 30, 2006 | By July 31, 2006 | By Feb. 2007 |
| Construction Data Processing Centers (Extension) | Multiple (1 to 3) | NCB | By April 30, 2006 | May 30, 2007 | By June 31, 2006 | By July 31, 2007 | By Apr. 30, 2007 |
| Construction. Rehab. Stores Questionnaires | Multiple | NCB | By October 31, 2006 | Nov. 30, 2006 | Dec. 31, 2006 | Jan. 31, 2007 | By July. 31, 2007 |
| | | | | | | | |

Procurement Table (North Sudan)

| Description | No. contracts | Proc. Method | Advertising (Locally and internationally) | Start of Tender | Bid evaluation | Contract signing | Completion |
|---|---------------|------------------------------------|---|-----------------|----------------|--------------------------|------------|
| Consulting Services | | | | | | | |
| Project management | 1 | Sole Source (UN agency) | | | | April 1, 2006 | |
| P.I.F. (Project implementation facilitator) | | Individual (UNFPA financed) | | | | April 1, 2006 | |
| | | | | | | | |
| Non-Consulting Services (| Multiple | Individuals (Commercial practices) | April 2006 to - April 2007 | | | April 2006 to April 2007 | |
| | | | | | | | |
| Training | Multiple | Commercial practice /CQ | June 2006 to June 2007 | | | June 2006 to June 2007 | |
| | | | | | | | |
| Training of staff Procurement / FM | Multiple | ESAMI, GIMPA and ILO | | | | | |

Procurement Table (South Sudan)

| Description | No. contracts | Proc. Method | Advertising (Locally and internationally) | Start of Tender | Bid evaluation | Contract signing | Completion |
|---|----------------------|------------------------------------|---|-----------------|----------------|--------------------------|------------|
| Consulting Services | | | | | | | |
| Project management | 1 | Sole Source (UN agency) | | | | April 1, 2006 | |
| P.I.F. (Project implementation facilitator) | | Individual (UNFPA financed) | | | | April 1, 2006 | |
| | | | | | | | |
| Non-Consulting Services | Multiple | Individuals (Commercial practices) | April 2006 to - April 2007 | | | April 2006 to April 2007 | |
| | | | | | | | |
| Training | Multiple | Commercial practices / CQ | June 2006 to June 2007 | | | June 2006 to June 2007 | |
| | | | | | | | |
| Training of staff Procurement / FM | ESAMI, GIMPA and ILO | | | | | | |

FINANCIAL MANAGEMENT AND DISBURSEMENT ARRANGEMENTS

1. Financial Management Assessment:

The World Bank's Operational Policy 10.02 requires the borrower and the project implementing agency to maintain adequate financial management systems – including accounting, financial reporting, and auditing systems – to ensure that accurate and timely information can be provided regarding project resources and expenditures. An FM assessment is undertaken to ensure that the project has acceptable financial management arrangements to ensure that funds are used only for the intended purposes in an efficient and economical way, there is adequate capacity for the preparation of accurate, reliable and timely Financial Monitoring Reports (FMR's), and systems are in place to ensure that accurate and reliable financial statements can be produced and that there are adequate safeguards for the entities' assets. This assessment has been carried out in accordance with OPCS guidelines titled "*Assessment of Financial Management Arrangements in World Bank-Financed Projects – Guidelines to Staff*" issued by the Financial Management Sector Board on June 30, 2001, and revised on October 1, 2003 and November 3, 2005.

This appraisal has focused on (a) an assessment of the extent of preparedness by the borrower's implementing agencies in terms of financial management arrangements; (b) given the strict timeline imposed by the Comprehensive Peace Agreement regarding the implementation of the project, whether adequate and timely funding will be available for implementation; and (c) development of a time-bound action plan for strengthening the financial management system in readiness for project implementation.

2. Country context:

Sudan's almost fifty years of independence have been marked by two rounds of civil war, three periods of military rule and a number of tribal and ethnic conflicts. The twenty year old civil war with the South ended in January 2005 with the signing of the Comprehensive Peace Agreement (CPA). This had been preceded with the signing of the Machakos protocol in 2002, a Wealth Sharing Agreement in January 2004, a Power Sharing Agreement and two significant protocols on key disputed areas in June 2004. The process of implementing these agreements is underway, with the Government of South Sudan (GOSS) having been officially formed in October 2005. Conducting the census is a key component of the CPA. The enumeration of the census is to take place between 15 and 30 November 2007 and the results published shortly thereafter.

3. PFM System:

This is the first project of its kind where the funding for undertaking the census will come from the Multi Donor Trust Fund in the North (MDTF – N), as well as the Multi Donor Trust Fund in the South (MDTF – S) and the Government of National Unity (GNU). All three will provide funding for implementing the project across the country. The lead agency for implementing the project in the North is the Central Bureau of Statistics (CBS), while in the South it is the newly formed South Sudan Center for Census, Statistics and Evaluation (SSCCSE).

North

The Government of Sudan at the Federal level and in the 16 Northern states has a fairly well developed cash based public financial management system. An effective cash rationing system exists with disbursements linked to availability of cash. This ensures aggregate budget discipline at the Federal level. A monthly reporting system is in place in order to closely monitor government accounts and to avoid overspending. All spending is classified into four "Chapters". Strict rules establish first priority for release

of funds to federal wages and salaries (Chapter I), O&M has second priority (Chapter II), transfers to the states have third priority (Chapter III), and the development budget is last (Chapter IV).

