

Case Study EU-TAPP

Creating reform readiness in South Sudan: Separating State and Country payrolls

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In South Sudan, the responsibility for service delivery is decentralized to local government. To strengthen the position of local government to do this, national government have issued circulars to empower county administrations to manage their own payrolls. EU-TAPP has been mandated to build capacity at the local level for effective payroll management. Due to the many issues encountered, the team decided to focus on reform readiness: first splitting the payrolls between county and state, ensuring the accuracy of the payroll and nominal roll before working on further reforms.¹ The payroll separation has been approached in different ways by the states, leading to variable results.

What was the situation?

In order to improve service delivery by the local level government, the national government has devolved power to local governments. The national government has decided that for the counties to be more effective, the payroll management for staff working at the county should be undertaken by the county administration rather than the states. Despite a number of circulars issued by national government to the states since 2014 to empower county administration to manage their own payrolls, counties are yet to take full control. Initially, there was strong resistance to separation of the county payroll from the state payroll. The EU-TAPP project is mandated to strengthen payroll management at a local level and to ensure that the payrolls of the counties are separated from that of the state line ministries.

The objective of the payroll separation was to have counties benefit from managing their staff and staff budget as effectively as possible, by being in the position to identify available vacancies in their structures and have them filled accordingly, or promote staff who deserve it when money comes available. To create more space on the payroll, non-existing staff and absent staff should be removed from payrolls and nominal rolls.

What challenges did we encounter?

When assessing the situation of payroll management in state ministries, the EU-TAPP team discovered that no updated nominal rolls¹ were available, not all staff files were available, and the ministries did not have the resources to separate the county and state payroll. Furthermore the payroll seemed bloated. For pending further payroll reforms or support to payroll management, accurate and valid data for the payroll was required. Inadequate ICT skills and equipment made it impossible to restart with PFM reforms such as implementing SSEPS II.² Moreover, strong resistance to separate the state payroll from the county payroll from a few state officials was identified, as it would limit the control of the state over significant funds.

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 have been achieved, improving PFM and payroll management through workshops and On-the-Job training on county and state level. The work is performed by a core national team and state-based teams in 7 out of 10 states. Ecorys and VNG are the implementers of this project between August 2014 and August 2016.



¹ The difference between nominal roll and payroll can be defined as follows: The **payroll** is the compensation the organization—in this case the county—should pay to its staff at a given time. The payroll is underpinned by a personnel database or **nominal roll**, which is a list of all staff and can be verified against the approved establishment structure, containing all budgeted positions and individual personnel records.

² The South Sudan Electronic Payroll System II (SSEPS II) is a follow-up on SSEPS I, rolled out to capture payroll information with help of an excel format. SSEPS II was designed to transfer from an excel-based to a web-based system, in order to establish a robust and sustainable payroll system.

What solution did we propose?

The EU-TAPP team chose a focus on reform readiness, first working on splitting the county and state payroll as well as validating the accuracy of the nominal roll and the payroll. The states approached this in different ways, of which the following are two examples:

Lakes State

In Lakes State county structures were either not updated or non-existent. The Lakes State-based team chose to deal with the payroll separation according to the traditional approach: focusing first on working with the state ministries and county administrations to develop county structures and construction or updating of the nominal rolls, after which the payrolls are established. The following steps have been undertaken:

1. First the state-based team has held meetings with key stakeholders to explain and show the advantages and disadvantages of a fused payroll. Two high level meetings with Director Generals of key state ministries were held, as well as county meetings together with state establishment and human resource development (HRD) staff.
2. A state payroll split support team has been set up, comprising officers from HRD and payroll of the six key ministries, coordinated by the Director General of the State Ministry of Labour, Public Services and Human Resource Development.
3. The EU-TAPP state team has organized trainings and provided on-the-job training, coaching and mentoring, for the payroll splitting team as well as for all county and state HRM and Payroll officers to construct county structures and nominal roles. Later, county executive councils have validated county establishment structures and verified nominal rolls.
4. A short term EU TAPP state payroll advisor has been hired to ensure adequate data is collected, nominal roles are cleansed and finally verified.
5. The next step is implementing the separated payroll for the payment of salaries. This is currently in process.



*Please note the division of states and teams above is based on the situation at the start of the project in 2014. Currently, the number of states have increased to 28, but the state-based teams are still situated in the original states.

