

# AFRICAN DEVELOPMENT BANK GROUP



## SUDAN

### PUBLIC FINANCIAL AND MACROECONOMIC MANAGEMENT CAPACITY BUILDING PROJECT

### PROJECT COMPLETION REPORT

(PCR)

**RDGE/ECGF**

November 2018

# SUDAN PUBLIC FINANCIAL AND MACROECONOMIC MANAGEMENT CAPACITY BUILDING – PROJECT COMPLETION REPORT (PCR)



AFRICAN  
DEVELOPMENT  
BANK GROUP

## I BASIC DATA

### A Report data

<b>Report date</b>	Date of report:	31 <sup>st</sup> August 2018	
	Assignment date (Consultant)	From: 15 <sup>th</sup> July 2018	To: 31 <sup>st</sup> August 2018

### B Responsible Bank staff

Positions	At approval	At completion
<b>Regional Director</b>	Gabriel NEGATU	Gabriel NEGATU
<b>Country Manager</b>	Abdul KAMARA	Raubil DUROWOUJU
<b>Sector Director</b>	Sibry TABSOBA	COULIBALY, ABDOULAYE
<b>Sector Manager</b>	Jacob MUKETE	Wilfrid ABIOLA
<b>Task Manager</b>	Camille KARAMAGA	Camille KARAMAGA
<b>Alternate Task Manager</b>	N/A	N/A
<b>PCR Team Leader</b>		Camille KARAMAGA
<b>PCR Team Members</b>		
<b>PCR peer reviewers</b>		-Kenneth Onyango, Chief Regional Ethics Officer, PETH - Angelique Umubyeyi, Senior Governance Officer, ECGF/RDGS - Godfrey Kaijage, Principal Financial Management Specialist, COTZ/RDGE

### C Project data

<b>Project name: Public Financial and Macroeconomic Management Capacity Building Project</b>		
<b>Project code: P-SD-KA0-006</b>	<b>Instrument number(s): 5900155005951</b>	
<b>Project type: National</b>	<b>Sector: Governance</b>	
<b>Country: Sudan</b>	<b>Environmental categorization 3 i.e. ( have no adverse effect on the environmental)</b>	
<b>Processing milestones – UA</b>	<b>Key Events</b>	<b>Disbursement and closing dates (</b>
<b>Financing source: ADF</b>	<b>Financing source: ADF</b>	<b>Financing source: ADF</b>

<b>instrument1: Grant</b>	<b>instrument1: Grant</b>	<b>instrument1:Grant</b>		
Date approved: 17 December 2013	Cancelled amounts:	Original disbursement: UA 2.78 million. deadline: 30 <sup>th</sup> June 2018		
Date signed: 17 December 2013	Supplementary financing: N/A	Original closing date: 30 <sup>th</sup> June 2018		
Date of entry into force: January 2014	Restructuring : N/A	Revised disbursement deadline: N/A		
Date effective for 1st disbursement	Extensions : N/A	Revised closing date: N/A		
Date of actual 1st disbursement: May 2014				
Co-financiers and other external partners: Government of Sudan				
Executing and implementing agency (i.e.): Ministry of Finance and Economic Planning through PIU				
Financing source/instrument (add/delete rows depending on the number of financing sources):	Disbursed amount (amount, UA):	Percentage disbursed (%):	Undisbursed amount (UA):	Percentage undisbursed (%):
Financing source/ instrument1:ADF/TSF(Pillar I)	2,630,065	11.45	20,339,935	88.55
Financing source/ instrument2:				
Government:				
Other (eg. co-financiers). <i>Add rows as needed</i>				
<b>TOTAL</b>	<b>2,630,065</b>	<b>11.45</b>	<b>20,339,935</b>	<b>88.55</b>
<b>88.55</b>	<b>88.55</b>	<b>88.55</b>	<b>88.55</b>	<b>88.55</b>

#### **D Management review and comments**

Report reviewed by	Name	Date reviewed	Comments
<b>Country Manager</b>	Raubil DUROWOUJU		
<b>Sector Manager</b>	Wilfrid ABIOLA		
<b>Regional Director (as chair of Country Team)</b>	Gabriel NEGATU		
<b>Sector Director</b>	COULIBALY ABDOULAYE		

1. Relevance of project development objective

Rating *	
3	<p>The project development objective is to build and enhance transparency, accountability and efficiency in the use of public resources, macroeconomic policy and debt management through institutional strengthening and capacity building and thereafter developing a robust system for tracking and reporting of public revenues.</p> <p>This objective is aligned to pillar 1 of the I-PRSP (2011-2014) and pillar II of National Development Plan (NDP) for (2012-2016) both focus to strengthen governance and institutional capacity in the public sector.</p> <p>Strengthening of government capacity in PFM being the centre goal will enhance the impact of the national budget on delivery of services and hence poverty reduction through increasing efficiency and effectiveness of resource allocation and execution in line with pro-poor policies. The improvement of fiscal sustainability would avail much needed resources to finance development agenda.</p> <p>In assessing relevancy during the implementation period, four policy reforms related are taken into account in relation to project purpose remained fully aligned with: i) the Bank’s CSP or Country brief. The Bank was able to support Sudan’s recovery with a focus on two pillars, policy dialogue and targeted analytical work. ii) Applicable Bank sector strategy. This is envisaged through institutional support and capacity building, and achieved through installation of considerable number of systems such as DMFAS 06. iii) The country development strategy. The project was truly relevant in achieving development strategy.</p> <p>iv) The beneficiary needs. As for beneficiary needs, which was underscored by Bank’s preparation and appraisal missions as well as IMF consultations, mainly rest on institutional strengthening and capacity building in basic areas covering budgeting, cash management, public expenditure controls, accounting and internal and external audit as well as procurement.</p>