The federal government has traditionally dominated both revenue and expenditure decisions. On average it accounts for around 77 percent of total public expenditures and about 87 percent of aggregate public revenues. As can be expected, there is wide variability in the systems, accounting practices and capacity of the 16 states. MFNE's informal assessment is that these states can be broadly grouped into three categories: 4 "High" capacity states (River Nile, Kassala, Khartoum, Gezira); 4 "Medium" capacity states (Northern Darfur, Northern, Gadaref, North Kordofan); and 8 "Low" capacity states (West Kordofan, Blue Nile, White Nile, West Darfur, Red Sea, South Darfur, South Kordofan, Sennar).

The Auditor General of Sudan's (AGS) Report for 2002 on State Accounts highlights the weak capacity that exists in many states. Some of the issues highlighted are the large discrepancies between amounts reported by the federal government as having been transferred and what is reported by the States as having been received, unrealistic receipt and expenditure estimates in the budget, large extra-budgetary funds, outdated management principles, poor investment planning and poor accounting practices.

Some of the challenges facing the PFM system are the following:

- i. The accounting system is almost entirely manual, at both the Federal level and the States;
- ii. Approximately 50% of the staff have had no formal training in accounting;
- iii. There is no commitment control system;
- iv. Budget classification needs to be revised to comply with international norms and to generate the information necessary for financial reporting purposes at the local, state and federal levels;
- v. Debt management needs to be improved and the process for approving guarantees needs to be revamped;
- vi. Financial and accounting procedures need to be modernized;
- vii. Cash management needs to be improved to deal with the chronic cash shortages and periodic build up of arrears;
- viii. Revenue management improvements are required for halting the practice of netting of expenditures against revenues as well as offsetting payments by public enterprises;
- ix. Reconciliation between accounting and banking figures and the quality of fiscal data needs to be improved;

South

The Ministry of Finance and Economic Planning (MOFEP) for the Government of South Sudan was established in October 2005. The Minister of Finance and his staff are in the process of setting into their new offices in Juba. The only appraisal that has been done so far was the one by the UN Assessment Mission (JAM) of 2005 which concluded that the entire public financial management system needed to be built from the ground up.

Over the last 18 months there have been several significant developments:

- UNICEF, USAID and the World Bank have provided support for public financial management.
- UNICEF's Capacity Building Trust Fund (CBTF) which is disbursed through KPMG as the FM Agent has met pressing expenditures.
- USAID has supported PFM through capacity building activities, including through acquiring an off the shelf IFMIS system, *Freebalance*, that is now operational in Nairobi.

- The World Bank through the Licus Trust Fund has provided equipment and three advisors in PFM, Procurement and Civil Service Reform.
- All CBTF transactions are booked in the Freebalance system. Although four SOFEP employees have received training in Freebalance, Goss transactions are still to be booked through the IFMIS system.
- A World Bank administered Multi Donor Trust Fund (MDTF) has been established. PriceWaterhouse Coopers (PWC) has been appointed as the Monitoring Agent.
- An interim Project Accounting Agent – KPMG – has been appointed for a period of six months and will be in place by the end of February 2006.
- Oil revenues have started flowing to the south. It is expected that oil revenues during calendar year 05 will be around US\$ 360 million. Some book-keeping effort is underway to account for the utilization / management of these revenues.
- On the HR side, the transition to Juba and the availability of more experienced accounting staff there is expected to improve the skill level of Goss staff.
- Commercial banking facilities are beginning to develop with the Nile Commercial Bank opening its first two branches in South Sudan, outside of Juba.

4. Fifth Census Project - Implementation Arrangements:

The project is to be implemented over a three year period (2006-2008). The Director General of the Central Bureau of Statistics in the North is the Census Controller with the head of the Southern Center being his Deputy. The project cost is estimated at US\$73.72 million, which will be funded 55% by GNU and 45% by the two MDTF's.

| | North | South | Total |
|-------|---------------|---------------|---------------|
| | <i>US\$m.</i> | <i>US\$m.</i> | <i>US\$m.</i> |
| GONU | 24.2 | 16.5 | 40.7 |
| MDTF | 20 | 13 | 33 |
| Total | 44.2 | 29.5 | 73.7 |

91% of the expenditure is expected to be incurred during the next two years as facilities are set up and preparation work gets underway.

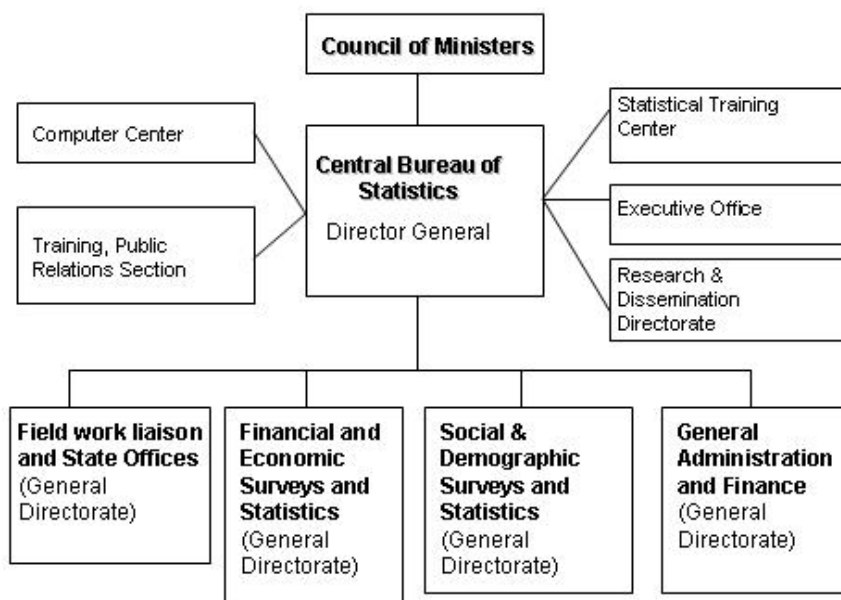
| | 2006 | 2007 | 2008 | Total |
|----------------------|---------------|---------------|---------------|---------------|
| | <i>US\$m.</i> | <i>US\$m.</i> | <i>US\$m.</i> | <i>US\$m.</i> |
| CBS - GNU | 8.18 | 13.99 | 2.06 | 24.23 |
| MDTF-N | 7.12 | 11.18 | 1.70 | 20.00 |
| Total - North | 15.30 | 25.17 | 3.76 | 44.23 |
| SSCC - GNU | 6.10 | 8.88 | 1.51 | 16.49 |
| MDTF-S | 3.97 | 7.81 | 1.22 | 13.00 |
| Total - South | 10.07 | 16.69 | 2.73 | 29.49 |
| GNU | 14.28 | 22.87 | 3.57 | 40.72 |
| MDTF | 11.09 | 18.99 | 2.92 | 33.00 |
| Grand Total | 25.37 | 41.86 | 6.49 | 73.72 |

