

About Geopolicy

Geopolicy is an established international management consultancy group specializing in the provision of world-class services to government, international organizations and the private sector to reform and restructure economies, markets and institutions. Through our in-house staff and leading associates we provide independent advisory and management services in the areas of political and economic intelligence, public and private sector governance, business and corporate development and emerging market and investment analysis.

January 2011



State Building

1 In the transition from a sub-national component of Sudan to an independent sovereign state, and in spite of significant progress since the 2005 CPA, it has never been more vital to outline a comprehensive road map for state building informed by the unique history of this significant country.

2 Of all the lessons learned in post-conflict reconstruction and the independence of other African states, history reveals that securing the political and security transitions is a vital but insufficient pre-condition for ensuring economic growth and poverty reduction.

Freedom in Southern Sudan: Priorities for Post-Referendum State Building

About this Briefing Paper:

Few other countries have been through the birth pains that have been epitomized by Southern Sudan. The scars of civilian conflict and bitter internecine fighting will take a generation or more to heal, yet the results of the January 9, 2011 referendum are reflective not only of an abrogated and militarized history, but also of the determination of the peoples of Southern Sudan for the first time to be in the driving seat of their own destiny. However, the experience of other countries treading a similar path towards independence reveals that the road from war to peace and from dependence to full sovereignty is often as big a challenge as the struggle itself. This short briefing paper seeks to identify, based on international experience, the major challenges and state building priorities likely to be faced by the Government of Southern Sudan. The paper outlines core state-building priorities across the triple-transition (political, security and socio-economic) using political economy as the lens of analysis. Core challenges include securing the integrity of the new state, boundary demarcation, and a plethora of issues resulting from the division of one state into two, such as revenue sharing arrangements, national debt (USD36 billion owed to international creditors) nationality and immigration issues in both the north and south, signature to international treaties including on the Nile, simmering land conflict in the south and overly high expectations bound to be dashed given low delivery capacities. The birth of Southern Sudan comes with a clause; the umbilical cord is still attached!

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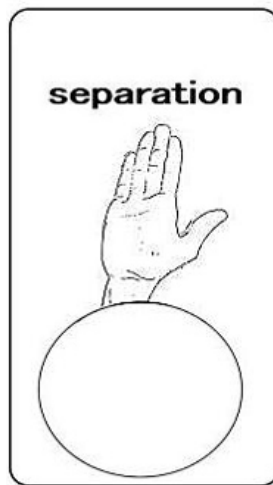
1. INTRODUCTION

The outcome of January's referendum not only secures the independence of Southern Sudan it also paves the way for the creation of the 54th African Nation, following the secession of Eritrea in 1993. Under the leadership of the Government of Southern Sudan (GOSS), and guided by the 2005 Comprehensive Peace Agreement (CPA) and Interim Constitution, the road towards the creation of a new state has already been established on a strong foundation. Unflinching international support has been vital in this victory. Yet, while the new national flag and anthem have already been elevated as key symbols of this soon to be sovereign state, with the new name of the nation still to be determined, sadly the legacy of conflict and poverty will continue to resonate for some time. The relationship with the North will also change markedly, and a broad set of drivers-of-instability (see section 4) will need to be sequentially overcome if conflict is to be avoided and a path towards freedom from want and fear to be secured. Unshackling the two countries will take 5-10 years if not longer, and the timescale required for overcoming the effects of social, and indeed emotional upheaval, indeterminable. One thing however is clear—the long anticipated birth of Southern Sudan comes with the umbilical cord still attached!

There is no doubt that the achievement of independence is the first step in what promises to be a long and testing process towards the creation of a fully-functioning sovereign state capable of providing much needed public services to its peoples. If the

experiences of Ethiopia, Eritrea and Rwanda are anything to go by, success in delivering political and security transitions will by no means secure a successful socio-economic transition; although substantial oil wealth can assist in this process if managed effectively and responsibly. Prospects for post-referendum state building, in the context of '*limited-government*' and where the separation of northern and southern governance systems takes years, require that GOSS and the international community focus

on *high priority* political, security and socio-economic reforms only, in the first instance. With so much to be done, and so many needs within a limited resource framework, sequencing and prioritization will be vital. Simply put, not everything can remain of equal priority.



This briefing paper is organized across the political, security and socio-economic transitions and employs the concepts of mobilizing capital (revenues), coercion (the legal monopoly on violence) and legitimacy (de jure representation and service delivery); as summarized below:

- The Political Transition: The report highlights opportunities, challenges and priorities in concluding this unique political transition, and actions which are essential to securing the long road from dependence to independence, whilst minimizing the risks of return to conflict;

- The Security Transition: The report highlights the implications of moving from internal civil conflict (within one territory) to an international boundary war (across two), and stresses the need for careful border demarcation as well as internal dispute resolution within the south itself. Furthermore, security vacuums in parts of the south, proliferations of small arms (Est. 40% of households), and under-provision of security (with merely a quarter of households relying on the police for protection) will require a deeper push in security sector transformation, to include right-sizing, strategic redeployment and a strong focus on justice sector financing.¹
- The Socio-Economic Transition: With 51% of people living below the poverty line and immediate fiscal futures closely tied with the north, the socio-economic transition in Southern Sudan will not be an easy one. This is compounded by the fact that while Southern Sudan is home to over 85% of Sudanese oil production; vital pipelines and processing plants reside in the north. This creates a situation in which the current framework for revenue and expenditure assignments must be turned into a policy and service delivery-driven budget; yet with the contingent risks of fiscal disruption. Throw in weak state delivery structures, the burden of national debt, risks of corruption, and the possible flood of poorly coordinated external support, and it appears that the socio-economic transition will have to be charted over a decade and beyond.