Western Equatoria State (WES)

The state-based team in WES has separated the county from the state payroll by 'leading from the front', or starting from the payroll rather than the nominal roll, as there was no updated human resources structure available at all. This means that not all the required information for the nominal roll is available, but at least the basics can be captured and the missing information can later be filled in when the staff files are transferred to the counties. The following steps have been undertaken:

1. The team has requested and received the latest payrolls from the line ministries, as well as the current soft copy of the nominal roll template from the state Ministry of Labour, Public Services and Human Resource Development. The state ministry Payroll Manager has been assigned to work with the team.
2. While going through the payrolls and constructing the nominal rolls of the counties, each of the three heads of departments related to service delivery on the county level (Education, Health and Water) and the Establishment Officer were present to validate the names, titles and grade in the payrolls with the staff in their departments.
3. The unrecognized names have been removed and are not included in the county nominal rolls.
4. The staff files and nominal rolls have been transferred to the counties, where the final gaps in the nominal rolls can be filled in with the relevant staff files. The files are now responsibility of the county.
5. On the basis of the new nominal roll the payroll has been established, after which an analysis can now take place of the space left for recruitment and promotion.



Director for Establishment SMOPS&HRM handing over the Flash disk with the Payroll for the 10 Counties to the Director Human Resources management of SMO&LG in Western Equatoria State.

What was the result?

The counties in both states now have their own validated nominal rolls and can update them from time to time. However, payrolls have only been updated in the WES on the basis of the nominal rolls. In WES the counties have been able to identify vacant positions and staff due for promotion for the first time. In FY15/16 this was incorporated in the budget of Western Equatoria State, and the following cost savings were made:

In Lakes State, the updated nominal roll and payrolls have yet to be used at county level to pay staff, and thus to see what the cost savings are. The new split payroll information and updated nominal roll information should have been used to pay January 2016 salaries, however, resistance at State ministries resurfaced against this. The EU-TAPP State team is still putting effort into engaging the key stakeholders again to overcome this obstacle.

County	Amount saved per month (SSP)	People removed from payroll	How is the money used?
Maridi	7,185	13 non-existing staff from Education and Health	Remitted to County Chase and spent by the two departments
Nzara	13,240	Non-existing staff / staff working with NGOs	Spent by general administration
Yambio	4,196	Deceased staff / non-existing staff	Used to recruit more staff
Tombura	2,995	Non-existing Staff	Used to promote staff
Ibba	410	Deceased Staff	Used to promote and recruit staff
Ezo	3,433	Non-existing staff	Used to recruit more staff

What are the lessons learned and the relevance of the payroll separation in future reforms?

1

Lesson 1: When the payroll management system is not functioning, or extremely modestly, as was the case in South Sudan, it is important to first ensure that the accuracy of data on the payroll and nominal roll is validated, rather than start with implementing software and other payroll reforms for which the context is not ready. As such the emphasis should be on creating reform readiness.

2

Lesson 2: In contexts without a strong formal institutional history such as is the case in South Sudan, the chances are likely that the 'standard' approach to payroll separation through the nominal roll is not effective, as seen in the case of Lakes State. In such cases, implementers have to think creatively and search for opportunities rather than accept the obstacles. In the case of WES the payroll separation was approached differently starting with the payroll and going from there to the nominal roll, 'leading from the front'.

3

Lesson 3: Engaging and securing support from political leaders is crucial to involve staff from different levels in the cleaning of payroll data, especially in the case of a context with high fiduciary risks, where persons might benefit from vague payroll data. Using official letters and documents such as the LG PFM and HRM Manual also contributes to adherence.

4

Lesson 4: Not only support from political leaders is important, but also from top and mid-level management. In the 'leading from the front' approach used by the State team in WES, the benefits for county heads of departments became clear from the beginning, when the state payroll was compared to the people actually working at the county level, creating more accountability from the counties towards the state. It is not clear whether this can be attributed to the higher success in WES, but it indicates the influence of bottom up accountability.

In light of current events regarding the increase from 10 to 28 states and possibly an increase in the number of counties³, identification of a correct payroll and clear nominal role is essential to create new institutional structures with new staff. In any case, good payroll management will ensure that money flows only to those on the nominal roll, safeguarding that no money is diverted.

³ In December 2015, South Sudan's president Salva Kiir dissolved the nation's 10 regional states and created 28 new ones.

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



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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

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