In case adequate funding is not made available during the preparatory phase it is possible that the deadline for the census could slip.

A related issue is the implementation arrangements and the capacity of the agencies identified for implementing this time bound program.

Central Bureau of Statistics (CBS):

CBS is headed by a Director General and has four main General Directorates.



It has 513 employees of whom 64% are based in Khartoum with the rest being in the 16 States.

| | | Employees |
|--------------|-------------------------------|------------|
| HQ | Professionals (Graduates) | 170 |
| | Professionals (Non Graduates) | 83 |
| | Support Staff | 76 |
| States | Professionals | 116 |
| | Support Staff | 68 |
| Total | | 513 |

Source: CBS, 2006

During the last few years, its outlay on salaries have more than doubled (due to across the board civil service salary increases), while the development budget has remained almost stagnant. In 2005 its actual expenditures was Dinar 448 mn. (US\$1.94 mn.) of which 76% was on salaries and operating expenditures.

| | Chapter I | Chapter II | Chapter III | Chapter IV | Total |
|------|------------------|-------------------------------|----------------------|--|-----------|
| | <i>Salaries</i> | <i>Operating Expenditures</i> | <i>Developmental</i> | <i>Large CapEx and Large OpEx. (Under MOF control)</i> | |
| | Dinar Mn. | Dinar Mn. | Dinar Mn. | Dinar Mn. | Dinar Mn. |
| 2003 | 95 | 50 | | 0 | |
| 2004 | 127 | 70 | 46 | 0 | |
| 2005 | 229 | 112 | 107 | 0 | 448 |
| 2006 | 209 | 165 | 1000 | 0 | 1374 |

Source: CBS, 2006

CBS has 26 officials involved in PFM related activities, of which only 1 is a certified accountant. The entire accounting system is manual.

| | | | |
|-----------------|---|----------------|----|
| Treasury | 2 | Cashier | 1 |
| Salaries | 7 | Clerk | 1 |
| Final Accounts | 6 | Internal Audit | 4 |
| Payment Section | 5 | Total | 26 |

Source: CBS, 2006

CBS advised the mission that it has requested MOFNE to make available the services of 1 qualified accountant in each State and at HQ. This may not be adequate for the task at hand, given the fact that the project budget is twelve times its annual expenditures.

Experience of CBS with regard to the budgetary releases is fairly typical of the situation of other similar institutions. Past trends are that:

- (i) Institutions such as CBS receive only a fraction of their outlays proposed for operating expenditures. In 2005 and 2006, CBS received only 35% of the outlay requested.

| Chapter II : Operating Expenditures | | |
|-------------------------------------|--------------------------------|-----------|
| | | Dinar Mn. |
| 2005 | Proposed | 313 |
| | Agreed with MOF in discussions | 196 |
| | Finally allocated by MOF | 140 |
| | Actually received | 112 |
| 2006 | Proposed | 451 |
| | Finally allocated by MOF | 165 |
| | Actually received | 0 |

Source: CBS, 2006

- (ii) CBS also received only a small fraction of the outlays promised on account of developmental expenditures. In 2004 it received only 9% of the allocation and in 2005 it received only 15%.

| Chapter III : Developmental Expenditures | | |
|--|----------------------------|-------------------|
| | Allocation agreed with MOF | Actually Received |
| | Dinar Mn. | Dinar Mn. |
| 2003 | 500 | |
| 2004 | 500 | 46 |
| 2005 | 700 | 107 |
| 2006 | 1000 | 0 |

Source: CBS, 2006

Key issues that need to be flagged from a FM point of view are the following:

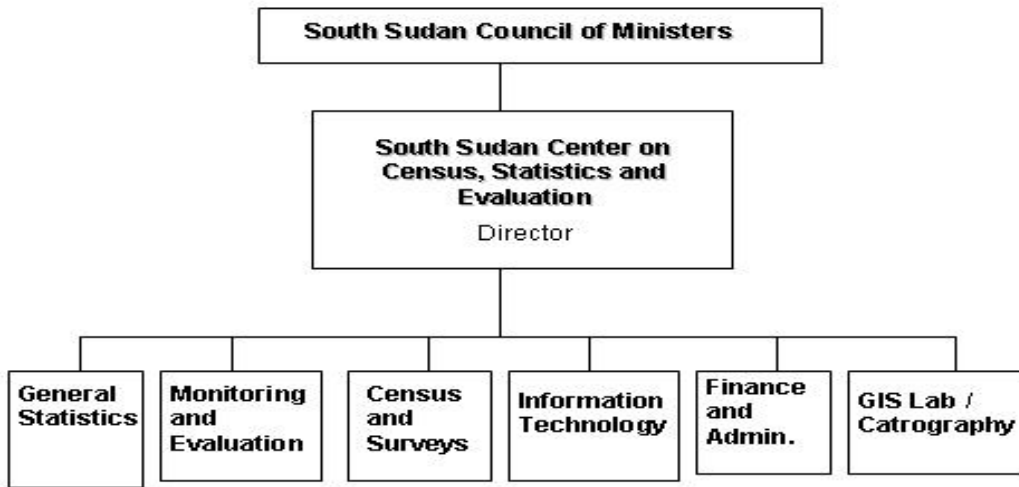
- (i) CBS's annual spending is less than US\$2 m. As the GNU component of US\$24 m. is to be channeled through CBS there is urgent need to upgrade both HR and accounting systems in CBS to adequately handle these flows.
- (ii) There is a large disconnect between budgetary outlays and actual fund flows from MOFNE. There is need to ensure that funds are released in a timely manner, especially since GNU is

funding 55% of the cost of the census. There is therefore need for linking releases from MDTF and GNU resources.

- (iii) GNU needs to make adequate provision in its budget for fully funding its share of the census expenditures. The current year's allocation is only US\$4.3 mn. compared to a requirement of US\$14.3 million. GNU needs to increase and release its allocation so that census preparation activities can commence in the next few months.

South Sudan Center on Census, Statistics and Evaluation (SSCCSE)

This is a center that has only recently been established. It has six main units and approximately twenty employees. There are plans to establish offices in the 10 regions and adequate provision for this purpose is being made in the budget. Technical support on census activities from the French Government and the US Census Bureau is available. .



The organizational diagram for the SSCCSE is as above. The staffing process has just commenced, and there is very limited capacity in the finance and administration wing of SSCCSE.

As SSCCSE is the implementation partner for the national census in the South, GNU plans on channeling US\$ 16.4 million through the SSCCSE. GNU requires that these funds be handled as per GNU financial regulations as be under the purview of the standard control and regulatory authorities of GNU – such as the internal control and internal audit authorities as well as the external auditor – the Auditor General of Sudan. It has been proposed that this arrangement be confirmed by the Finance Committee of the PCC as a condition of effectiveness for this grant. Once this arrangement has been confirmed, SSCCSE needs to recruit personnel knowledgeable in GNU accounting procedures and systems to handle these fund flows.

Given the current non existent FM capacity in SSCCSE, this is going to be a major challenge. Any delay in efficient fund flows through SSCCSE can delay the entire census implementation plan in South Sudan.

5. Risk Assessment:

With weak institutional structures and weak capacity, this is a high risk operation.

| | Risk Assessment | | | | Risk Mitigating Measures |
|--|------------------------|----------|----------|----------|--|
| | <i>H</i> | <i>S</i> | <i>M</i> | <i>N</i> | |
| Inherent Risk | | | | | |
| <u>1. Country level:</u> This risk has been assessed as being high since governmental level institutional arrangements are just being formalized in GOSS and new institutional arrangements are also evolving in GNU. There is weak capacity in public financial management in line with weak capacity in the civil service as a whole. | √ | | | | For the South, fiduciary risk is being mitigated through an interim arrangement of a Project Accounting Agent, a Procurement Agent, a Monitoring Agent and an External Audit Agent. In the North there is better capacity at the national level, and workable cash based PFM system is in operation, although it has severe limitations. |
| <u>2. Entity level:</u> This risk has also been assessed as being high. The institutional arrangements are still evolving. SSCCSE has only just been established, and there is weak PFM capacity in CBS. Channeling the bulk of census related resources through these two entities is a high risk undertaking. | √ | | | | The risk is being mitigated through requiring a UN agency to handle MDTF – S resources in the South and for a UN Agency to handle MDTF – N resources in the north. The biggest risk is the weak capacity in both CBS and GNU to handle GNU resources. This risk is being mitigated through requiring CBS and SSCCSE to prepare a capacity building plan acceptable to MDTF as a condition of disbursement. |
| <u>3. Project level:</u> This is a large and complex project that is geographically spread right across the country. There are large procurements planned and given the size of Sudan the logistical dimensions of this project will be particularly challenging. | √ | | | | An experienced UN Agency that has conducted large scale logistical operations in difficult environments will be identified to support project implementation. That should help mitigate some of the risks involved. For CBS and SSCCSE the project will require that a realistic and workable capacity building plans be prepared prior to effectiveness. |
| <i>Overall Inherent Risk</i> | √ | | | | |
| Control Risk | | | | | |
| <u>1. Budget:</u> Effective budget formulation and execution is a challenge. It has a risk rating of High given the track record of GNU in making available budgetary resources to budget executing agencies. | √ | | | | This risk will be mitigated through the timing of MDTF fund releases being linked to GNU fund releases into the project / pooled accounts, and through co-ordination being provided by the Finance Committee of PCC. |
| <u>2. Accounting Policies and Procedures:</u> The MDTF and pooled expenditures will need to comply with MDTF accounting and fiduciary requirements. | √ | | | | This risk is indicated as high due to the potential of delay since the Implementation Manual for both the Sudan Trust Funds has not been finalized. Action is underway to get these manuals completed. GNU funds will be utilized using GNU procedures which are well established. Confirmation is being required from the Finance Committee that GNU procedures will be fully applicable for funds handled by SSCCSE. |