Securing a path to fiscal sustainability, with a 93% dependence on oil for revenue, requires peaceful and transparent negotiations over revenue sharing, oil contracts and expenditure (redistribution) management, as well as a strong focus on linking oil based GDP to increasing agrarian system growth in support of a broad base.

Honeymoon periods in post-conflict states last between 2-5 years, after which time the incumbent administration is brought under progressive pressure to show that it is delivering basic and essential services. Sustaining the legitimacy of GOSS over the medium to long term, through the delivery of growth enabling and poverty reducing services, will therefore be key to securing continuous citizen support across the entire demographic landscape. A key factor in success will be identifying the 'turning-points' in the vicious cycle, around which, support can be targeted, to foster a more virtuous feedback loop. As weak revenue mobilization and inefficient service delivery structures undermine service quality and quantity, this can negatively impact progress towards poverty reduction, undermining legitimacy. Similarly, fiscal uncertainty undermines policy, planning and budgeting and execution processes.

Box 1 Salva Kiir Mayardit & John Garang



¹ Protecting state integrity and delivering on law and order functions will undoubtedly continue to require international support, both for security provision and capacity transformation (SPLA from a guerrilla army to professional force, including DDR), alongside a strong focus on quality, equity, and equitable service distribution.

2. OBJECTIVE & RATIONALE

This briefing paper has been drafted to provide an indicative road map to support the work of GOSS and international cooperation partners in identifying the key challenges, issues and options likely to materialize over the course of the medium term. It aims to provide a generic reference as to how the various political, security and socio-economic reforms might best be prioritized and sequenced. The rationale is

simple; in a post-conflict setting less is often more as fragile states can drown in project level support much of which has little impact on securing the core functions of the new state. Furthermore, prioritizing what is done now, later, and not done at all; sequencing (short, medium and long-term); and the way financing is supplied (right-financing) are key to a successful transitional agenda and framework.

3. GENERAL PROFILE

Ever since the signing of the Comprehensive Peace Agreement (CPA) in January 2005, to the referendum of January 2011, Southern Sudan has effectively been an autonomous region within Sudan. The territory of post-referendum Southern Sudan therefore remains unchanged, though the anticipated referendum over Abyei in June of this year promises to alter the shape of one or the other of the Sudanese states - North or South - not only physically, but socially, politically and economically too. With Juba as its capital and seat of Government, Southern Sudan is comprised of 10 states encompassing all lands and areas that constituted the former three Southern Provinces of Bahr el Ghazal, Equatoria and Upper Nile in their boundaries as they stood on January 1, 1956. Southern Sudan is governed on the basis of decentralization and is a multi-ethnic, multi-cultural, multi-lingual, multi-religious and multiracial state, which demands a governance framework reflective of such a structure. It is bordered by Ethiopia to the east, Kenya, Uganda, and the Democratic Republic of the Congo to the south, and the Central African Republic to the west. To the north lie the states of Southern Darfur, Southern Kordufan, White Nile and Blue Nile, which fall under Northern Sudan; now also preparing for life as a significantly reduced state.

Demography: The demographic history of Southern Sudan reflects a complex and diverse lineage. Major ethnic groups include the Dinka, Nuer, Bari, Lotuko, Kuku, Zande, Mundari, Kakwa, Pojulu, Shilluk, Moru, Acholi, Madi, Lulubo, Lokoya, Toposa, Lango, Didinga, Murle, Anuak, Makaraka, Mundu, Jur, Kaliko, amongst others. In many cases these groups have trans-boundary and regional penetration. In 2008, according to SSCCE, Southern Sudan's population stood at 8.26 million, 83% of which was classed as rural. The need for the new state to focus on the provision of basic and essential services - particularly to these rural populations - is both self-evident and further accentuated by statistics and indicators of socio-economic development, which prove grim reading concerning, for example, poverty and literacy rates.²

Poverty Profile: In Southern Sudan 51% of the population lives below the poverty line. According to the 2009 National Baseline Household Survey (NBHS) the average per capita consumption in Southern Sudan is 100 Sudanese Pounds (SDG) (USD39 only) per person per month, with the average consumption of the poor standing at 39 SDG (USD15). Average consumption in urban areas

² Poverty Incidence is established at 51% and literacy at 27%, with over half of this group being composed of people under the age of 18. (SSCCSE, 2010)

is slightly higher at 168 SDG (USD63) per person per month compared to 88 SDG (USD34) per person per month in rural areas. The rural-urban divide is further exemplified by the fact that 55% of the population residing in rural areas is classified as poor, compared to 24% in urban areas. Northern Bahr El Ghazal has the highest poverty rate at 76%, and Upper Nile the lowest, at 26%. The Gini coefficient for Southern Sudan is 46 (NBHS (2010)).

Growth, Oil and Fiscal Futures: Outside of the oil economy (which constitutes 93% of revenues) Southern Sudan remains a substantially agrarian economy. As a result, with the referendum now paving the way for independence, the role of oil in fostering broad-based growth has never been more critical. With the majority (circa 85%) of oil deposits originating in Southern Sudan alongside the transmission infrastructures, but with the oil processing and legal contracts for extraction held by the north, the fiscal-transition and utilization of national revenues to support growth will likely take years to unravel. It will also be important to limit the unnecessary expansion of state structures in favor of growth oriented capital investment. This implies a state with a light footprint and one established on the basis of contracting out service delivery, to strengthen civil society and the private sector. In terms of sustaining growth over the long term, with the contingent risks of Dutch Disease³, and with the continued prevalence of combat, covert coping and informal economies, delivering broad-based growth will require a national investment strategy that redistributes public investment in the interests of the majority, not the minority.⁴

³ Dutch disease is a temporary phenomenon by which a relatively strong balance of payments leads to real exchange rate appreciation, thus reducing export and import substitution competitiveness.

