Innovative Service Delivery Stocktake: DFID Case Study of Service Delivery in Fragile & Conflict Affected Situations using CSAE Framework

SOUTHERN SUDAN BASIC SERVICES FUND

1. Environment prior to the establishment of the Basic Services Fund (BSF)

a. Economic and Political Context

Conflict between the North and South of Sudan began in 1955, a year before Sudan gained independence. The drivers of conflict included a desire on the part of the Southern Sudanese to gain control over decision making in the South, as well as struggle over the control of the country's natural resources (including, latterly, substantial oil resources), many of which were geographically located in the South. Issues of identity rooted in religion and culture also played a significant role in fuelling the conflict. The first period of civil war lasted from 1955 – 1972, and was ended by the Addis Ababa Agreement, which established a Regional Government in the South, with a promise of a referendum on self-determination which was never honoured. The second period of civil war lasted from 1983 – 2005, and was ended by the signing of a Comprehensive Peace Agreement (CPA) between the Government of Sudan (GoS) and the Sudan People's Liberation Movement (SPLM).

The effects of the conflict, which was mainly waged in the South, were devastating. It was estimated that 2 million people died from conflict-related causes (mostly from war-induced famine and disease) between 1983 and 2005, while 4 million people were internally displaced (in addition to 2 million displaced by the situation in Darfur), and over half a million were refugees in neighbouring countries. It was estimated that the poverty rate in Southern Sudan stood at 90%[1].

The CPA gave the South the right to control and govern affairs in the South through a democratic system of Government, and paved the way for the establishment of the Government of Southern Sudan. It also gave the South the right to self-determination, through a referendum to determine its future status, to be held in 2011.

The challenge of establishing the Government of Southern Sudan was acknowledged to be enormous. During the war, there had been almost no formal government in South. The GoS had control of several 'garrison' towns and some other areas, whilst much of the South was in the control of the SPLM. The SPLM had a skeletal civilian administration, mainly devoted to the war effort. In order to be able to manage, deliver and account for the critical range of critical programmes needed to accelerate development in Southern Sudan, the entire Public Service, including personnel and systems, had to be built up virtually from scratch[2]. The 2005 Interim Constitution of Southern Sudan established a decentralised system of Government, based on three tiers of GoSS, States (of which there were ten) and local government (Counties). Responsibility for service delivery was assigned to the States, to be implemented through the Counties.

[1] Sudan Joint Assessment Mission (2005), 'Framework for Sustained Peace, Development and Poverty Eradication'
[2] ibid

b. Arrangements for basic service delivery

During the conflict, an estimated two million Southern Sudanese received emergency humanitarian assistance each year through Operation Lifeline Sudan. However, beyond these emergency efforts, basic service delivery was limited. Education, Health and Water services were primarily provided by local and international Non-Governmental Organisations (NGOs), the Church and the communities themselves, although some Government service provision existed in major urban areas, particularly the former 'garrison' towns.

Education in the South was almost entirely administered by communities, often through the Church, and staffed by volunteers. Quality and enrolment rates—particularly of girls—was very low. In 2005, the gross primary enrolment rate was estimated at 20 percent, but only one in four enrolled were girls. It was estimated that only 6% of teachers had formal training while almost 40% of classes were conducted in the open, with most of the remainder using traditional structures.

The health and nutrition status in South Sudan was considered to be among the worst in the world, with an estimated 45 percent prevalence of chronic malnutrition among under-fives, under-five mortality of 250 per 1000 and maternal mortality of 1700 per 100,000 live births. Basic health services coverage was estimated at around 25% of the population, primarily provided through local or international NGOs. Health facilities were either dilapidated or derelict, and were unequally distributed across the ten Southern states. The health workforce was mainly composed of low-skilled workers, sometimes with only a few weeks of training.

In terms of access to water, safe water coverage in rural areas was estimated at between 25% and 30%, while in the towns it was around 60%. The population per water point ranged from 1,000 to 64,000, and average water collection journeys in un-served areas could take up to 8 hours. Only 25% to 30% of the rural population had access to sanitary latrines, and less than 50% of existing basic primary schools, and even fewer health facilities, had access to safe water and sanitary latrines. Operations and maintenance in the sector are very weak (two-thirds of existing water points were not functioning), and heavily dependent upon expensive external agency air-logistical support[3].