| | Risk Assessment | | | | Risk Mitigating Measures |
|---|-----------------|---|---|---|---|
| | H | S | M | N | |
| <p>3. Internal controls and Internal Audit: The internal control and internal audit system is weak, and needs to be substantially strengthened to cope with the scale of the project. For MDTF funds, the internal controls procedures of UN Agency's will apply which are considered to be adequate.</p> | | √ | | | The risk will be mitigated through requiring CBL and SSCCSE to prepare and implement a plan for strengthening internal controls as part of its capacity building program prior to effectiveness. |
| <p>4. Funds Flow: As there are competing demands for GNU resources, and as the current years outlay is only a third of the amount required for the project, project implementation could be severely impaired due to lack counterpart funding.</p> | √ | | | | 55% of the funding of this project is to come from GNU. The risk of lack of adequate counterpart funding is expected to be mitigated through linking release of MDTF and GNU resources. Progress regarding release of funds and their utilization will be reported to the Finance Committee of the PCC. Support of the Finance Committee will be sought to ensure that timely release of counterpart funds does take place. |
| <p>5. Financial Reporting and Monitoring: For MDTF funds this is not a major issue since the FM reporting requirements will be met by the UN Agency implementing the project. The primary risk is regarding adequate financial reporting and accounting for GNU funds since capacity is extremely weak for at both the implementing agencies – CBS and SSCCSE.</p> | | √ | | | The MOU for implementing this project will need to be signed between GNU / GOSS and the UN Agency implementing the project in the North and the South. The reporting formats will be agreed as part of the MOU. A realistic capacity building plan by the implementing agencies is a condition of disbursement. |
| <p>6. Staffing: HR capacity is particularly weak at the CBS and SSCCSE.</p> | | | √ | | MDTF resources will be channeled through the UN Agency. The impact of poor HR capacity in CBL and SSCCSE is likely to impact the utilization of GNU funds, given the scale of the project and the expenditure outturns for the last few years. This risk will be mitigated through requiring CBL and SSCCSE to initiate an effective and realistic capacity building program prior to effectiveness. |
| <p>7. External Audit CBL will continue with the existing system of having its accounts audited by the Auditor General of Sudan. Audit procedures to be followed by the UN Agency will be agreed prior to the signing of the MOU's. These audit procedures will need to be acceptable to MDTF.</p> | | | √ | | Agreement of the Finance Committee is required that GNU audit processes – including audit by the Auditor General of Sudan will be applicable to GNU funds handled by SSCCSE. |
| OVERALL CONTROL RISK | | √ | | | |
| OVERALL RISK RATING | √ | | | | |

H = High, S = Substantial, M = Moderate, N = Negligible or Low

6. Financial Management Arrangements:

The objectives of the project financial management system are to:

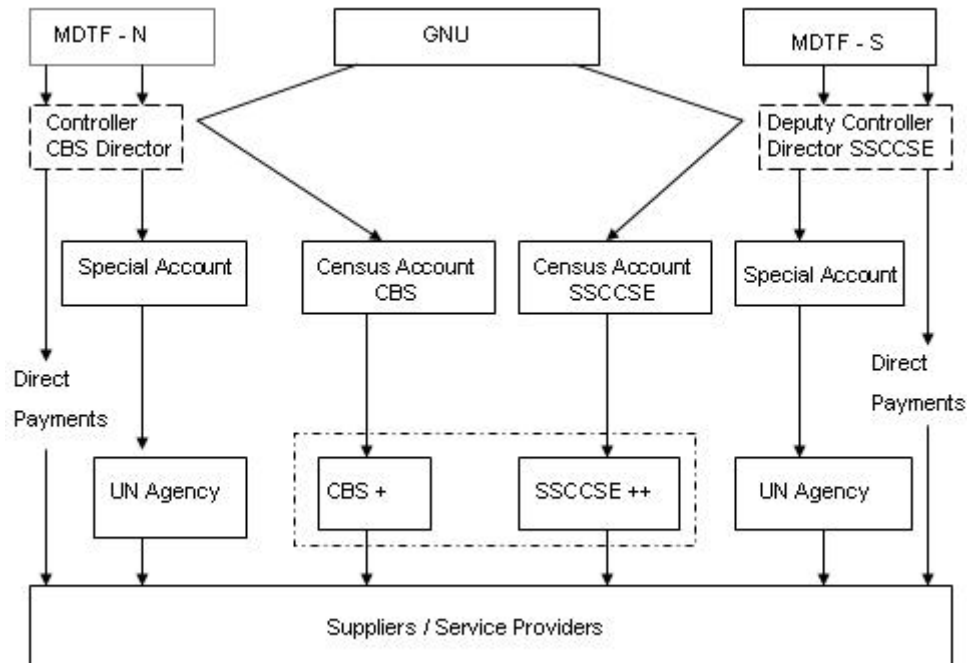
- ensure that funds are used only for their intended purposes in an efficient and economical way;
- ensure that funds are properly managed and flow smoothly, adequately, regularly and predictably in order to meet the objectives of the program;
- enable the preparation of accurate and timely financial reports;
- enable program management to monitor the efficient implementation of the program; and
- safeguard the program assets and resources.

The characteristics of a strong financial management system are that:

- the program implementing institutions should have an adequate number and mix of skilled and experienced staff;
- the internal control system should ensure the conduct of an orderly and efficient payment and procurement process, and proper recording and safeguarding of assets and resources;
- the accounting system should support the program's requests for funding and meet its reporting obligations to fund providers including Government of National Unity and the MDTF;
- the system should be capable of providing financial data to measure performance when linked to the output of the program; and
- an independent, qualified auditor should be appointed to review the Program's financial statements and internal controls.