⁴ In recent years, a significant amount of foreign-based oil drilling has begun in Southern Sudan, raising the land's geopolitical profile. Khartoum has partitioned

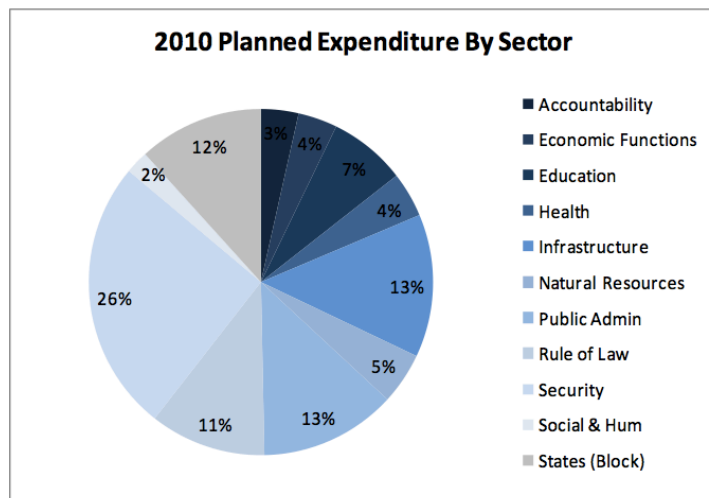
Governance: GoSS is a transitional semi-autonomous government operating according to a decentralized democratic system in line with the Interim National Constitution of 2005. GoSS is comprised of legislative, executive⁵ and judicial structures, and 31 ministries headed by the Office of the President. A number of political parties are represented in the unicameral legislature, but these are dominated by SPLM, which holds over 90% of the 170 seats. As a result of war and weak investment by the Government of Khartoum, GOSS will need to build the weak formal structural foundation of the new state into one that can deliver growth enabling and poverty reducing services over the near term. The risks of deepening conflict in Abyei are also likely to re-direct public spending towards the SPLA, rather than towards law, order and justice functions which in many ways are perhaps of equal if not greater priority. Transparency International's Corruption Perceptions Index for 2010 places Sudan as one of the most corrupt countries, ranking 172 out of 176. Weak public finance management systems, lack of automation and low fiduciary standard compliance structures do not provide much cause for optimism, and risk that Southern Sudan's ranking could one day slip even further. State demographics, area and main towns are provided in Map 1 below.

much of Sudan into blocks, with about 85% of the oil coming from the South. Blocks one, two and four are controlled by the largest overseas consortium: the Greater Nile Petroleum Operating Company (GNPOC). GNPOC is composed of the following players: China National Petroleum Corporation (CNPC, People's Republic of China), with a 40% stake; Petronas (Malaysia), with 30%; Oil and Natural Gas Corporation (India), with 25%; and Sudapet of the central Sudan government with 5%.

⁵ GoSS consists of a total of 31 ministries relating to political, economic, security and social spheres.

Public Finances: In 2010 GOSS forecast total revenue of SDG 4.5 billion (USD 1.79 billion) of which 93% arises from oil, 3% from personal income tax, share of Government of National Unity of 2% and 2% others (i.e. electricity, mining). Public expenditures by function, across the 53 budget entities, reflect a clear policy focus on security (26%), rule of law (11%), public administration (13%) and infrastructure (13%) in particular. Future threat and risks assessments will determine the logical composition of spending, as will determination of the optimal footprint and service delivery model for the public sector. It is however expected that security and stabilization needs will continue to anchor much public spending over the short to medium term, with a transition towards greater socio-economic investment over time. Furthermore, with production levels of oil likely to increase and with reasonably buoyant oil prices anticipated based on futures GOSS projections, a gap between revenues and expenditure capacities may well emerge. A stabilization fund would assist in smoothing fiscal sustainability whilst hedging against market fluctuations.

mean that GOSS will risk being embroiled in conflict rather than being able to fully focus on priority reconstruction and development investments. Under such a scenario SPLM/A will likely resist pressure for DDR, although reduction in small arms across the south will reduce the risks of insecurity caused by local tensions. A new threat and risk assessment will also be required alongside an up to date security sector assessment, to determine the optimal functional and deployment structure across the army, police force and justice system. Justice reforms are motivated by the need for greater regulation of the private sector, the resolution of land disputes and the likely rise in criminal elements of society.



Conflict and Security: Few observers would have predicted that the referendum in the South would even have been held some 6 months back. However, with the results of the Abyei referendum still to be determined border tensions and competition for monopoly over national resources will likely remain the most significant threat to the integrity of the new state, given its strategic position and obvious value to the north, which would logically fear a dwindling fiscal base. Further, ongoing civil conflict in Southern Kordofan and Darfur will in effect

Non-State and Traditional Structures and Civil Society: The structural weakness of Government, sizable territory to be governed, and relevance of non-state structures as a result of conflict require a state building approach that focuses efforts beyond government per se. As 'government-building' and 'state-building' require different investment strategies, and given the existence of weak formal structures and dependence on traditional means of governance in many cases, public spending will need to reflect this reality.

4. POTENTIAL DRIVERS OF INSTABILITY

Southern Sudan faces a number of potential drivers of instability, unique in nature and structure, meaning that a normative approach to state building will have limited traction. Furthermore, because Southern Sudan is not Afghanistan, Ethiopia, Rwanda, East Timor, Somalia or Iraq, understanding the history of Southern Sudan is vital to charting a course informed by the past; building from existing systems, and cultural norms and practices. The following drivers of instability therefore need to be carefully considered as the architecture of the new state is slowly established. Potential drivers of instability include, but are not limited to:

- Contingent boundary disputes;
- Complex political and security sector transformation;
- Immigration and nationality concerns;
- Significant per capita debt and poverty incidence;
- Ongoing civilian conflict;
- Small-Arms proliferation and tribalism;
- The so-called oil 'curse', where poor wealth distribution, bad investment,

inefficiency, external interference and corruption undermine governance;

- Fragile formal service delivery structures and high expectations;
- Weak coordination structures;
- A complex fiscal transition.