2. Relevance of project design

Rating *	Narrative assessment (max 250 words)
3	<p>The overall approach to the project design was based on a Government needs to achieve, upgrade and develop the PFM sector through installation of public financial management information system, debt management and financial analysis systems and electronic trading platform that are fully integrated, a business continuity and disaster recovery (BC&amp;DR) platform that is functioning satisfactorily, highly trained staff in debt management, macroeconomic management, accounting, procurement and budgeting.</p> <p>The systems, tools and implementation instruments adopted seem theoretically acceptable and there were few successes, e.g. electronic trading system in KSE, DMFAS 06 in MOFEP, and training programs. Though the design was acceptable, but from the Government side, the design was also driven by need for installation of systems rather than taking into account business re-engineering plan and change management.</p> <p>Though the major core activity, IFMIS, of the project was not implemented but the relevance of project design tended to achieve the highly objectives of the PFM. However some activities were successfully implemented i.e. DAMFAS 06, E-Trading and staff training. This had negative impacts on achieving the PFM objectives.</p>

### 3. Lessons learned related to relevance

Key issues (max 5, add rows as needed)	Lessons learned	Target audience
1. Weak Government participation at the level of top management at early stage of PAR preparation..	More and effective participatory approach in the project designs is essential for Government units and institutions.	<ul style="list-style-type: none"> <li>▪ Governme nt</li> </ul>
2. There were a number of committees and sub-committees not working in harmony. Few of them were not following the hierarchy i.e. either reporting to unauthorized bodies or adopting their own decisions.	Clear definition, time frame, term of reference and responsibilities for each committee or sub-committee are necessary to be determined.	<ul style="list-style-type: none"> <li>▪ Governme nt</li> <li>▪ Beneficiar ies</li> </ul>
3 Conducting evaluation and readiness assessment after project start-up.	Feasibility studies should be available or done at early stage of project.	<ul style="list-style-type: none"> <li>▪ Governme nt</li> </ul>
4. Frequent modification during project implementation	Involvement of relevant government institutions and units, supported by top management is essential	<ul style="list-style-type: none"> <li>▪ Governme nt</li> </ul>

**1. Progress towards the project's development objective (project purpose)****Comments**

The purpose of the project was to strengthening the governance and institutional capacity of State institutions, enhancing capacity for debt management, enhancing capacity for monetary policy at the CBoS, developing a robust system for tracking and reporting on public revenue flows and related expenditures and developing sound national and integrated payment and settlement systems that will facilitate the conduct of monetary policy and strengthen the efficiency of the financial sector. On this understanding, the project components were:

**(a) Strengthening Capacity for Public Financial Management.** The planned outputs were:

- to support and roll out an Integrated Financial Management and information System (IFMIS) at federal level,
- technical training of MOFEP, CBoS, Custom Departments, Chamber of Taxation, and other relevant department staff in IFMIS.
- Capacity building in the areas of financial controls, procurement monitoring and reporting, accounting, internal and external audit at Federal and sub-national level.
- Training to support fiscal planning, budget formulation and analysis for MOFEP and line ministries.
- Technical assistance for capacity building, medium-term fiscal framework and a multi-year (3 year) budget for MOFEP, and the CBoS.
- Workshops, study tours, training for parliamentarians on oversight function.

The major outcomes of the component (a) were that:

- Successful and effective training programs for MOFEP, CBoS, Custom Department, Chamber of Accounts and NIC and other line ministries.
- Two study tours were performed.

**(b) Strengthening capacity for macroeconomic management and monetary Policy.** The main output of this component rest on the following:

- Support to upgrade the payment systems of the CBoS through the provision of a Core Banking Application (CBA), and a Business Continuity & Disaster Recovery Platform (BC&DR).
- Capacity building in E-trading and the upgrading of the electronic trading platform.
- Capacity building in macroeconomic policy and the conduct of monetary policy for CBoS, MOFEP and Central Bureau of Statistics (CBS) staff.

The major outcomes of component (b) were:

- Capacity building in E-Trading and the upgrading of electronic trading platform and core banking Application.

**(c) Enhancing Capacity for debt management. Major outputs were:**

- Support to debt management.
- Installation of DMFAS 6.0 at MOFEP and upgrading of CBoS, DMFAS from 5.0 to 6.0.
- Building debt management capacity for MOFEP, line ministries, at Federal and sub-national levels and the CBoS.
- Technical training of MOFEP and CBoS in DAMFAS 6.0.
- Workshops and study tours to neighboring countries.
- Training for parliamentarian on oversight functions.

The major outcomes of component (c) were:

- Support to Debt Management
- Internal and external workshops and training.
- send delegation from MOFEP to attend 11<sup>th</sup> UNCTAD conference.
- Installation of DMFAS 6.0 in the MOFEP and Upgrading of CBoS DMFAS 5.0 to 6.0
- One study tour on debt management to Mauritania

## 2. Outcome Reporting

Outcome indicators (as per RLF; add more rows as needed)	Baseline value (Year)	Most recent value (A)	End target (B) (expected value at project completion)	Progress towards target (% realized) (A/B)	Narrative assessment (indicative max length: 50 words per outcome)	Core Sector Indicator (Yes/No)
<p>Outcome 1: Enhanced accountability on the use of public resources</p> <p>a)timeliness of in-year reporting</p> <p>b)effectiveness of internal audit</p> <p>c) legislative scrutiny of external audit reports</p>	<p>a)PI-22(C+)</p> <p>b)PI-21(D+)</p> <p>c)PI-(B)</p>	<p>All reports targeted were properly conducted</p>	<p>a)PI-22(B)</p> <p>b)PI-21(C)</p> <p>c)PI-28(B+)</p>	<p>N/A</p> <p>N/A</p> <p>N/A</p>	<p>There was no specific study done to measure according to PEFA indicators. The PEFA indicator appeared in the Baseline in the project RLF were the result of the last CIFA assessment which was conducted in 2010. The process of updating the CIFA assessment under this project was started but not completed due to project closure process. Accordingly no evidence for achieving or not achieving the targeted PIs for the project RLF.</p>	<p>Yes</p>