Basic Principles: This is the first project where GNU is providing funds for implementing a project across the whole country. The financial management arrangements have been revised after discussions with the GNU Ministry of Finance and National Economy (MOFNE). In the south the plan is that GNU resources would be channeled through the newly established SSCCSE, while MDTF – S resources would be channeled through the UN Agency. In the North, GNU resources would be channeled through CBS while MDTF – N resources would be handled by a UN agency.

Fund Flow and Banking Arrangements: The fund flow and fiduciary arrangements proposed for this project after discussion with MOFNE are the following:



There are three main funding sources for this project: MDTF – N, GNU and MDTF – S.

In the North the implementation arrangements are the following:

- The implementation agency for use of MDTF-N resources would be a UN Agency. MDTF funds would flow into a Special Account. The grant recipient will be the GNU. There will be an MOU entered into between the UN Agency and GNU governing the use of these funds. The terms of the MOU would need concurrence from MDTF. Funds in the Special Account would be drawn down by the UN Agency for implementation, and UN Financial Regulations would apply to the use of this source of funding. The UN Agency would report to the census Controller (CBS Director) regarding its operations and use of these funds on a monthly basis. The UN Agency will need to fully comply with MDTF fiduciary requirements and production of Financial Monitoring Reports etc. as described in Annex II. The progress of implementation and use of funds would be reviewed by the Monitoring Agent on a regular basis and audited as per international auditing standards on TOR acceptable to MDTF and by an audit firm acceptable to MDTF.
- The implementation agency for use of GNU resources would be the Central Bureau of Statistics. GNU resources would flow into a new account to be created by CBS specifically for the census operations “Census Account – CBS”. This account would be operated by CBS and standard MFNE accounting procedures and financial regulations would apply. As with other public resources, this account would be audited by the Auditor General of Sudan and the authority of the MFNE Internal Audit department would extend over these resources.

In the South, the implementation arrangements (revised after discussions with MOFNE) are the following:

- The implementation agency for use of MDTF-S resources would be a UN Agency. The grant recipient will be GOSS. MDTF funds would flow into a Special Account. There will be an MOU entered into between the UN Agency and GOSS governing the use of these funds. The terms of the MOU would need concurrence from MDTF. Funds in the Special Account would be drawn

down by the UN Agency through the Interim Project Accounting Agent. UN Financial Regulations would be applicable to the use of this source of funding. The UN Agency would report to the Deputy Controller of the Census Project – the Director of the SSCCSE - regarding its operations and use of these funds. The UN Agency would also need to fully comply with MDTF fiduciary requirements and production of Financial Monitoring Reports etc. as described in Annex II. The progress of implementation and use of funds would be reviewed by the Monitoring Agent on a regular basis and audited as per international auditing standards on TOR acceptable to MDTF and by an audit firm acceptable to MDTF.

- The implementation agency for use of GNU resources in the South would be the SSCCSE. GNU resources would flow into a new account to be created by the SSCCSE for the census operations “Census Account – SSCCSE”. This account would be operated by SSCCSE and standard MFNE accounting procedures and financial regulations would apply even though expenditures from this account would take place throughout South Sudan. MFNE requires that as with other public resources, this account would be audited by the Auditor General of Sudan and the authority of the MFNE Internal Audit department would extend over these resources.

A Finance Committee has been established under the PCC for the purpose of coordinating financial management issues related to the census. This is a high level committee headed by the Undersecretary of the GNU Ministry of Finance and National Economy and including as members: Undersecretary of the Ministry of International Cooperation, GNU and Undersecretary of the Ministry of Finance of GOSS. The responsibility of this committee is to ensure adequate and timely flow of funds, authorize expenditures, ensure compliance with financial regulations and supervise auditing. The Controller and Deputy Controller will report to the Technical Committee, which in turn will report to the Finance Committee. Concurrence of the Finance Committee is required regarding the proposed fund flow, accounting and oversight arrangements proposed for use of GNU by SSCCSE. (see condition of effectiveness below).

The operation of the four project accounts – two GNU accounts and two MDTF accounts would be reported to the Finance Committee on a monthly basis.

The initial replenishment into the four Project Accounts from their funding sources would be for an amount of around four months of anticipated expenditures. For large payments from MDTF resources, GOS and GOSS could request for direct payments to contractors. The accounting for these payments would need to be reflected in the withdrawal applications submitted by the implementing agency through the Interim Project Accounting Agent in the South and directly in the North.

The UN Agency in the North will be required to maintain a Ledger Grant Account (Washington) in US Dollars to keep track of draw downs from the MDTF grant. The account will show (a) deposits made into bank X by the Bank, (b) direct payments by the Bank, and (c) opening and closing balances. All bank accounts will be reconciled with bank Statements on a monthly basis. The bank reconciliation statements will be reviewed by designated officials, and identified differences will be expeditiously investigated. The UN Agency in the North will be responsible for preparing and submitting to the World Bank consolidated applications for withdrawal, as appropriate.

For the South these functions will be discharged by the UN Agency through the Interim Project Accounting Agent (IPAA).

The UN Agency will maintain a cumulative record of draw-downs from the MDTF grant that will be reconciled monthly with the Disbursement Summary provided by the Bank.

Detailed banking arrangements, including control procedures over all bank transactions (e.g. cheque signatories, transfers, etc.), will be documented in the PIM to be prepared and issued by the UN Agency.