Strong arbitration might be required to resolve contentious issues, certainly in the light of any significant disagreement. In addition, as GOSS will not inherit a strong formally structured state, but rather an undeveloped (albeit developing) periphery, it is vital that the separation of state does not pre-occupy GOSS leadership for too long, diverting urgent investment in building the new state. Moreover, if the conflict continues with the north (sparked by Abyei) after secession, the conflict will no longer be civil but rather international, altering the rules of engagement. Conversely, Southern Sudan also runs a contingent risk of internal dissent, requiring a strong focus on building national solidarity. Countering these threats, with the new United Nations Mission to Southern Sudan will go a long way to mitigating many of these risks.

5. NAVIGATING ACROSS THE COMPLEX TRIPLE-TRANSITION

The analysis provided herein effectively makes up the components of what is often called the 'triple transition': a political transition (e.g. democratization), a security transition (security sector reform, disarmament, demobilization and reintegration [DDR] programs), and a socio-economic transition (characterized especially by economic and poverty reduction policy reforms), as well as stronger service delivery and enabling environment (private sector development – foreign direct investment) reforms. This term describes a common post-Cold War set of ideas about what is required in order to achieve a transition from

war to peace. Political and economic liberalization are central themes of such war to peace transitions, which also commonly emphasize a 'good governance' agenda. The reforms across the transitional framework - many of which are urgent - must be justified, essential, prioritized, sequenced and fiscally sustainable over the longer term. With political transition a necessary but insufficient condition for security, and security/stabilization a necessary but insufficient condition for socio-economic reforms, the complex triple-transition to be followed here will require risks and expectations to be closely managed.

6. MOBILIZING CAPITAL, COERCION AND LEGITIMACY

It is generally recognized that states aim to mobilize sufficient capital (revenues) to sustain core state functions such as security and the rule of law and to deliver basic and essential services. They also aim to maintain the legal monopoly on coercion whilst also seeking to mobilize legitimacy in the eyes of both citizens and the international community. Therefore, understanding the role of capital, coercion and legitimacy is vital to understanding state building in the context of Southern Sudan. The state can shape institutions and agents through service provision, the effective regulation of imperfectly competitive markets, or a more 'developmental' set of interventions designed to accelerate structural change in the economy and/or to manage the often unequalizing tendencies of economic development. The state itself is also a site of conflict given the significance of its role in enforcing institutional rules, its monopoly of legitimate force and its ability to allocate 'intermediate assets.' Such 'assets' can include, not only subsidies and tax incentives as a gateway to tax revenue, but also foreign aid in a developing country context. As a result, state composition usually embodies a coalition of competing interests (various political groupings), which have found some form of political and economic accommodation with one another. The forward process of political accommodation will be vital for a unified Southern Sudan.

State building generally implies a set of reforms, resource allocations and interventions explicitly designed to create, develop and strengthen various capacities of the state. These activities are undertaken with a view to securing greater stability and – in the expectations of international efforts in recent years – 'good governance'. State formation is a less explicit or conscious process (a process being a set of mechanisms producing change). State formation comes

about typically through varied, complex, and often conflicting processes and compromises. State building on the other hand is more a set of practices driven by ideals such as internationally perceived interests in stable developing country states. The key feature of state building is taxation - revenue being the main pre-occupation of state.

Southern Sudan is part of and shaped by the political economy. Thus, historically, state building has been most 'successful' where coalitions (SPLM/A) with controlling interests in emergent states have negotiated their way through the challenges of mobilizing capital (state-building is expensive), monopolizing coercive power, and building up legitimacy. Without a productive base to tax, without access to streams of rent, and without the ability to borrow, state building is unsustainable. Southern Sudan will need to issue credible force otherwise it will not be able to control violence or to resist direct challenges. Without legitimacy, it will be harder to mobilize non-oil tax revenue or to secure allies in its bid to monopolize force.

Another key feature is termed '*trajectories of accumulation*'. Some individuals and groups succeed over time in accumulating capital better than others, especially from the perspective of the classic, economic understanding of capital. But they do so within contexts affected by structure, institutions and policies. The 'who' and the 'how' of accumulation are central to political economy and will be important in determining who benefits from the process of peace consolidation and how! The wealth distribution policy of GOSS will be critical to the trajectory of capital accumulation, not just the creation of a new ruling elite and middle class, but also the poor and poorly represented whose vote for independence will need to be honored.

7. PRIORITIES ACROSS THE POLITICAL TRANSITION

The break up of Africa's largest nation is a complex yet achievable process. The results of the referendum alone are evidence of the success of the complex political transition being followed by GOSS and the National Congress Party, as established through the CPA and supported by UNMIS. The SPLM and NCP have already agreed that all outstanding political transition issues will be mutually concluded between both parties by 9th July 2011. However, with Abyei being used as a bargaining chip and with the north threatening the imposition of Sharia law, the process is by no means risk free. During this period, the following priorities deserve particular focus:

- Concluding CPA Issues: The terms and provisions of the CPA need to be formally concluded.
- Normalizing North-South Cooperation: It will be vital to maintain continued cooperation between the Sudan People's Liberation Movement and the National Congress Party beyond the 9th of July 2011. This would imply the establishment of national representation offices, the establishment of new foreign policies and the development of a clear road map for separation, including benchmarks.
- International Cooperation Partners: The international community will look to establish formal embassies and representational offices in the South with immediate effect. This will allow GOSS to establish formal foreign relations and to begin the process of formalizing diplomatic relations.
- Resolving Citizenship and Immigration Issues: For northern Sudanese citizens residing in the South and southern Sudanese citizens residing in the north, the process of regularizing immigration and visa affairs, as well as printing

passports for the new nation, will take several years to complete. Both Governments will need to protect those groups vulnerable to potential reprisal, particularly if conflict flares over Abyei.