<p>Outcome 2: Increased financial depth and effectiveness and efficiency in macroeconomic policy</p> <p>a)improvement in the level of financial depth as measured by credit to the private sector as a percentage of GDP. b) Reduction in fiscal deficit</p>	<p>a)level of financial depth as measured by credit to the private sector as a percentage of GDP ratio was 12.8% in 2012</p> <p>b)fiscal deficit to GDP ratio</p>	<p>18.9%</p> <p>1.4%</p>	<p>18%</p> <p>1.0%</p>	<p>5% (an increase of 5% of the expected)</p> <p>1.4% (an increase of 40 % of the expected)</p>	<p>- Base on the MOFEP Economic survey for year 2016. There is improvement in the private sector credit as a percentage from GDP. -</p> <p>Reduction in fiscal policy improved by 0.4% than end target.</p>	<p>yes</p>
<p>Outcom 3: Enhanced effectiveness and efficiency in debt management.</p> <p>a)Foreign and domestic public debt is updated and recorded automatically in the IFMIS-DMFAS</p>	<p>Foreign and domestic public debt is updated and recorded automatically in the IFMIS-DMFAS</p>	<p>80%</p>	<p>70% of foreign and domestic public debt is recorded automatically through IFMIS-DMFAS</p>	<p>1.14%</p>	<p>DAMFAS 6.0 was successfully applied in the Debt Management Department (DMD). Before External and domestic debt was dealt with separately in two different units. Then Department of Debt Management was recently established in 2017 to deal with both external and domestic debt.</p> <p>-In the same context External Debt Management Department was established in CBoS early 2002 to operate and manage external debt.</p>	<p>Yes</p>

					-Each of MOFEP and CBoS debt management department has its own TOR and mandate of establishment. The situation resulted in dealing with external debt issues and reporting in two different institutions, which may sometimes lead to provide contradicting data and information. -Therefore the Government at a higher level should promptly resolve this situation.
Rating* (see IPR methodology)	Narrative assessment				
2	The project outcomes have partially been achieved. However due to non-completion of other essential outcomes which on the other hand would have positive impact on the entire project objectives. Therefore the assessment is rated unsatisfactory (2).				

### 3. Output reporting

Output indicators (as specified in the RLF; add more rows as needed)	Most recent value (A)	End target (B) (expected value at project completion)	Progress towards target (% realized) (A/B)	Narrative assessment (indicative max length: 50 words per output)	Core Sector Indicator (Yes/No)
Output 1: Roll out of IFMIS at Federal level and capacity in PFM at the Federal and sub-national levels	-IFMIS not implemented i.e. 0% - 20 Staff were trained in IFMIS - 50 staff trained in budgeting - 59.6% of staff trained was female.	Installation of IFMIS i.e. 100%. By 2017, at least, 50 staff trained in IFMIS at the MOFEP selected and line ministries at Federal level. At least, 45% of this is expected to be women. c. By 2017, at least 20 MOFEP and selected line ministries staff at the federal and state levels would have been trained in budgeting (including gender-based budgeting), using multi-year methodology. At least 45% of trained staff expected to be women	-IFMIS 0% -staff trained in IFMIS 40% -staff trained in budgeting 250% -female staff trained 132%	Up to the closure of the project, IFMIS is not in-place. Therefore progress achieved is 0%. The reason was that government due to intention to changes the project design as a result of high cost incurred and also to some unnecessary contractual procedures which resulted in non-awarding of a competent company with international experience. -staff trained in IFMIS was below the target due to Bank decision to withhold IFMIS related training during supervision mission in April, 2017. -The project achieved the training targets in budgeting and number of female trained.	No

Output 2: Centralized data base for monetary policy, and capacity in macroeconomic management at the Federal level and sub-national level	-Upgrading the E-Trading system : 100% - The BC&DR building is built by the Government. -CBA implementation is 0% -25 staff trained in macroeconomic of which 5 staff was female.	-A Technological platform in place and fully operational by 2017 B. By 2017, at least 20 Macroeconomic Mgt. staff would have been trained in advanced macroeconomic management techniques. At least 45% of trained staff expected to be women	-Upgrading the E-Trading system: 100% -BC&DR: 0% -CBA: 0% -staff trained in macroeconomic: 125% -Female trained in macroeconomic : 20%	Out of three main indicators of this output only one was successfully executed, which is E-trading platform, which genetically raise the standard of transparency and disclosure of stock market activities through the companies operating. The number of trades increased from 12,719 in 2012 to 43,241 in 2016. Other two, Data base in MOFEP and CBoS-BC&DR were not implemented, which would have a great impact on monetary policy and capacity in macroeconomic management.	Yes
Output 3: Roll out of DMFAS 06 and Capacity Building in Modern Debt Management	DMFAS 6.0 installed at the MOFEP: 100% - 49 Debt Management staff trained both at MOFEP and CBoS, of which 25 were female	- A. DMFAS 6.0 installed at both the CBoS and the MOFEP in 2017 B. By 2017: - at least 25 staff trained - At least 45% of staff trained expected to be women	-DMFAS 6.0 installed at the MOFEP: 100% -staff trained in debt management: 196% -female trained: 50%	-DMFAS 6.0 installed at MOFEP. -Debt Management staff trained both at MOFEP and CBoS -Capacity building in the MOFEP, institutions and CBoS were successfully implemented -Female staff trained internally and externally were 451 i.e. 59.6% of the total staff trained , hence exceeded planned percentage(45%) by 14.6%	Yes
Rating (see IPR) methodology	Narrative assessment				
1	The non- installation of IFMIS which was not implemented constitutes a major adverse effect in achieving the entire scope of project objectives. In contrast few successes were to some extent have a minor impact on the PFM achievement as well as the entire economy. Therefore the outputs assessment is rated highly unsatisfactory.				