The allocation of Grant proceeds for MDTF – N and S, by expenditure category are summarized in the tables below.

| Allocation of MDTF – N Grant proceeds | | |
|--|------------------------|--|
| Expenditure Category | Amount in US\$ million | Financing Percentage |
| (1) Goods | 10,000,000 | 100% of foreign expenditures, 100% of local expenditures (ex-factory cost) and 80% of local expenditures for items procured locally. |
| (2) Works | 1,500,000 | 80% |
| (3) Services | 3,800,000 | 100% of foreign expenditures and 90% of local expenditures |
| (4) Project Operating Costs | 4,700,000 | 80%. |
| Total Project Costs with MDTF Financing | 20,000,000 | |

| Allocation of MDTF – S Grant proceeds | | |
|--|------------------------|--|
| Expenditure Category | Amount in US\$ million | Financing Percentage |
| (1) Goods | 7,000,000 | 100% of foreign expenditures, 100% of local expenditures (ex-factory cost) and 80% of local expenditures for items procured locally. |
| (2) Works | 1,000,000 | 80% |
| (3) Services | 2,000,000 | 100% of foreign expenditures and 90% of local expenditures |
| (4) Project Operating Costs | 3,000,000 | 80%. |
| Total Project Costs with MDTF Financing | 13,000,000 | |

7. Disbursement Arrangements

Disbursement method:

Disbursements from the MDTF would be on the basis of Financial Management Reports (FMR's).

The UN Agency shall submit payment requests to the Bank based on FMR's directly in the North and through the IPAA in the South. Documentation supporting all expenditures claimed will be retained by the UN Agency and will be available for review when requested by the Bank supervision missions and project internal and external auditors. All disbursements are subject to the conditions of the MDTF Grant Agreement and the procedures defined in the Disbursement Letter.

Special Accounts:

The Project Accounts in the North and South will be replenished through the submission of Withdrawal Applications supported by FMR's and copies of relevant bank statements. The withdrawal application shall include an amount required to finance Eligible Expenditures during the six-month period following end of the quarter for which the FMR was prepared. All disbursements will be channeled through the Project Accounts. These withdrawal applications will be submitted directly in the North and through the IPAA in the South.

Detailed disbursement procedures will be documented in the PIM.

Planning and Budgeting

Cash Budget preparation will follow the procedures outlined in the PIM. Additionally, financial projections or forecasts for the life of the project (analyzed by year) will be prepared. On an annual basis, the UN Agency will prepare the cash budget for the coming period based on the work program. The cash budget should include the figures for the year, analyzed by quarter. The cash budget for each quarter will reflect the detailed specifications for project activities, schedules (including procurement plan), and expenditure on project activities scheduled respectively for the quarter. The annual cash budget will be sent to the TTL at least two months before the beginning of the project fiscal year.

Detailed procedures for planning and budgeting will be documented in the PIM.

Fixed Assets and Contracts Registers

The UN Agency will prepare and regularly update a Fixed Assets Register. A Contracts Register will also be maintained in respect of all contracts with consultants and suppliers. The UN Agency will prepare Contract Status Reports quarterly. Control procedures over fixed assets and contracts with consultants and suppliers/vendors will be documented in the PIM.

Information Systems

The UN Agency will establish and maintain a computerized project financial management system. This system should be capable of generating information and outputs as per MDTF requirements. This system should be used for adequately tracking, recording, classifying and reporting project transactions.

8. Financial Reporting and Monitoring

Monthly, quarterly and annual reports will be prepared for the purpose of monitoring project implementation. The reports will be submitted to the project coordinators, project implementing units, and the Bank. Detailed reporting procedures and the format, contents and frequency of reports will be fully documented in the PIM.

Monthly: On a monthly basis, the UN Agency will prepare and submit the following reports to Goss and the Bank:

- *Bank Reconciliation Statement* for each bank account;
- *Monthly Statement of cash position* for project funds from all sources, taking into consideration significant reconciling items;
- *Monthly Statement of expenditure* classified by project components, disbursement categories, and comparison with budgets, or a variance analysis; and
- *Statement of Sources and Uses of funds* (by Major Category/ Activity);

Quarterly: The following financial monitoring reports will be prepared by the UN Agency on a quarterly basis:

- *Financial Reports* which include a Statement showing for the period and cumulatively (project life or year to date) inflows by sources and outflows by main expenditure classifications; beginning and ending cash balances of the project; and supporting schedules comparing actual and planned expenditures. The reports will also include cash forecast for the next two quarters.
- ***Physical Progress Reports* which include narrative information and output indicators (agreed during project preparation) linking financial information with physical progress, and highlight issues that require attention.**
- ***Procurement Reports*, which provide information on the procurement of goods, work, and related services, and the selection of consultants, and on compliance with agreed procurement methods. The reports will compare procurement performance against the plan agreed at negotiations or subsequently updated, and highlight key procurement issues such as staffing and building Borrower capacity.**
- *FMR Withdrawal Schedule* listing individual withdrawal applications relating to disbursements by FMR method, by reference number, date and amount.

Financial Statements

The project financial statement shall be in accordance with Generally Accepted Accounting Practice These Financial Statements will comprise of:

- a. A *Balance Sheet* reflecting the assets, liabilities and funding of the project based on the cash bases.
- b. A *Statement of Sources and Uses of Funds / Cash Receipts and Payments*, which recognizes all cash, receipts, cash payments and cash balances controlled by the entity for this project; and separately identifies payments by third parties on behalf of the entity.
- c. The *Accounting Policies Adopted and Explanatory Notes*. The explanatory notes should be presented in a systematic manner with items on the Balance Sheet and Statement of Cash Receipts and Payments being cross-referenced to any related information in the notes. Examples of this information include:
- d. A *Management Assertion* that program funds have been expended in accordance with the intended purposes as specified in the relevant World Bank legal agreement.