- Fiscal and Debt Separation: The separation of fiscal operations, within a transitional framework, must be undertaken to include agreement of natural resources, oil, trade, national debt, assets and contingent liabilities. Formal sovereign relations with the International Monetary Fund and World Bank will also need to be established.
- Abyei: Abyei remains a direct threat to peace. The terms of the agreement between the north and the south over Abyei are under discussion, and the NCP is known to be using Abyei as a bargaining chip on other issues (such as oil). If the other issues are not resolved, then the fate of Abyei may hang in the balance for some time. The concern of the NCP is that unless GOSS makes certain concessions over natural resources, Northern Sudan risks facing a significant fiscal crisis of its own, and one that could threaten the stability of the Government. Northern Sudan could easily become a failed state in its own right.⁶
- New Constitution: The transitional constitution will need to be reviewed and formally ratified by the Southern Sudan Legislative Assembly (SSLA), which was inaugurated on 29 September 2005, even though substantial revision is unlikely.⁷

⁶ Abyei was accorded special administrative status during the interim period, following the definition of areas of Abyei by the Abyei Border Commission in 2004.

⁷ The Southern Sudan Legislative Assembly (SSLA), the first of its kind in the history of Southern Sudan, came to existence under Art. 57 (1) of the Interim constitution of Southern Sudan 2005, as provided for in the Comprehensive Peace Agreement (CPA) signed

- Good Neighborly Agreement: Given the risks that Northern and Southern Sudan move along similar trajectories of North and South Korea, signing a good neighbors agreement – including with Uganda – may provide a framework for strengthening regional cooperation (IGAD).
- Machinery of Government: GOSS will need to establish a Ministry of Foreign Affairs and Embassies in countries of strategic significance and to strengthen fiscal, financial and statistical institutions, as well as rationalizing the structure of the state at central and sub-national levels. The Bank of Southern Sudan will no longer be a branch of the north.
- Signature of International Treaties, Accords and Declarations: There are literally hundreds of international treaties, accords and declarations that Southern Sudan will need to ratify, endorse and adopt. Amongst these include oil, regional riparian, climate, extractive industry, human rights and other legislation.
- Support for the Return of the ‘Seventh Front’ Diaspora:⁸ Given the size of the Southern Sudan Diaspora, many of whom will return to play a critical role in state building, an active policy of engaging the so called ‘seventh front’, through lateral-entry programs, to build competency in leadership and management will be necessary.
- United Nations: Southern Sudan will become a full member of the United Nations.

between the Sudan Government and the Sudan People Liberation Movement (SPLM) in Naivasha – Kenya on 9th January 2005. The SSLA is composed of 70% SPLM members, 15% NCP members, and other political parties make up the 15% as stipulated by the CPA.

⁸ “Seventh Front” is a term coined by the late First Vice President of Sudan and President of the semi-autonomous Government of Southern, John Garang de Mabior to refer to Sudanese in the Diaspora.

Box 2 Executive Structures of State

In addition to legislative and judicial structures, and the SPLA and other agencies and commissions, the following executive structures and ministries make up the machinery of central government.

- Office of the President
- Cabinet Affairs
- SPLA and Veteran Affairs
- Legal Affairs and Constitutional Development
- Regional Cooperation
- Internal Affairs
- Labor and Public Service
- Parliamentary Affairs
- Finance and Economic Planning
- Roads and Transport
- Agriculture and Forestry
- Animal Resource and Fisheries
- Cooperatives and Rural Development
- Energy and Mining
- Commerce and Industry
- Wildlife Conservation and Tourism
- Water Resources and Irrigation
- Housing and Physical Planning
- Education
- Health
- Information
- Communications and Postal Services
- Gender, Social Welfare and Religious Affairs
- Culture and Heritage
- Investment
- Human Resource Development
- Environment
- Higher Education, Science and Technology
- Youth, Sports and Recreation
- Humanitarian Affairs and Disaster Management
- Peace and CPA Implementation Affairs

Source: GOSS (2011)

8. PRIORITIES ACROSS THE SECURITY TRANSITION

Long standing friction between north and south, ongoing civil conflict in Southern Kordofan and Darfur, conflict between rival armed groups inside Southern Sudan and destabilization by the Lords Resistance Army all present significant security challenges which need to be managed in a sensitive and considered way. Failure to do so will in effect mean that GOSS will risk being embroiled in conflict rather than being able to focus on reconstruction and development. In managing the security transition, securing the integrity of the state must be afforded the highest priority, though GOSS and the international community must be cognizant of the fact that this, and other security transitions will not only be challenging but will also face resistance from some sides. This will require measured steps and careful management to avoid antagonizing groups whose existence has centered and been shaped by violent conflict. Too much too soon can only be counterproductive.