#### 4. Development Objective (DO) rating<sup>1</sup>

DO rating (derived from updated IPR)*	Narrative assessment (indicative max length: 250 words)
1.5	<p>The development objective (DO) of the project was highly relevant to the PFM needs as the sector lacks considerable number of effective and modern systems. The design of the project was appropriate in the early stages, however, there was considerable achievement in training and installation of DMFAS 06 and E-trading, the output and outcome indicators were unsatisfactory due to non-implementation of core activities of the project, namely IFMIS.</p> <p>The Bank was able to support Sudan's recovery with a focus on policy dialogue and targeted analytical work, technical assistance (TA) and capacity building. Other achievement was through installation and implementation of considerable number of systems such as DAMFAS 6, in the debt management of the MOFEP, Electronic Trading System in the KSE, and training of staff internally and externally and study tours.</p> <p>The focus was also on institutional strengthening and capacity building in basic areas covering budgeting, cash management, public expenditure controls, accounting and internal and external audit as well as procurement. The project development objective is assessed to be in line with Government's sector development priorities and timely approved.</p>

#### 5. Beneficiaries (add rows as needed)

Actual (A)	Planned (B)	Progress towards target (% realized) (A/B)	% of women	Category (eg. farmers, students)
<u>In country training</u>  671 participants. Staff trained from:  -MOFEP -PIU -CBOS -NIC -CBA -TAX CBA -SHAHAMA -CUSTOM -KSE	660 (+11)*	1.1%	64% (375)	Staff, training Centres
		The major areas of training were: HR and ICDL training contract, debt management workshop, project management, risk management and M&E,		

<u>External training</u>  185 participants, staff trained from: -MOFEP -CBOS -KSE -CBS -NIC -Taxation Chamber -MOC -Sudanese Workers Union	124 (+61)	149%  25 training programs were conducted. Major areas were: debt management, macroeconomic policies and planning, HR, management and leadership, disaster recovery and business continuity, public private partnership (PPP), M&E, Procurement, taxation, project management, governance, statistics, and Banking supervision.	41% (76)	Staff External Training Centres
<u>Internal &amp; external Female training</u>  59.6  451	45%  340	(+ 14.6)  (+111)	Female staff trained exceeded planned percentage by 14.6%	Female staff

Logistical support	The project provided logistical support to : - Debt Management Department -KSE -PIU	- Sundry equipment (computers, battery, printers, photocopiers, projectors and two servers - Servers for KSE - IT Equipment, furniture, office rent, vehicles	100%	debt management department in the MOFEP, companies operating in KSE benefiting from E-Trading, and staff of PIU
Public sector professionals, consultants and Contractors.	Professionals, consultants and contractors	-knowledge -income -revenue	N/A	Various categories were benefiting from project related activities, particularly, public sector professionals, including managerial and technical staff, consultants, contractors and businesses.

\*source: PIU project progress report

### 6.Unanticipated or Additional Outcomes (add rows as needed)

Description	Type (eg. gender, climate change, social, other)	Positive or negative	Impact on project (High, Medium, Low)
1. Effective training programs: The various training programs provided were very instrumental as staff trained was able to interact with other nationalities and exchange experience.	Managerial	positive	medium
2.The PIU was able to support other projects financed by other development partners on advisory basis	Project management	positive	High
3. Quality training. The quality training provided would in future enable some of staff trained to have access to apply for higher quality jobs at the private sector or regional and international organizations with high salary, hence this will improve their families and society standard of living	Economic	Positive	Medium

<p>4. The regular ministerial meetings as well as establishment of various sub-committees to follow up all IT projects including this project led to some managerial and technical interventions and confusions to project management. This is a lesson for future project design and implementation.</p>	<p>Management</p>	<p>Negative</p>	<p>High</p>
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### 7. Lessons learned related to effectiveness (add rows as needed)

Key issues (max 5, add rows as needed)	Lessons learned	Target audience
<p>1. Project Steering Committee (SC) being the most instrumental body in the project managerial cycle. The SC meetings were substituted by Project Managers weekly meeting with the Minister that complicated the project implementation activities.</p>	<p>To avoid such position Steering Committee should be composed of relevant Government units directly concerned. Timely meetings are necessary. Ministerial meetings should only focus on institutional and policy issues instead of operational issues.</p>	<p>Government</p>
<p>2. There were many technical and managerial committees and sub-committees involved in the project process and implementation. This led to conflict among different beneficiaries.</p>	<p>Adequate preparatory and feasibility studies lead to a proper project scope, definition and solid implementation work plans, however the scope was changed during the implementation and expected results at appraisal could not be attained. So there is need of continuous dialogue to understand the country needs so the Bank can support accordingly.</p>	<p>Government</p>
<p>3. The project had considerably invested in staff training. Therefore necessary arrangements should be taken to safeguard these trained staff for a longer period.</p>	<p>Considerable number of staff was trained to install and run various systems. Therefore the trained staff should be safeguarded and provided with advance courses in the same field. This will enable institutions concerned to be properly prepared and ready to take over future responsibilities.</p>	<ul style="list-style-type: none"> <li>▪ Government</li> <li>▪ Beneficiaries</li> </ul>
<p>4. Project Implementation Strategy was properly formed in the PAR.</p>	<p>The implementation strategy adopted was to engage key implementing partners to support Executing Agency i.e. MOFEP, and PIU as Management body. The ministerial meetings by the Project Manager were not envisaged in the project design at appraisal. This brought in some external unseen political interference which derailed the IFMIS implementation. This is a key lesson for future project designs</p>	<p>Government</p>
<p>5. Selection of candidates for training courses should observe basic needs of institutions.</p>	<p>Priorities and selection of candidates should take into account real needs of institutions and suitability of programs to serve the project objectives.</p>	<p>Government</p>

<p>6. Interview with a number of staff trained within the project to judge on the usefulness of training programs.</p>	<p>The Consultant undertook a random questionnaire with 20 of staff trained from various units on five main training programs. The results were as follows:</p> <p><u>On the usefulness</u>          -The majority indicated that the level of knowledge and usefulness was HIGH.          -Few indicate that the usefulness was PARTIAL</p> <p><u>On the job application</u>          -The majority indicate that on job application is PARTIAL.          - Only one indicated full on job application          - Few indicated that they don't apply.</p> <p><u>Proposals reflected by staff</u>          -To conduct same training programs targeting more staff.          - To conduct and provide more advanced training programs          - Some training programs require more sufficient time than delivered before.          In general training programs were very instrumental and effective as all of the systems implemented are currently operated by those staff trained</p>	<p>Government</p>
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**C Efficiency**

1. Timeliness

Planned project duration – years (A) (as per PAR)	Actual implementation time – years (B) (from effectiveness for 1 <sup>st</sup> disb.)	Ratio of planned and actual implementation time (A/B)	Rating*
4.5 Years	4.5 Years	100%	2

**Narrative assessment** (indicative max length: 250 words)

The duration of the project completion from the date of effectiveness on January 2014 to closure on 30 June 2018 was four and a half years, similar to a planned project duration, however some major components have not been implemented, importantly IFMIS and some other essential activities.

