

Case Study EU-TAPP

Feedback on subnational financial reporting: CTMC feedback mechanism

June 2016

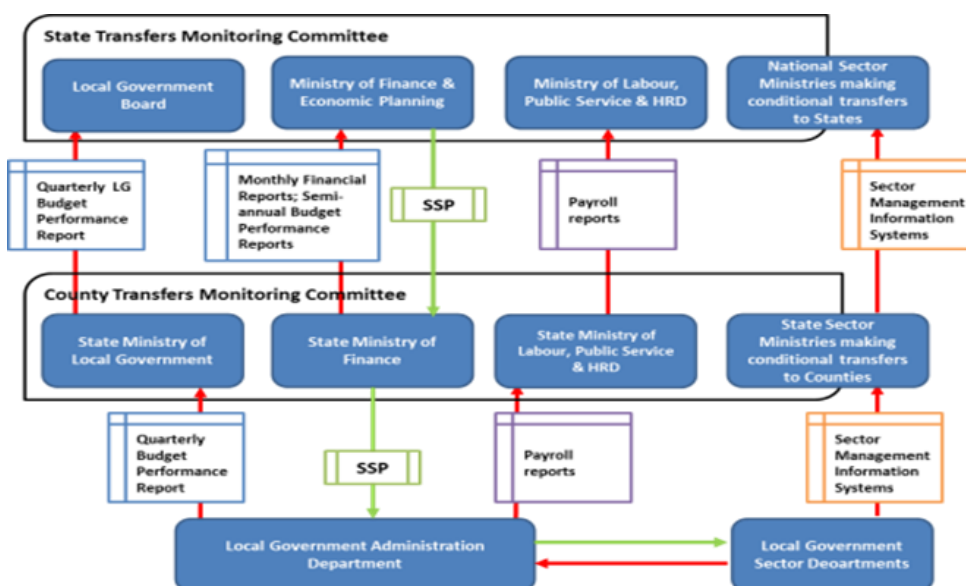
To improve the oversight and accountability of local government in providing basic services in South Sudan, the government Local Services Support (LSS) agenda of the Government of South Sudan strengthens state governments to perform their oversight function of local government. The County Transfers Monitoring Committees (CTMC) are institutions to support states in their oversight function. The role of the CTMC is to ensure that all resources at the county level are properly used and accounted for, thus making counties eligible to receive other aid resources as well as increased government transfers. EU-TAPP is mandated to establish and operationalize the CTMCs. As part of this, the EU-TAPP team has developed and piloted a mechanism for the CTMC to provide feedback to the counties.

What was the situation?

The CTMCs were established on the basis of a directive from the State Transfers Monitoring Committee (STMC) in 2013/2014, but were not operational yet in practice. The EU-TAPP team is mandated with supporting the operationalization of the CTMCs. The CTMC is a committee at state level consisting of the Local Government Board (LGB), the Ministry of Finance and Economic Planning (MoFEP); national sector ministries and the Ministry of Labour, Public Services and HRD. The CTMC is formally responsible for ensuring accountability and transparency in the use of state transfers by counties through:

- reviewing the county quarterly budget performance reports (QBPRs) including analyses of revenues and expenditures to assess progress in budget execution;
- reviewing monthly payroll reports to ensure that counties have the correct staff on the payroll;
- coordinating capacity-building support to Counties by development partners; and
- monitoring and approving the release of transfers being made to Counties in line with the State budget.

The reports provided by the CTMC are submitted to the STMC. The official oversight structure is shown below:



EU-TAPP stands for the EU funded project: Technical Assistance for sub-national capacity building in payroll and PFM in South Sudan. The purpose of this project is to improve service delivery in South Sudan through strengthening Public Financial Management (PFM) and payroll management at state and county level. EU-TAPP implements the broader Local Services Support (LSS) agenda of the Government of South Sudan. Significant results were achieved, improving PFM and payroll management through workshops and On-the-Job training on county and state level. The work was performed by a core national team and state-based teams in 7 out of 10 states. Ecorys and VNG implemented this project between August 2014 and August 2016.