- Joint Integrated Units: The Joint Integrated Units will need to be disbanded and integrated into SPLA structures, and deployed to foster state integrity.
- Border Integrity and Monitoring: UNMIS and UN Peacekeeping Forces must mobilize to support GOSS in stabilizing potential border flash points. The role of the UN in maintaining the peace has never been more critical, even if Abyei issues are resolved. Should disputes occur and arbitration and border demarcation be required, the role of the UN, African Union and EU are likely to be critical. Monitoring is to be provided for under Chapter VI of the UN Charter.⁹

- Disarmament, Demobilization and Reintegration: Progress on DDR has often been undermined by the need to reward SPLA soldiers with employment in exchange for loyalty, and because possible conflict in the north would require an unknown force capability. SPLA transformation support will need to foster a more effective, modern and mechanized force deterrent within a right-sizing framework, to increase command and control capabilities and to free up fiscal resources for other transitional priorities (education, health, infrastructure, public sector governance etc.).
- Defense Policy and National Security Policy: Defense Policy and National Security Policy are naturally related. National Security Policy entails the manner in which a State employs all the elements of national power to secure its interests, while Defense Policy details how the State employs the military element of power within the framework of the National Security Policy. Both defense and national security policy will need a new focus and must be linked to a strategic reform and modernization road map.
- Strengthening Army, Policing and Justice Capabilities: A new threat and risk assessment is required, reflective of the secessionist transition, along side a Security Sector Assessment (SSA) around which evidence can be used to (i) build prevention and risk management capabilities (ii) strengthen policy and strategy prioritization and sequencing (iii) increase policy, planning and budgeting linkages and (iv) strengthen accountability and transparency. This involves both SSR

⁹ As a new member of the UN, any border dispute will come under Chapters VI and VIII of the United Nations Charter. Article 33 states that 'The parties to any dispute, the continuance of which is likely to endanger the maintenance of international peace and security,

shall, first of all, seek a solution by negotiation, enquiry, mediation, conciliation, arbitration, judicial settlement, resort to regional agencies or arrangements, or other peaceful means of their own choice.'

reform and standard public sector management (administrative and civil service reforms, public finance and expenditure tracking) activities to be prioritized.

- **Addressing risks of Tribalism:** There is a considerable risk that poor public accountability in the years ahead, alongside unaccountable wealth management and redistribution will further inflame tribal tensions. A strong focus on small arms control, equitable service delivery and strengthening the relationship (and loyalty) between central and sub-national government will be key.
- **Justice:** Justice is a frequently underfinanced priority. Given the role of justice in law and order, in resolving historical grievances, and land and other disputes, a strong drive in justice will deliver both social and economic returns. Strengthening the Supreme Court, Court of Appeals, High Courts, County Courts, Wau Town and Rural Courts and Al Muqtaa Populace Court must be fully integrated into a whole-of-government and sector-wide security, law and order and justice investment program.¹⁰
- **Human Security:** Human rights, gender and a strong focus on social protection, as well as environmental protection must be made central to the security sector.
- **Stabilizing Abyei:** Depending on the results of the referendum on Abyei, efforts to encourage leaders of the Misseriya and Dinka communities in Abyei to work together to reduce tensions and to resolve outstanding issues will be vital, in addition to implementing any agreement with the north over territory and oil.

- **Lords Resistance Army:** Given the potential risk that any conflict between North and South Sudan may lead to negative regional alignments, a good neighbors agreement followed by commitments not to interfere with the internal affairs of the new nation may be critical. Whilst interference by the LRA supported by Northern Sudan is well known, promoting regional integration on all fronts, including economy, will be important to minimizing risks of instability.

Box 3 Quick Facts

Status: Soon to be sovereign state.

Capital: Juba.

President: Salva Kiir Mayardit (since 2005).

Location: bordered by the Central African Republic, Congo, Uganda, Kenya, and Ethiopia, as well as the northern region of Sudan.

Area total: 644,329 sq. km (29% forest).

Population: 8,260,490 (Sudan Census, 2008).

Population density: 13 per sq. km.

Median age: 18 years.

Literacy rate: 27% (males 40%; females 16%), persons 15 years and over.

Poverty: Half the population live on less than the equivalent of \$1 a day.

Livelihood: Crop farming and animal husbandry are the main source of livelihood for 78% of households.

Major cash crops: Sorghum, maize, rice, sunflower, cotton, sesame, cassava, beans and peanuts.

Cattle: 11,735,000 in 2009.

(Statistical Yearbook)

¹⁰ Effective implementation of various legal provisions must include (i) the Judicial Service Council Act (ii) Judiciary Act (iii) Code of Criminal Procedure Act (iv) the Penal Code Act (v) and Child Act.

9. PRIORITIES ACROSS THE SOCIO-ECONOMIC TRANSITION

The challenges of managing the socio-economic transition in Southern Sudan are twofold; not only does GOSS have to deal with the challenge of ensuring that it is capable of delivering the services required of any functioning state in the infancy of its independence, it also has to address pre-existing and urgent issues of violent conflict and abject poverty against a backdrop of weak or non-existent infrastructure. With this in mind, the international community

should first and foremost assist GOSS in determining the most effective model for service delivery, as well as tackling a number of key priorities including the formation of development policy and strategy, macroeconomic and fiscal reforms, public sector and civil service management reforms and growth enabling and poverty reducing services. UN (United Nations Sudan Information Gateway) provides the following socio-economic statistics (See Table 1 below).