<u>Activity</u>	<u>Planned (adjusted to date of effectiveness)</u>	<u>Actual</u>
Designation of project staff	March 2014	July, 2014
Date of first Disbursement	May 2014	May 2014
Deadline last Disbursement	30 June 2018	30 June 2018
Procurement of Goods and Services	March 2014 - June 2017	July14-March18
Training Programs	July 2014 - December 2017	Jan16-March18
Mid – term progress Review	First Quarter 2016	2 <sup>nd</sup> quarter2017
Submission of Annual Audit Reports	Annually from 2014 to 2018	2014-15-16-17

The project was effective on January 2014 and date of first disbursement was May 2014. Some major milestones planned were considerably late. The designation of project staff was late by three months, procurement of goods and services, training programs as well as mid-term progress review were late by almost one year. Despite the closure of the project met the planned duration in theory, major core project items and activities were not implemented. Major constraints were: at a technical level there was no strong follow up for action programs. Also issue of intervention from some beneficiaries and different decisions from day to day as well as contradiction among government units weakened the implementation from Government side.. Furthermore sanction of money transaction or transfer was tightened during 2016 and 2017. Direct transfer was also adversely affected and prolonged depositing disbursement amounts in timely manner.

In this context since the project was closed in planned duration but essential core items and activities have not been implemented therefore the efficiency related to timelines is rated unsatisfactory (2).

## 2. Resource use efficiency

Median % physical implementation of RLF output completion its financed by all financiers (A) (see II.B.3)	Commitment rate (%) (B) (See table 1.C – Total commitment rate of all financiers)	Ratio of the median percentage physical implementation and commitment rate (A/B)	Rating*
100%	56%	1.8	1
<b>Narrative assessment</b> (indicative max length: 250 words)			
An amount of the ADF grant was UA 22.97 million from which an amount of UA 2.78 (12.1%) was disbursed and thus the ADF balance is UA 20.19 million (87.9%). The Government of Sudan contribution agreed to be in kind.			

The government financed in general, local staff salaries, office rent and furniture, vehicles and fuel. The total cost was approximately 610, 000 USD. The Government also through CBoS was able to build the BC&DR site in Wad-Medani with a total cost of 700,000 USD, and equipment purchased in the range of 100,000 USD. The Government grand total contribution was therefore 1.41 million USD.

It's indeed clear that the resource use was far less under the expectation of the project objectives. It should be advocated that the use of resources was consistent with procurement and contracting regulations to goods and services. However there were few success stories such as installation of DMFAS 06 and E-trading. On the other hand there was drawback and failure to implement some core activities regrettable installation of IFMIS, CBA, MOFEP data base center, and business continuity and disaster recovery (BC&DR). In this context, the center issue was not a question of resource use efficiency rather than the utilization of resources in itself.

For the commitment rate, only Government which fulfilled its financial commitment as explained above. The Bank was willing also to meet its commitment but due to reasons and constraints indicated before which adversely affected implementation. Therefore the rating is assessed as highly unsatisfactory.

## 3. Cost benefit analysis

Economic Rate of Return (at appraisal)	Updated Economic Rate of Return (at completion)	Rating*
N/A	N/A	N/A
<b>Narrative assessment</b> (indicative max length: 250 words)		
Analysis of economic rate of return was not taken into account in the PAR, and no indicators provided. However in taking into consideration lessons learned from different practices and process, training programs conducted in various capacity building fields in addition to E-Trading platform established at KSE, DMFAS 6.0 in the MOFEP. All these can have positive impact to be regarded as contribution to policy reforms and hence economic growth.		

#### 4. Implementation Progress (IP)<sup>2</sup>

IP Rating (derived from updated IPR) *	Narrative comments (commenting specifically on those IP items that were rated Unsatisfactory or Highly Unsatisfactory, as per last IPR). (indicative max length: 500 words)
2.6	<p>There are three essential categories for assessment. i) Compliance with covenants, ii) project systems procedures and iii) project execution and financing.</p> <p>i) <b>Compliance with covenants.</b> The project early start-up was slow due to delay in PIU staff designation by 4 months from effectiveness. First disbursement was late by 4 months, due to tightening of American sanction in early 2014. The mid-term review was also late by one year. On the other hand, and positively noted that audit compliance and reporting was satisfactory. As the project had been environmentally classified III, it did not have conditions attached to environmental safeguard. Therefore compliance to covenants is assessed as unsatisfactory (2)</p> <p>ii) <b>Project systems and procedures</b> (procurement, financial management, and monitoring and evaluation). The PIU was able to draw effective work action plans of procurement, training and reporting. Different committees were formed. Procurement of most of goods and services were implemented late. For example IFMIS contract proceedings took about 2.5 years, mostly due to lack of PFM readiness. Also, some systems and applications of procurement and contract proceeding were executed late and their implementation period came beyond the duration of the project.</p> <p>From the Bank side, lack of yearly follow-up supervision mission. The Bank was not able to launch missions during 2016 and the mid-term review took place on 2017 instead of 2016. Three supervision missions were launched on the early stage of project implementation (2014 and 2015). On the monitoring and evaluation, four annual reports were conducted for years 2014, 2015, 2016 and 2017, in addition to quarter reports and several ad-hoc reports required by the MOFEP.</p> <p>Therefore, and on the basis of the assessment, this part of implementation progress is rated unsatisfactory (2)</p> <p>iii) <b>Project execution and financing</b> (disbursement, budget commitments, counterpart funding).</p> <p>For disbursement, the project execution and financing was unsatisfactory. Out of UA 22.97 million estimated cost only UA 2.47 million (12.1%) was disbursed. Many adverse reasons contributed to the low disbursement importantly slow procurement and contracting process, delay in preparing of the TOR, technical requirements and specifications by the beneficiaries. On the Bank side the disbursement action proceeding was fair, however there were some delays in NO-objection, the American sanctions had adversely affected the disbursements and direct payments to international and regional suppliers. Example, the American sanction has affected disbursements and direct payment, a transfer of USD 50,000 to FMH company in Dubai has been stopped and forfeited by American authority due to OFAC.</p> <p>As for budget commitment and counterpart funding, the government was able to fulfil all its commitments, notably office furniture and rent, local staff, transportation etc...</p> <p>Though project execution was below expectation but the fund inflow and government commitment were satisfactory (3).</p> <p>The assessed rating to the Implementation Progress (IP), by considering the average of the three sub-dimensions assessed above, the rating is unsatisfactory (2.33).</p>