9. Audit Arrangements:

Internal Control and Internal Auditing

The UN Agency will fully implement its own internal control and internal audit procedures.

External Audit

The external audit will be carried out by an auditor appointed by the MDTF. The auditor will be required to express an opinion on the audited program financial statements in compliance with International Standards on Auditing (IFAC/INTOSAI pronouncements) and submit the audit report within six months of the end of the financial year. In addition, detailed management letters containing the auditor's assessment of the internal controls, accounting system and compliance with financial covenants in the MDTF Grant Agreement.

10. Accounting Policies and Procedures

MDTF resources will be accounted for by the Project on a cash basis. This will be augmented with appropriate records and procedures to track commitments and to safeguard assets. Accounting records will be maintained in US\$.

The Chart of Accounts will facilitate the preparation of relevant monthly, quarterly and annual financial Statements, including information on the following:

- Total project expenditures
- Total financial contribution received
- Total expenditure on each project component/activity, and
- Analysis of that total expenditure into civil works, various categories of goods, training, consultants and other procurement and disbursement categories.

Annual financial Statements will be prepared in accordance with International Accounting Standards (IAS). All accounting and control procedures will be adequately documented.

11. ACTION PLAN

From an FM perspective five issues that need to be flagged are:

(i) The amount of funding proposed to be channeled for this project through CBS is twelve times larger than its annual budget. CBS needs to gear up its institutional arrangements to be able to successfully implement this project.

CBS is going to be the implementing agency for the GNU component of US\$24.2 million. Its total budgetary expenditures in 2005 were US\$1.94 million, the bulk of which was for salaries and operating expenditures. A manual accounting system is in place, and there is only one certified accountant amongst the 26 accounting officials. There is need for substantially increasing the FM capacity within CBS to successfully implement this project.

It is recognized that the MFNE controls the cadre of accounting personnel. In light of the needs of the census project, CBS needs to immediately request MOFNE for allocating additional qualified accountants and to immediate upgrade their accounting systems.

(ii) GNU is going to be channeling US\$16.4 million of its resources for the census project through the SSCCSE which is just in the process of being established. The finance and administration wing of SSCCSE has no capacity at present to handle fund flows of this magnitude. SSCCSE needs to immediately prepare a realistic plan as to how these funds would be handled. If adequate systems and manpower are not in place, the entire census process in the South could be severely jeopardized. GNU requires these funds be handled as per GNU financial management procedures – including GNU financial regulations and be under the oversight of the GNU internal control, internal audit and external audit

procedures and systems. After confirmation of this arrangement by the Finance Committee (see condition of effectiveness below) SSCCSE needs to put in place adequate capacity for handling these resources.

(iii) In the past CBS has only received a fraction of the funding requested on account of operating and developmental expenditures. In 2005 and 2006 CBS received only 35% of the outlay on account of operating expenditures. It received only 9% and 15% of the agreed outlay on account of developmental expenditure in 2005 / 2006. The current year's outlay by GNU is only 30% of the amount required for 2006 for the project.

Given the importance attached to implementation of the census there is need to link MDTF releases with GNU releases to ensure that funding is available in a timely manner for project preparation activities.

(iv) Agreement on issues related to financial reporting, audit and use of financial regulations.

This is the first project that GNU resources are going allocated and utilized by an implementation agency based in the South for implementing a national project. Given the provisions of the CPA, there is need for GOSS concurrence that GNU accounting, financial reporting, internal audit, internal controls and external audit procedures would be applicable to the use of these resources even though they are being utilized in the South. The Finance Committee of the PCC is the appropriate forum for obtaining this concurrence.

(v) Signing of a MOU between GNU and GOSS with a UN Agency.

MDTF-N and MDTF-S resources are to be channeled to a UN Agency for implementation in both North and South Sudan respectively since SSCCSE currently lacks the capacity to implement the project in the South and the CBS also has limited capacity in the North. In order to enable the UN agency to mobilize quickly and support the implementation process, there is need for two MOU's to be signed in the near future between GNU and the UN Agency and GOSS and the UN Agency.

The conditions of effectiveness and disbursement for this project are the following:

| S/N | ACTION | By Whom | By When |
|-----|--|--------------|---------------|
| 1 | | | |
| | Finalize MOU between GNU / GOSS and UN Agency regarding terms and conditions for channeling MDTF funds to the UN Agency, in consultation with MDTF. | GNU / GOSS | Effectiveness |
| 2 | Confirm Finance Committee agreement to apply GNU financial regulations, internal control procedures, fund flow arrangements and external audit authority over the use of GNU funds for the Census. | GNU / GOSS | Effectiveness |
| 3 | CBS and SSCCSE agree with MDTF on actions needed for enhancing their fiduciary capacity to ensure timely implementation of all census activities. | CBS / SSCCSE | Disbursement |
| 4 | GNU provides a written commitment to MDTF regarding the timely release of counterpart funds, and linking release of MDTF and GNU resources. | GNU | Disbursement |

Supervision Plan

As this is a high risk project, it will be supervised on a quarterly basis by a Bank accredited FMS. Supervision activities will include review of quarterly FMRs; review of annual audited financial statements and management letter as well as timely follow-up of issues arising; annual review; participation in project supervision missions as appropriate; and updating the FM rating in the Implementation Status Report (ISR).