Table 1 Various Socio-Economic Statistics on Southern Sudan

Poverty	<ul style="list-style-type: none"> • 50.6% of the population lives on less than 2.5 SDG a day. Poverty is highest in Northern Bahr-el-Ghazal state with 75.6% of the population living below the poverty line.¹¹ • 4.3 million vulnerable people will require food assistance in 2010.
Maternal Mortality	<ul style="list-style-type: none"> • One out of seven pregnant women will probably die from pregnancy-related causes.¹² • 40.6% of mothers do not receive antenatal care at all.¹³ • There are only 13.6% institutional (hospital) deliveries.¹⁴ • Contraceptive prevalence is only 3.5%. • There are only an estimated 100 certified midwives.¹⁵
Child Mortality	<ul style="list-style-type: none"> • Although the infant mortality rate has decreased, it still stands at 102 per 1,000 live births. • One out of every seven children will die before their fifth birthday (135 per 1,000 live births)
Immunization	<ul style="list-style-type: none"> • Southern Sudan has one of the lowest routine immunization coverage rates in the world. • Only about 10% of children are fully vaccinated.¹⁶ • Only 28% of children receive measles vaccination before their first birthday.
Malaria	<ul style="list-style-type: none"> • Malaria is considered hyper-endemic in Southern Sudan, accounting for more than 40% of all health facility visits and 80% of households do not have treated bed nets.¹⁷
HIV/AIDS	<ul style="list-style-type: none"> • HIV awareness stands at 45.1%, however only 8% have knowledge about HIV prevention. • More than 70% of women aged 15-49 have no knowledge about HIV prevention.
Water and Sanitation	<ul style="list-style-type: none"> • More than 50% of the population does not have access to improved drinking water. • Only 6.4% of the population has access to improved sanitation facilities.
Primary Education	<ul style="list-style-type: none"> • Less than 50% of all children receive 5 years of primary school education. • While 1.3 million children are enrolled, only 1.9% completes primary school education. • For every 1,000 primary school students there is only one teacher.¹⁸
Gender	<ul style="list-style-type: none"> • 92% of women cannot read or write.¹⁹ • Only 27% of girls are attending primary school.²⁰ • A 15 year-old girl has a higher chance of dying in childbirth than completing school.
Displacement	<p>Since the beginning of 2010, an estimated 190,000 people have been displaced by inter-ethnic and armed conflicts in Southern Sudan.</p>

¹¹ SSCSE 2010

¹² Based on reporting from WHO 2010

¹³ WHO Report 2010

¹⁴ WHO Report 2010

¹⁵ MOH Survey 2009

¹⁶ WHO Report 2010

¹⁷ South Sudan MDG Report 2005, UNDP 2006

¹⁸ UNESCO 2009

¹⁹ Ibid

²⁰ SSCSE, op.cit.

GOSS is likely to go through a period of macroeconomic uncertainty in the transition from fiscal dependence to independence. The role of the Multi-Donor Trust Fund in the South will be critical to revenue and expenditures smoothing in transition and in coordinating what is likely to be a rush in international support. Among other priorities, the following must remain the most significant, if lessons from other similar contexts are to be learned.

- Macro-Economic Stability: GOSS, supported by the IMF, World Bank and US Department of Treasury will need to focus on maintaining macroeconomic stability at all costs. Adopting prudent monetary and fiscal policy measures, as well as enhancing exchange rate management will be critical. Assuming a new currency may be introduced, then building the core capacities of the Central Bank, MoF, Treasury and Customs authorities, large taxpayers office and capacities dealing with foreign direct investment will be vital. Considering being supported by a Staff Monitored Program from the IMF in moving towards PRGF support may be an important priority. Adopting a medium term fiscal, budget, and expenditure frameworks will allow revenue and expenditure management to be closely aligned.
- Poverty Reduction Strategy: Given the complex inter-relationship between public and private sectors, with the public sector providing the enabling environment, and the private sector the eventual engine of growth, adopting an interim PRSP would support strong investment focus, prioritization and sequencing to minimize the risk of projectization and counter-veiling objectives. Motives for adopting an interim PRSP are compounded by the concomitant needs of sustaining high levels of quality growth in support of poverty reduction. Clearly, MDGs can be fully integrated into this development framework, alongside security and human rights.
- Aid Effectiveness & Coordination: After signing the Paris Declaration on Aid Effectiveness, GOSS will need to establish appropriate aid effectiveness approaches, such as sector based Consultative Groups, as a means to coordinate off budget external assistance. Ring-fencing finance in support of priority public investment programs will be vital to create a strong investment focus, minimizing duplication.
- Strengthening National Solidarity: Forging national solidarity in the south has never been more urgent. National programs should be considered – such as a National Solidarity Program – providing community based block grants, with NGOS as facilitating partners, to strengthen sub-national governance and to allow funds to circumvent weak state delivery structures in the first instance. Buying loyalty to the centre whilst delivering basic and essential services will require strong public investment programs in (i) community service delivery (ii) education (iii) health (iv) water and sanitation (v) electricity and power (vi) infrastructure (vii) public sector management and civil service capacity building, and (viii) security, law and order and justice as priorities.
- Public Sector Management: A strong (early) focus on strengthening administration, civil service and economic management reforms will be vital, with the World Bank (PREM), DFID and European Union likely to remain major partners. Reviewing the

machinery of government, conducting functional reviews in support of service delivery and improving public finance management (allocative and operational efficiency and fiscal sustainability) will be key. A strong focus on leadership and management training, incentive framework development, civil service management and civil service training will also be critical in linking human resource management to functional and service delivery strengthening. ICT development in support of automation will also minimize risks of corruption.

- Development Enabling Legislation: Core enabling legislation will need to be drafted and approved by SSLA, to include budget, procurement, tax, civil service and audit laws (for example), alongside a strong focus on building compliance capacities, and standards and regulatory enforcement and oversight.
- Economic Integration: Given the strong history between the South and North, adopting a strong policy of economic integration will benefit both states, in the short and longer term. Economic integration with the north is a logical result of having been one country, and ties should not be cut, but rather, maintained and strengthened. Trade between the two countries needs to continue, and perhaps even deepen. Moreover, agreeing bilateral and perhaps even preferential trade agreements, supporting customs facilitation investments and coordination of regional trade and transit-related infrastructures will remain important to economic resilience.
- Wealth Sharing: Under CPA arrangements Wealth-sharing of oil revenues from Abyei is to be split between the north and south (50:42)

with small percentages of revenues allocated to other states and ethnic groups: 2% each to: the Ngok Dinka people, the Misseriyya people, Bahr al-Ghazal (Warap) state, and 1% each to Southern Kordofan state (SKS) and the Western Kordofan sub-state component of SKS. As wealth sharing is currently under discussion, not only will this arrangement likely cease, GOSS will need to adopt transparent policies for wealth redistribution at the sub-national level, with a focus on basing expenditure priorities on clearly defined poverty and service delivery data. A strong independent media will support transparency.