## 5. Lessons learned related to efficiency

Key issues (max 5, add rows as needed)	Lessons learned	Target audience
1. The delays in some project covenants and slow response by Government and the Bank	Early and prompt actions in fulfilling grant conditions will assist in accelerating planned project programs implementation.	<ul style="list-style-type: none"> <li>▪ Government</li> <li>▪ The Bank</li> </ul>
2. Delay in timely disbursement effect	Delay in transfer to internal and external consultants and contractors had very much affected the project implementation. Necessary Measures and arrangements should be taken to lift and not to repeat such practices in the future	<ul style="list-style-type: none"> <li>▪ Government</li> <li>▪ The Bank</li> </ul>
3. Clear identification and definition of implementing units responsibilities and roles	There were various technical and managerial committees and sub-committees. Some government units were not in full knowledge with their technical requirements	<ul style="list-style-type: none"> <li>▪ Governm ent Beneficia ries</li> </ul>
4. Follow up missions and prompt timely responses are essential from the Bank side in accelerating project implementation	Quality at entry was key instrument for any project success., and as shown in preceding paragraphs, there was limited ownership from government right from the commencement of the project. Moreover, in country IT and procurement capacity challenges at PIU level largely hampered smooth implementation of the project. Turnaround time was very slow because of incomplete procurement documents from the EA.	The Bank
Impact of sanction	Necessary measures and precaution should be taken to avoid the forfeiting of any transfer in future. The amount of USD 50,000 should not be debited against the project accounts, or any other mutual arrangement consistent to the regulation between the Government and the Bank	The Bank Government

**1. Financial sustainability**

Rating*	Narrative assessment (indicative max length: 250 words)
3	<p>The financial sustainability of the project was looked to in the frame of the outcomes of the institutional support and capacity building provided to different government units and institutions, and beneficiaries to enable them continue and maintain their operations on appropriate manner without any financial shortfall. Despite failure in implementing the core activity of the project, the other activities were successfully implemented and hence, the financial sustainability is well considered by the concerned bodies. DMFAS 6.0 in the MOFEP, E-trading in KSE, they were all maintained and operated under the structure of the Ministry and KSE with sufficient budgetary and trained staff requirements, e.g. the MOFEP will pay the annual maintenance fees for DMFAS after project completion.</p> <p>In view of successive training provided for staff in various government units and institutions will also safeguard and enable sustainable operations and maintenance of systems in future.</p> <p>In view of the assessment the financial sustainability is rated satisfactory (3).</p>

**2. Institutional sustainability and strengthening of capacities**

Rating*	Narrative assessment (indicative max length: 250 words)
3	<p>The risk to institutional sustainability arises from the inability to retain the trained staff or to utilize them effectively beside possibility of reassigned or leave their current jobs to better paid jobs. The project was able to train in 2016 and 2018 (program of 2017 executed in 2018) 671 government employees and beneficiaries in country training and 185 participants in external training covering 33 training programs with total cost of USD 700,000. Main training beneficiaries were staff of MOFEP, CBOS, KSE, Taxation Chamber and NIC. Most of external training programs were conducted by reputable international and regional institutes. The gender equality was very much observed as 59.6 % of participants were female. In considering the expectation that some systems which were not implemented such as IFMIS, CBA, and macroeconomic data base, but considerable number of staff were also trained in the same fields and they would indeed help, if decided to implement in future.</p> <p>Based on the assessment the institutional sustainability is rated satisfactory (3)</p>

**3. Ownership and sustainability of partnerships**

Rating*	Narrative assessment (indicative max length: 250 words)
3	<p>The early stage of the project had witnessed thorough consultation and exchange of views with a number of stakeholders, notably the IMF and WB. Their reports were considered during the preparation of (PAR) as well. The reform was not led from the mainstream business process managers, but instead by IT experts in the MoF. At this level, there was no technical ownership. Minister’s involvement and creation of additional sub-committees did not add value during project implementation. However, the government financed in general an amount of USD 1.14 million being, local staff time, office rent and furniture, vehicles and fuel of total cost 610, 000 USD, and was also able to build the BC&amp;DR site with a total cost of 700,000 USD, and equipment purchased in the range of 100,000 USD, hence, the Government grand total contribution was therefore USD 1.41 million. Maintenance cost and annual registration fees of DMFAS and other systems installed will also be paid by the Government</p> <p>The Private sector was considerably involved, e.g. companies and brokers benefiting from KSE, E-Trading platform will also have their share in achieving operational tasks of E-trading.</p> <p>Therefore the assessment is rated unsatisfactory (2)</p>

#### 4. Environmental and social sustainability

Rating*	Narrative assessment (indicative max length: 250 words)
N/A	<p>The project operations are classified as environmentally category III, hence there was no environmental impact on the project. As for the social sustainability, the strong criteria taken in implementing PFM measures and the improvement that would be achieved in revenue resource collection by government will have impacts on social protection funds and the Zakat. The gender issue was widely in place as about 59.6% of staff trained internally and externally were female. The new job opportunities that would be created will also have positive effect on society standard of living.</p> <p>Therefore the social sustainability measures are acceptable.</p>

#### 5. Lessons learned related to sustainability

Key issues (max 5, add rows as needed)	Lessons learned	Target audience
1. Civil service rules are to shift staff from department to another. For this project staff trained to operate certain activities should be kept for a longer period.	1. The staff trained within the project to achieve certain installation and operation is also subject to civil service regulations including movement to different departments or changing the job. To ensure sustainability certain measures should be taken to avoid frequent turnover of trained staff.	Government
2. lack of modern database system and networking	Quality data provide evidence based policy, Support good decisions and programming.	Government
3. At the closure of the project on 30 June 2018, there is accumulated assets such as equipment, vehicles and office furniture which should be kept for the forthcoming project.	The project had accumulated considerable equipment and tools, to keep would be useful for the forthcoming project and to achieve this financial resource should be provided.	Government Beneficiaries