The approach to service delivery in Southern Sudan at the time of the CPA therefore best corresponds to Category 2 under the Stocktake Framework, *NGO/Charity Direct*. With the establishment of GoSS, several funding agencies, including USAID, DFID, Japan, Denmark and Norway, indicated that they would provide funds amounting to $95m for basic service delivery (Education, Health and Water) in 2006 through UN agencies and NGOs, while a further $41m was expected to be disbursed for Education and Health through the Multi-Donor Trust Fund (MDTF)[4]. The MDTF was to be managed by GoSS, but primarily implemented through NGOs and private contractors.

[3] ibid

[4] Ministry of Finance & Economic Planning (2006), GoSS Annual Budget

2. Assess the shortcomings associated with the environment for service delivery prior to the establishment of the BSF.

As already indicated, there were significant gaps in service delivery coverage in Southern Sudan at the time of the Comprehensive Peace Agreement, with almost 70% of the population estimated as having no access to safe water or sanitation, 75% estimated as having no access to health care, and 80% of children of school-going age not attending school. The shortcomings associated with the service delivery environment can be categorised as:

i. Weak to non-existent Government capacity at GoSS and State level to plan and manage service delivery
ii. Insufficient provision of services, with uneven geographic distribution of coverage
iii. Fragmented service provision, with Education services being administered by communities and Health services being delivered through local and international NGOs
iv. Severe skills shortages, with only 6% of teachers having formal training, and most health workers being low-skilled
v. Severely depleted infrastructure stock.

3. Establishment of the Basic Services Fund

DFID launched the Basic Services Fund in October 2005, the same month in which the Government of Southern Sudan was established. Its purpose, as set out in the BSF Project Memorandum is:

"To contribute to improved coverage of and access to water and sanitation, education and health services in South Sudan. The fund will also seek to contribute to:

a. Improved capacity of the Government of South Sudan (GOSS) to plan, monitor and coordinate service delivery;

b. Improved accountability between non-state service providers and the GOSS, and between service providers and their clients;

c. The development of common standards and shared approaches for service delivery; and

d. Piloting of service delivery mechanisms for larger scale GOSS led programmes."

The BSF was explicitly designed to bridge a gap between the run-down of relief and humanitarian programmes after the signature of the CPA, and the subsequent mobilisation of major development programmes, in particular the MDTF. It aimed to facilitate the transition from relief to development by delivering a measurable improvement in basic services, as a contribution to the peace dividend, at the same time as developing government's capacity to direct and manage those services. It was envisaged that once BSF funding came to an end, this integrated approach would be handed over to GoSS with the option of future support being channelled through government funds such as the MDTF.

The BSF targets the following activities in its three main areas of operation:

- Education: Classroom construction and teacher training
- Health: Health facility construction and rehabilitation, health worker training and the provision of medical services
- Water: Provision of improved water facilities, training staff and communities in environmental health and water management

DFID's initial allocation to the BSF was $17.2m for a period of just over two years, of which $15.9m was for service delivery, and the remainder for management costs. At the outset, DFID was directly responsible for management of the fund, under the oversight of a Steering Committee chaired by the GoSS Ministry of Finance. Other Steering Committee members include the Local Government Board, the GoSS Ministries of Health, Education and Water Resources, representatives of international and national NGOS, and the international community. This latter is non-voting. The primary role of the Steering Committee is to set priorities for funding, and to select service provider proposals consistent with these priorities. The Steering Committee is also responsible for reviewing monitoring reports.

DFID recruited Skills for Southern Sudan, a Nairobi-based NGO through international competitive bidding and an international facilitator to help the Steering Committee select six service providers based on the first call for proposals. In January 2006, DFID issued two-year contracts to the selected NGOs, for a cost of just under £8 million. In August 2006, BMB Mott MacDonald, an international consulting company, was awarded a contract to provide Secretariat and Technical Services to the Steering Committee, and also to act as the BSF Managing Agent, responsible for NGO contracting, fund disbursement and monitoring & evaluation. In this capacity, they issued new contracts to the six NGOs, replacing their contracts with DFID, and also organised a second round of service-provider contracts. In January 2007, eight new service providers were issued with 18-month contracts, which totalled £7.6 million and brought the BSF total allocation to £15.6 million.

Although the BSF was originally intended to run to mid 2008, it was granted an extension to the end of the year, to enable NGOs to complete their contracts, which had experienced time delays, particularly in construction. An additional £2.3 million was also allocated, to enable the extension of health service delivery.