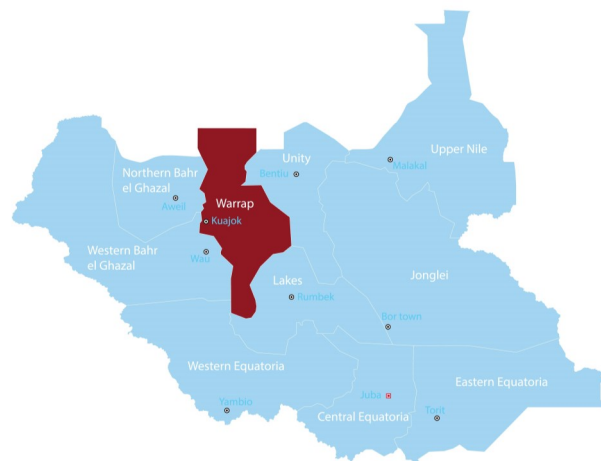
What challenges did we encounter that justified the developing of the CTMC feedback mechanism?



At the inception of EU-TAPP, counties had no reporting system in place; there was a lack of accounting records for revenues and expenditures as well as tracking of state transfers to counties. The establishment of CTMCs was intended to strengthen state level institutions in charge of monitoring the use of government transfers to the Local Governments. However, the CTMC's role within the system was still weak. As it was not able to implement the 'no report, no transfers' principle, counties did not see any relevance in creating the QBPRs. The failure of counties to submit QBPRs and payroll reports jeopardized the role of the CTMC.

What solutions did we propose?

To effectively assist the counties to improve the PFM, payroll and reporting performance of the counties the CTMC in the state of Warrap with support of the EU-TAPP team has decided to prepare feedback reports. These reports would include specific action points and a timeline to address the capacity gaps. The feedback letter is signed by the Chairperson of the CTMC and the Secretary while a formal cover letter is written by the DG of the State Minister of Local Governance forwarding the feedback. At county level, the Executive Director organizes a meeting of heads of departments including the planning officer and controller of accounts where the findings and recommendations of the CTMCs are disseminated by the secretary of the CTMC.



Case Warrap State

In Warrap state, the EU-TAPP team realized that the overall subnational reporting structure of the CTMC and STMC did not provide for a feedback mechanism to key stakeholders: the state and counties themselves, but only upwards towards the STMC.

What was the result?

Case Warrap State

The feedback mechanism was implemented in Warrap state. The following results are identified:

- Counties are taking the task of preparing QBPRs timely more seriously as they can see that the state is actually looking at these reports;
- Counties are motivated to perform better in the next quarter by addressing issues cited in the feedback report; this improves the quality of QBPRs for the subsequent quarter;
- The handling of financial matters and transaction at county level has improved as counties are guided on shortcomings to be addressed; and
- CTMC members are gaining more experience on monitoring county transfers and financial affairs.

What are the lessons learned and the relevance of the CTMC feedback mechanism in future reforms?

1

Lesson 1: The reluctance and/or low motivation of the counties to provide QBPRs and other quarterly reports is mitigated and improved when they receive tangible feedback. This stimulates counties to submit their reports on time.

2

Lesson 2: Capacity at the county level to prepare and submit QBPRs is still low. Feedback reports from the CTMC can help improve this. But the capacity of the CTMC is also still low due to limited operational resources and thus the need for further On-the-Job training to build capacity. This feedback mechanism requires follow-up visits for which more resources are necessary and states currently do not have a budget for this.

3

Lesson 3: Providing feedback to the state and counties on the analysis of the QBPR creates better information and communication flows, leading to more clarity and transparency internally on the functioning of the different institutions.

4

Lesson 4: In a fragile post-conflict context such as South Sudan, in which much capacity still needs to be developed providing feedback loops within the organisation to ensure organisational learning and accountability is essential.



For more information please contact:
EUTAPP@ecorys.com
or visit: capacity4dev.ec.europa.eu/eutapp



The views reflected in this publication do not necessarily reflect the views of the European Union.



P.O. Box 4175
3006 AD Rotterdam
The Netherlands

Watermanweg 44
3067 GG Rotterdam
The Netherlands

T +31 (0)10 453 88 00
F +31 (0)10 453 07 68
E info@ecorys.com

W www.ecorys.com

Sound analysis, inspiring ideas