### III Performance of stakeholders

#### 1. Bank performance

Rating*	Narrative assessment by the Borrower on the Bank's performance, as well as any other aspects of the project (both quantitative and qualitative). See guidance note on issues to cover. (indicative max length: 250 words)
3	<p>During the preparation phase process a comprehensive consultation was made by the Bank. In- depth research and studies and assessment in partnership with a number of institutions and stakeholders and was clear from situation analysis that the public financial management sector was lacking mal-management of financial resources coupled with lack of institutional and human resources competencies. Thus the Bank's interventions, identified in the PAR in the area of PFM, complement technical assistance provided by other development partners, particularly the IMF.</p> <p>At start-up stage, The Bank's team were able together with government officials in the MOFEP, to put together and effect most necessary effectiveness arrangements and conducted series of meetings to agree on operational action plans. In this context the Bank was actively performed the main tasks in favour of ensuring proper take-off of the project implementation. Quantitatively six missions took place including project launching and mid-term review missions. The Bank team in charge of the project monitoring and supervision are located in different country offices i.e. procurement, task manger and acting task manager are located in Uganda, Kenya and Abidjan respectively.</p> <p>At a later phase there was Slowness in providing No-objection, supervision missions were not systematic and frequent, and the absence of any missions during 2016 had created a wide gap of consultation and necessary decisions required by the project management. However there were some communications instruments such as video conferences which to some extent enabled both sides to consult and exchange views on urgent issues. The disbursement was also an issue that the Bank was to some extent fair; however due to external intervention notably sanction which adversely affect direct payments.</p> <p>In assessing the issue of non- implementation of the core project operation, IFMIS, which led to a very low disbursement (cancellation of 87 % of a project proceeds) and distort the whole project. The Bank probably,</p>

was not part in such situation and the Government who desired to change the scope of the project, a cost which went far beyond the Bank allocation to this particular program of IFMIS.  
 On the same vein, there were some essential programs, which were not linked to IFMIS, such as CBA, macroeconomic data base and business continuity and disaster platform. Although contractual and negotiations process were sent to the Bank for approval, the Bank ignored sending neither NO-objection nor objection. In that context, Bank performance is therefore deemed satisfactory (3)

**Comments to be inserted by the Bank on its own performance (both quantitative and qualitative). See guidance note on issues to cover. (indicative max length: 250 words)**

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Key issues (related to Bank performance, max 5, add rows as needed)	Lessons learned
1. supervision and mid-term review missions	Close monitoring, continuous dialogue, agreements on activities to finance a project are key for successful project implementation
2. participatory approach	To insure project readiness is essential to avoid changes in core activities. Quality at entry is the vital step to minimize any change or delays in project start-up. Project readiness should be well advanced to avoid changes in core activities in the middle of project implementation.
3. Delay in disbursement	The delay in disbursement, particularly direct payment was partially due to sanction in addition to prolonged provision of No-objection. Therefore necessary measures should be observed in the future.

## 2. Borrower performance

Rating*	Narrative assessment on the Borrower performance to be inserted by the Bank (both quantitative and qualitative, depending on available information). See guidance note. (indicative max length: 250 words)	
	??????????	
Key issues (related to Borrower performance, max 5, add rows as needed)	Lessons learned	
1. Delays in designation of project staff by six month from project effectiveness	Early managerial arrangements and decisions shall take place related to staff appointment and this will speed up project implementation at early stage.	
2. Harmonization among various committees and sub-committees, and managerial versus technical committees.	There were a number of committees and sub-committees beside other technical committees. There should be specific and clear distinction among them. Term of reference for each committee was essential. The decision making and reporting process should observe the hierarchy.	
3. Project design	Project design usually constitutes the backbone of project success. Therefore during preparation of PAR, Government should extensively ensure consultation with core beneficiary units to ensure ownership at technical level, in the first place.. Rating is given as “unsatisfactory”(2)	

### 3. Performance of other stakeholders

Rating*	Narrative assessment on the performance of other stakeholders, including co-financiers, contractors and service providers. See guidance note on issues to cover. (indicative max length: 250 words)	
3	<p><u>Contractors and services providers</u> Major stakeholders were contractors and service providers. The performance of contractors was satisfactory for the systems installed, namely for DMFAS 06 and E-Trading, equipment and goods purchased. Three consultants were contracted during the project duration. The three of them conducted successfully assessment for CBA and GRP and Revamp IFMIS bidding documents. The third PFM consultant worked as consultant as part of PIU.</p> <p>Private sector performance was envisaged in companies that benefiting from introduction and application of E-Trade platform. Some of them were able to link with the trading room from office or home. External auditors for four years benefited from the project in raising income.</p> <p><u>The Co-financing and development partners</u> The project did not envisaged joint co-financing with any development partners, however, the Bank was able to make use of some policy guidelines and reforms and IMF Staff Monitory Program. The donor coordination consultative forum facilitated by UNDP was also helpful as it brings together key development partners, including the Bank. As well, the Sudan task force which is an informal forum also brings together development partners.</p> <p>Therefore performance of other stakeholders is rated satisfactory.</p>	
Key issues (related to performance of other stakeholders, max 5, add rows as needed)	Lessons learned (max 5)	Target audience (for lessons learned)
Procurement and contracting proceedings	Strict application of Bank procurement rules and regulations ensured qualified contractors and suppliers were selected.	The Bank Government Beneficiaries.
Lack of collaboration with development partners	Apart from some policy reforms and guidelines. There were no co-financiers to the project. The involvement of development partners usually brings about more financial support and experiences to the project performance.	The Bank Government