By the end of 2008, it was clear that neither the Government nor the MDTF was in a position to take over the facilities and services provided through the BSF. The MDTF was experiencing lengthy delays in getting its Health and Education projects up and running, as both GoSS and service providers struggled to negotiate the World Bank procedures under which the MDTF was managed, and State Governments lacked the capacity and financing to take over services provided through the BSF. A new fund, the Sudan Recovery Fund had recently been established, with a mandate for Government-led service delivery, but was not yet in a position to take over BSF services.

A second phase of the BSF was therefore launched in January 2009, following the same model that had been used in the first phase (Steering Committee Oversight, Managing Agent fund management, NGO delivery in the areas of Education, Health and Water). A total funding envelope of £23.1m was committed by four funding agencies, namely DFID (£9m), Netherlands (£6.5m), Norway (£3.7m) and Canada (£3.9m), marking the transition of the BSF from a single donor to a multi-donor fund. It was agreed that DFID would assume the role of lead donor and supervising entity. It was also agreed

that 80% of the funding would be provided to Education and Health, and just 20% to Water, on the basis that the MDTF Water project was picking up increasing responsibility for the latter. It was envisaged that the extension would enable continued service delivery through a further two dry seasons, by which point the Sudan Recovery Fund would have built up its capacity and assumed its mandate for service delivery, enabling a sustainable hand over of BSF services. By the end of BSF Phase 2 in June 2010, the funding allocation had been fully utilised, with 24 contracts issued to NGOs.

At the end of Phase 2, given the ongoing financial and capacity constraints in GoSS to assume responsibility for service delivery, particularly health services, the uncertainty surrounding MDTF funding, and the reorientation of the SRF into a stabilisation fund, the BSF was granted a further extension, known as the BSF Interim Arrangement (BSF-IA), to run to the end of December 2011. The BSF-IA was accompanied by a re-tendering of the Managing Agent contract, with BMB Mott Macdonald once again successful. The aim of the BSF-IA is to provide continuity in service delivery, whilst GoSS and its development partners develop longer-term, more Government-led arrangements for service delivery after the 2011 referendum on self-determination and the end of the CPA interim period. The BSF-IA also has a more explicit focus on integrating BSF activities into sectoral planning at GoSS level, and enhancing sectoral capacity for planning and monitoring service delivery. Maximum funding allocations for the BSF-IA amount to £40m, with a £10m commitment by DFID, and the remainder from other contributing funding agencies, including the Netherlands, Norway and Sweden. 50% of allocations were expected to be made to Health because of the high carryover of front line staff salaries, with the remainder being divided between Education and Water.

Using the Stocktake Framework's definitions of organisational arrangements for service delivery, the BSF is best categorised under Category 4c: *Contracting Out* with the Government acting as collaborator using external funds. However, it should be noted that the BSF also contains one of the elements that, according to the CSAE definitions, characterises Category 6a: *Contracting Out via an IPSA*, namely that a single agency is collecting performance information, and channelling funding from donors.

Table 1: Summary of BSF Content

Commissioning	**Did the 'intervention' introduce a new method of *commissioning*?** Partly. Funding agencies used a managing agent to contract NGOs to deliver services, rather than contracting them directly. Government, through the Steering Committee, was increasingly involved in contract selection and approval.
Delivery	**Did the 'intervention' change the nature of *delivery*?** Not systematically.
Financing	**Did the 'intervention' introduce *other* changes to the financial flows between donors, government and delivery organisations?** Yes, from Phase 2 onwards, 5 agencies pooled their funding for management through the BSF, with DFID established as the lead donor and supervising entity.
Policy-setting	**Did the 'intervention' introduce a new mode of *planning and resource***

and the Role of the State	***allocation*?** **Did the 'intervention' seek to strengthen government capacity?** The BSF introduced a new mode of planning and resource allocation, in that Government was involved in agreeing funding allocations and approving the selection of NGOs. It also sought to strengthen government capacity at two levels. Firstly, capacity for service delivery at local government level, by providing training to teachers, health workers and water users. Secondly, GoSS capacity for planning, monitoring and coordinating service delivery.

4. Assess the efficacy of the 'intervention'.

BSF has been subject to three external reviews, in 2008, 2009 and 2011, and the Managing Agent produced a Phase 2 completion report in 2010. Taken together, these four reports provide sufficient material with which to assess the efficacy of the BSF.