- Extractives Industry: Signing the Extractive Industry Transparency Initiatives (EITI), and implementing accountability, transparency and wealth redistribution policies will be vital to government legitimacy.
- Investment Climate: The strong work of GOSS and the World Bank in strengthening support for Private Sector Development, the creation of a One Stop Shop and investment Ministry must continue. Removing the binding constraints to growth (macro and micro) and undertaking value chain, growth diagnostic and financial facilitation work will be critical, as will a focus on commercial banking and developing a strong micro finance sector to support agricultural and SME development.
- Execution and Service Delivery: Existing service delivery models will need to be reviewed and improved, and optimal delivery routes must be determined in support of effective and efficient delivery. Such measures should include contracting out to civil society, NGOs and the private sector to build a dynamic delivery framework.

10. CONCLUSION

GOSS and SPLM have come a long way since 2005, guided by the CPA, in laying the foundation for freedom from want and hunger. The secession reflects the failure of the north to invest in the south. The lesson is clear. The biggest mistake that the government and international community could make would be to invest too heavily in the centre without establishing the state with a strong, accountable, transparent, service delivery driven framework, binding the centre with regions, counties, towns and communities. A strong focus on investments that strengthen national solidarity will remain vital, whilst securing both the integrity of the new state and the core functions necessary for a smooth transition.

There is a tendency in post-conflict situations to focus on too many priorities. Establishing a simple national development strategy will be vital to creating a cohesive sense of purpose, focused on delivering many of the core priorities outlined in sections seven, eight and nine above. The trust fund will play an important role in coordination and cohesive investment. The media will need to provide responsible reporting and the international community will need to adopt a medium to long term investment framework, albeit underpinned by short term priorities and quick wins.

Finally, with war replaced by peace, and the 'golden choice' embraced by the peoples of the south, the hard and long road to peace and prosperity still needs to be delivered.²¹ The enemy of the new state is no longer the Government of the north; it is poverty and underdevelopment. The people have voted, and the Government of Southern Sudan and SPLM/A now need to deliver on their electoral promises. The sustained support of the international community will be critical to securing the political, security and socio-economic transitions.

²¹ "I and those who joined me in the bush and fought for more than twenty years, have brought to you CPA in a golden plate. Our mission is accomplished. It is now your turn, especially those who did not have a chance to experience bush life. When time comes to vote at referendum, it is your golden choice to determine your fate. Would you like to vote to be second class citizens in your own country? It is absolutely your choice." Dr. John Garang de Mabior, Rumbek, Southern Sudan. May 15,2005

APPENDIX 1 ABOUT GEOPOLICITY

Geopolicity delivers World Class services and tailor-made solutions reflective of the particular challenges faced by developing world governments. We understand how to best overcome the challenge of political, security and socio-economic transition because we have worked – for over twenty years – within transitional governments and as staff members of international cooperation partners. We are able to bridge the gap, building and sustaining relationships based on honest brokerage and understanding, whilst adopting practical and achievable solutions.

Geopolicity offers an extensive range of tailor-made consulting services to suit the individual requirements of governments, multi-lateral institutions and the private sector. Our work is pitched to the highest market standard; providing practical solutions to everyday constraints. Our services are cutting-edge client driven, outcome-focused and cost effective. Our operations focus on the Middle East and North Africa, Central and South Asia. We also publish quarterly Fragile State Country Reports.

Our main clients include: Department for International Development (DFID), The Asia Foundation, UN Food and Agricultural Organization (FAO), United Nations Children's Fund (UNICEF), US State Department – USAID, European Union (EU), The Government of the United Kingdom, UN Peacekeeping (DPKO), United Nations Development Program (UNDP), World Bank (WB) and Asian Development Bank (ADB).

ECONOMIC INTELLIGENCE	<p>Global and Country Level Intelligence, Analysis and Diagnostics Work We provide unrivalled analysis to governments, multilateral and bilateral institutions and companies in relation to growth and market opportunities, and investment decision making.</p>
EMERGING MARKETS	<p>Identifying Future Bull Markets: Countries, Industries, Futures Where economists and statisticians fail, we accurately predict subtle changes in emerging market futures through unique analytical work, which combines economic and political data.</p>
PUBLIC SECTOR REFORM	<p>Design and Implementation of Functional Strengthening & Reform Programs We specialize in undertaking sector based functional reviews – social, economic, political and security sectors – developing practical and realistic road-maps for service delivery reform.</p>
SECTOR GOVERNANCE	<p>Developing Sector Policy, Strategy, Delivery and Oversight Structures We specialize in sector development, covering mining, energy, commerce, infrastructure, economic development and the rural economy. We are policy, planning, budgeting and execution experts, with a strong track record in sector costing and public investment.</p>
PRIVATE SECTOR DEVELOPMENT	<p>Identifying Entry and Turning Points to Remove Binding Constraints to Growth We undertake economic growth diagnostic, investment climate, value chain and trade volume work to identify constraints to growth, revenues and employment.</p>
PUBLIC FINANCE MANAGEMENT	<p>Building Robust, Effective, Accountable & Transparent PFM Systems We deliver practical advice and guidance for strengthening existing government public finance management systems with a view to enhancing expenditure outcomes and impact.</p>
DECENTRALIZATION	<p>Bring Government Services Closer to People and People Closer to Services We undertake the redesign of service delivery models through conducting functional reviews, service delivery assessment, developing costed service delivery baselines.</p>
DRIVERS OF CHANGE	<p>Political & Economic Analysis to Identify the Leading Drivers of Change We conduct bespoke political economy analysis for governments, investment banks, emerging market specialists and think-tanks to identify opportunities and threats to investment.</p>

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