## IV Summary of key lessons learned and recommendations

### 1. Key lessons learned

Key issues (max 5, add rows as needed)	Key lessons learned	Target audience
<p><u>1..Bank Performance</u> Slow response on No-objection due to incomplete procurement documents which adversely affect completion of some activities despite early procurement and contractual arrangements</p>	The Bank should consider some rapid contingency measures such as hiring of procurement consultants to bolster capacities of certain country offices when it is deemed urgent.	The Bank
There was no prior feasibility studies and solid assessment on the needs of the Government PFM systems.	From the Government side, Project design should involve top management support and take into consideration the existing facilities and systems, whether to be modernized or replaced. planned activities were not the PFM reform priorities for the government, so next the project team	The Bank Government

	should ensure that the government and the beneficiaries are all on the same page regarding setting of priorities.	
Supervision missions and mid-term review mission may be costly but relevant.	Adequate timely supervision missions help in early detecting of problems and thus take proper actions and decisions.	The Bank
Despite the provision of OFAC licence by the Bank, transfer of payments to Sudan and direct payments were also affected by sanction	Early arrangements should be put in place to avoid such circumstances.	The Bank
<u>2. Government Performance</u>  Project design is a backbone of a project and therefore effective participation at the early stage of preparation of PAR is necessary in avoiding drastic change.	Government institutions and units who benefit from the project should be heavily involved at earlier stage. This will ensure minimum implementation delays or problems	Government The Bank
Delay in executing project covenants lead to late project effectiveness and unnecessary delays in project implementation.	The prompt fulfilment of conditions results in accelerating project implementation.	Government
There were a number of committees and sub-committees which were not working in harmony and sometimes there were some conflicts among them	Project steering committee and other technical committees. Each should perform its functions without imposing other agenda. Ad-hoc committees should avoid any intervention on the steering committee or PIU	Government

Project was able to achieve a number of effective training and therefore its appropriate to make ful of them in related departments and projects.	All beneficiaries shall take necessary measures to safeguard the knowledge and experience gained by staff in various institutions and units. Upgrading and avoidance of frequent staff turnover is essential	Government
<u>3.Stakeholders Participation</u>  Participatory approach in project preparation and design	Early consultations with Stakeholders will widen and help in improving project's design	Government The Bank

## 2. Key recommendations (with particular emphasis on ensuring sustainability of project benefits)

Key issue (max 10, add rows as needed)	Key recommendation	Responsible	Deadline
1. The Government and the Bank should engage in discussions and agree on how to use the the remaining ADF balance within the ADF-14 cycle.	The unutilized ADF balance at project closure according to PIU final project report is UA 17.997 million (87%). Based on The Bank cancellation letter dated 25 <sup>th</sup> July 2018 and acceptance of re-packaging of 70% of the cancellable balance, the Government should promptly take necessary measures to thoroughly discuss with various stakeholders, beneficiaries and concerned government units, possible priorities that ensure effective and constructive implementation including IFMIS.	Government The Bank	2018
2. Government should take necessary arrangements to decide on either to go for IFMIS or not in case of repackaging.	Government should promptly form a task force comprising top management and highly qualified experts from various institutions to come out with a clear decision to go for ISMIS or not.	Government	immediately
3. The macroeconomic data base feasibility study and pre-contractual document were ready for implementation	This is a critical activity whose implementation faced significant delays due to submission of incomplete information from the government. The request for direct contracting with ESCWA was finally approved by the Bank, but its implementation would have gone beyond the last disbursement date of the project(30.06.2018).I.e. The bank neither sent No-objection nor objection	Government	2018
4. The project assets to be safeguarded for the use of a future project.	In the expectation of Re-packaging of the project, this may require safeguarding or keeping the current project office, furniture, equipment and vehicles for the future project. This suggestion will ensure early start up of a new project instead of consuming long time in acquiring such assets.	Government	immediately
5.To safeguard Staff trained within the project	MOFEP, CBoS and other beneficiaries shall take necessary measures to safeguard the knowledge and	Government Beneficiaries	immediately

objectives from various government units	experience gained by staff in various institutions and units. Upgrading and avoidance of frequent staff turnover, especially for those activities which may be implemented in the forthcoming future, when resources possibly are available.		
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## V Overall PCR rating

Dimensions and criteria	Rating*
<b>DIMENSION A: RELEVANCE</b>	<b>3</b>
Relevance of project development objective (II.A.1)	3
Relevance of project design (II.A.2)	3
<b>DIMENSION B: EFFECTIVENESS</b>	<b>1.5</b>
Development Objective (DO) (II.B.4)	1
<b>DIMENSION C: EFFICIENCY</b>	<b>1.77</b>
Timeliness (II.C.1)	2
Resource use efficiency (II.C.2)	1
Cost-benefit analysis (II.C.3)	N/A
Implementation Progress (IP) (II.C.4)	2.33
<b>DIMENSION D: SUSTAINABILITY</b>	<b>3</b>
Financial sustainability (II.D.1)	3
Institutional sustainability and strengthening of capacities (II.D.2)	3
Ownership and sustainability of partnerships (II.D.3)	3
Environmental and social sustainability (II.D.4)	3
<b>AVERAGE OF THE DIMENSION RATINGS</b>	<b>2.32</b>
<b>OVERALL PROJECT COMPLETION RATING</b>	<b>unsatisfactory</b>

## VI Acronyms and abbreviations

AfDB	African Development Bank Group
ADB	African Development Bank
ADF	African Development Fund
BC&DR	Business Continuity and Drought Recovery
CBoS	Central Bank of the Sudan
CFAA	Country Financial Accountability Assessment
CIFA	Country Integrated Fiduciary Assessment
CPA	Comprehensive Peace Agreement
CBA	Core Banking Application
CSP	Country Strategy Paper
CBS	Central Bureau of Statistics
DMFAS	Debt Management and Financial Analysis System
FSF	Fragile States Facility
GDP	Gross Domestic Product
GRP	Government Resource Planning

GOS	Government of Sudan
IFMIS	Integrated Financial management information System
IMF	International Monetary Fund
I-PRSP	Interim Poverty Reduction Strategy Paper
KSE	Khartoum Stock Exchange
MOFEP	Ministry of Finance and Economic Planning
MOC	Ministry of Commerce
OFAC	The Office of Foreign Assets Control
NIC	National Information Centre
NDP	National Development Plan
PFM	Public Financial Management
PAR	Project Appraisal Report
PCR	Project Completion Report
PIU	Project Implementation Unit
UA	Unit of Accounts