It is clear that the BSF has made a tangible impact in terms of service delivery. The 2009 review estimated that it had improved access to basic services in Southern Sudan by between 5% and 10% overall. It is estimated that by the end of 2011, the BSF will be supporting between 20% and 30% of health facilities that open regularly, without which they would be functioning much less, if at all.

In terms of outputs, by the end of Phase 2, BSF had reached 63,000 beneficiaries in Education, and constructed over 350 classrooms. In Health, it had provided consultations to over 1.2 million patients by providing services in 121 facilities, and constructed a further 57 health facilities. In Water, it had reached 273,000 beneficiaries through the construction or rehabilitation of over 540 boreholes, while its sanitation activities had reached 33,135 beneficiaries, through the construction of 389 latrine stances for institutional use, and 2,312 household latrines.

In terms of training, it had provided over 160,000 training days to over 48,000 trainees, 42% of whom were women. Approximately half this training was in Education, while just under a quarter was in Health and Water respectively. The remainder was general capacity building, primarily for State Government civil servants.

Thus the BSF has been successful in meeting its primary objective of contributing to improved coverage of and access to water and sanitation, education and health services in South Sudan. It is also widely considered to have delivered more rapidly and effectively than other pooled funds in Southern Sudan, and to be the most accessible and easy to deal with. This presumably explains its success in attracting additional sources of funding from 2009 onwards. Its Monitoring & Evaluation system, which focuses on outputs and beneficiaries, is also considered to be the strongest, and its costs are considered to be in line with other programmes, and in some cases significantly lower. BSF is also considered to have piloted innovative learning approaches, with its lessons learned studies on Water and Education helping to identify key sectoral service delivery issues and contributing to improved sectoral understanding. However, a need for these findings to feed through into policy development through sector line Ministries has also been noted.

The BSF approach of contracting overall fund management to a single commercial company is considered to have given it a significant advantage over other pooled funds, in particular the MDTF and SRF. In particular, it has enabled the integration of grant allocation, contracting and financial management, M&E and capacity building within a single Secretariat, thus enhancing the efficiency of fund management. In addition, given that the company is under contract to provide clearly specified services, both the Steering Committee and the lead donor can hold it accountable for all aspects of BSF operations, and require staff to be changed if necessary.

At the same time, BSF's 'light touch' engagement with GoSS is seen as setting it apart from other funds in a less positive way. However, the 2009 external review notes that there is nothing in principle to say that a fund supported by a contracted Secretariat cannot be fully owned by Government, and that it is not clear that other funds which are characterised by a greater degree of GoSS involvement in implementation have necessarily established strong relationships with key sector ministries. As with the BSF, their main relationship has tended to be with the Ministry of Finance, with varying degrees of participation from the sector line Ministries..

Concerns relating to the degree of Government ownership of BSF interventions were raised as early as the 2008 review, which noted that at State level, although State Governments were aware of BSF activities, relationships between BSF NGOs and State Governments were 'contingent not structural'. The 2008 review also noted that to improve GoSS ownership, the BSF Steering Committee needed a stronger oversight role in directing BSF implementation and calling service providers to account. This point was once again picked up in the 2009 review, which noted weak GoSS ownership of BSF interventions at sectoral level. All 3 line ministries expressed a degree of dissatisfaction with their involvement in the BSF, particularly in terms of insufficient involvement in proposal development. However, it was also noted that the participation of sector ministries in the BSF Steering Committee was also likely to be affected by their own capacity constraints, and the time demands placed upon them by other externally-funded interventions.

The BSF's supply-led approach to determining the allocation of interventions, described as an 'NGO proposes, funder disposes' model in the 2008 review, is considered to have limited BSF's contribution to its objective of enabling GoSS to plan, monitor and coordinate service delivery. The 2009 review noted that BSF programmes are primarily shaped by what the NGOs propose instead of a demand-led approach whereby Government specifies its requirements in terms of outputs, location and outcomes. This had led to situations of geographic overlap of activities, as well as variations in service delivery approaches amongst NGOs. The 2008 review noted that while BSF Education projects were distributed across 7 States and 23 Counties, more than one BSF NGO was working in 4 of these States, and 2 of the Counties. The 2011 review noted that in 9 States and 17 Counties health services were being provided by more than one of the 5 major funders (BSF, OFDA, USAID, MDTF and ECHO).

Probably the greatest concern with respect to the BSF relates to the sustainability of its interventions, and its exit strategies. The 2008 review noted that its exit strategies were based on training local staff, establishing community structures to oversee interventions, and phasing out NGO incentives for health workers in order for them to be transferred to the Government payroll. However, it considered these strategies to be 'frail' at best, and noted that GoSS was in no position

to take over staff and staffing. It also noted that communities were reluctant to commit to maintaining large schools built out of imported materials. The 2009 review noted that the BSF's exit strategies were not realistic, due to lack of capacity and resources at State level, and considered that few, if any, of BSF's services would be sustainable after June 2010. It also noted that there was little sense of community ownership of BSF interventions, in spite of significant investments in community mobilisation. However, the review considered BSF's approach of combining capacity development and service delivery within a single intervention approach to be the right one. In its view, in order to develop sustainable exit strategies, a realistic time horizon was needed, as well as firm GoSS ownership and clear commitment from key stakeholders. The issue of time horizon was picked up in the 2011 review, which noted that, given the skills deficits pertaining in Southern Sudan, sustainable capacity building requires a more systematic and longer-term approach than that offered by the BSF.

It is important to note that BSF's initial architecture was based on the premise that longer-term development funds such as the MDTF would, over time, also be in a position to take over its service delivery role. BSF was only ever intended as a bridge in the transition from relief to development. However, the delivery and funding problems that have beset the MDTF have to date limited its ability to take over the services delivered through BSF. The 2009 review also notes that although BSF had not made the progress hoped for in capacity building and developing an exit strategy, it has given as much attention to these issues as most other funds. In addition, the policy guidance on the question of exit has shifted more than once, and BSF's short timescales were never realistic. The sustainability of service delivery in Southern Sudan is a universal concern, not just one related to the BSF.

Table 2: Summary of Pool Fund Principal Conclusions

Cost & Quality	**Is there evidence of lower unit costs of service delivery and/or higher quality of service delivery? If so, do the results appear sustainable?** BSF unit costs are considered to have been lower than in other programmes in some cases. However, given the concerns surrounding BSF exit strategies, it is not clear that these results are sustainable beyond the lifetime of the BSF.
Overcoming Bottlenecks	**Which of the shortcomings listed in Part II have been overcome?** i. Weak to non-existent Government capacity at GoSS and State level to plan and manage service delivery – the BSF has not made a systematic contribution to strengthening GoSS and State capacity for planning and managing service delivery, in part because of its supply-led model of programming. ii. Insufficient provision of services, with uneven geographic distribution of coverage – the BSF is considered to have increased service delivery by between 5% and 10%. By the end of 2011, it will be supporting between 20% and 30% of all health facilities that open on a regular basis. Its interventions have been distributed across all 10 States of Southern Sudan. However, due to its supply-led model of programming, this has not necessarily translated into an optimal geographic allocation of services between or within States.

iii. Fragmented service provision, with Education services being administered by communities and Health services being delivered through local and international NGOs – the BSF has contributed to the consolidation of service provision through Non-State providers, by pooling funds from four different external funding agencies. Government oversight to the fund, through the Steering Committee, has enhanced Government awareness and decision-making for externally-funded interventions, and the pooled nature of the fund from 2009 onwards has reduced transaction costs to Government in terms of oversight.

iv. Severe skills shortages, with only 6% of teachers having formal training, and most health workers being low-skilled – by June 2010, the BSF had trained 13,513 personnel in the area of Education, 14,241 in the area of Health, and 17,855 in the area of Water and Sanitation.

v. Severely depleted infrastructure stock – by end June 2010, BSF had constructed 75 schools, rehabilitated 6, and constructed 564 new classrooms and 38 school office blocks. It had constructed 29 PHCCs and 86 PHCUs and constructed or rehabilitated 953 boreholes.

Capacity	**Has government capacity been strengthened, and are there plans for government to play an increased role in service delivery over time?** Government's capacity has been strengthened at the level of the skills of service delivery workers. However, its overall capacity to manage and deliver services has not increased significantly as a result of BSF interventions. The sustainability of service delivery, and the capacity of Government to assume responsibility for it, is a universal concern in Southern Sudan, and not just one related to the BSF.
State-society relations	**Have there been broader impacts on state-society relations?** Not known
New bottlenecks	**Have new bottlenecks been revealed (limited capacity to contract, perverse incentives)?** No
Negative impacts	**Have there been negative impacts on the sector (donor cherry picking, provoking local conflict)?** No

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