

Multi Annual Strategic Plan South Sudan 2012-2015



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Disclaimer: The Multi-Annual Strategic Plan is a rolling document. The plan was presented by the embassy in October 2011 and approved by the Ministry of Foreign Affairs in December 2011. During the appraisal process, the focus of the strategy was enhanced and additional clarifications were received from the Embassy. These were incorporated in the final version. In some cases plans will have to be further elaborated and considered before they can be implemented as part of the strategic plan. The new policy priorities will be further developed and operationalized in dialogue with government, civil society and development partners during the coming year.

Chapter 1: Management summary

In January 2011, an overwhelming majority of the population voted in favour of South Sudanese secession from Sudan, which took effect as of 9 July 2011. As the world's youngest nation, South Sudan faces many challenges, as well as a world of opportunities for cooperation and development. The political stability is fragile, the government largely inexperienced, and risks for renewed domestic or regional instability are high. The fragile relationship of South Sudan with its northern neighbour Sudan is key in this, where even to date the border region is unstable. The atmosphere in South Sudan after independence is vibrant and filled with hope for a better and peaceful future, in which South Sudan feels strengthened in the knowledge that the international community offers a critical, constructive and compassionate partnership.

In line with the criteria as described in the letter to the House of Representatives presenting the spearheads of development ("Focus letter", 18 March 2011), the Netherlands has chosen South Sudan as one of its priority partners for development cooperation inside the category of fragile states, and aims at contributing to lasting peace and stability in South Sudan and the broader region. The development programme in South Sudan can build on existing initiatives from the Comprehensive Peace Agreement (CPA) period, while simultaneously establishing a broader Dutch programme building on Dutch expertise in the field of water resource management, food security, and security and rule of law. Special attention will be paid to employment, economic and private sector development, as well as to governance, security and stability, human rights, gender equity and accountability, both in programming and in the political dialogue with the South Sudanese government. Close cooperation will be sought with international partners, amongst others in the framework of the European Union (EU) Joint Programming initiative for South Sudan where the Netherlands will take on the co-lead role for the water sector as well as for rural development / food security. The Netherlands will contribute to the peacekeeping mission 'United Nations Mission to the Republic of South Sudan' (UNMISS), focussing on areas of Dutch expertise such as policing, rule of law, civil affairs and human rights for the development theme of security and rule of law.

The embassy in Juba was established in September 2011 and the ambassador took office in November 2011. This MASP was formulated in a period of transition. The overall programme will develop gradually in line with growing staff capacity. Within the spearheads, focus is essential in order to be able to monitor and administer the various activities.

Chapter 2: Report MASP 2008-2011 and lessons learned

The prime objectives of the 2008-2011 Multi Annual Strategic Plan (MASP) for Sudan were to support the implementation of the Comprehensive Peace Agreement (CPA) and to sustain peace and stability. 'Making unity attractive' was the overall objective, through delivery of peace dividend, promotion of peace, good governance and human rights. Particular attention was given to South Sudan and the three protocol areas (Abyei, South Kordofan and Blue Nile).

2.1 Political – Comprehensive Peace Agreement

The 2008-2011 period has witnessed a slow but inevitable twist in the CPA-implementation from unity towards separation by the South from North Sudan, marked by the first presidential and parliamentary elections in Sudan in more than 20 years in 2010 (and South Kordofan State elections in 2011), the Southern Sudan Referendum in 2011 which favoured secession and the consecutive independence of South Sudan on 9 July 2011.

Notwithstanding pressure from the international community to finalize all outstanding CPA issues before 9 July 2011, the parties failed to do so on core issues such as the Abyei Referendum and the demarcation of the border between North and South. Moreover, they failed to reach agreement on post-separation issues such as oil (oil income remains the main dividing element between the two countries), separation of debt and assets, citizenship, migration and cross border cooperation. Given the importance of a final North-South agreement for stability of South Sudan, Sudan and the region at large, the key players in the CPA and the North-South mediation continue to support the post-CPA negotiations, led by the African Union High-level Implementation Panel (AUHIP) of South African president Thabo Mbeki, and supported by the Intergovernmental Authority on Development (IGAD).

The electoral process had major flaws, but international monitoring missions such as The Carter Center and the European Union (EU) Observation Mission nonetheless concluded that the elections themselves were credible enough to accept the results. The Netherlands supported the democratization process by contributing as a major donor to the United Nations Development Programme (UNDP) Basket Funds for Elections and Referenda and to the monitoring process (Carter Center and EU). Furthermore, the Netherlands played a key coordinating role in the observation of elections and referendum by the diplomatic community.

Lessons learnt from the elections resulted in the decision to integrate UNMIS and UNDP into UNIRED during the referendum, which lead consequently to a more harmonized and effective support by the diplomatic community.

2.2 Three protocol areas

The Netherlands have played an important role in the Assessment and Evaluation Commission (AEC) – the commission that monitors the implementation of the CPA – as chair of the Three Areas Working Group. It has allowed for regular visits to the areas (Abyei, South Kordofan and Blue Nile) for the members of the AEC. Given its knowledge of the situation on the ground, it has been able to produce a balanced view on developments for members and beyond, e.g. EU member states, it has proposed possible solutions to problems, and has been able to counter disinformation when needed. It has cooperated with the AUHIP (which facilitates [post-]CPA talks) on Abyei and popular consultations.

The Netherlands has kept its position as a knowledge centre on the areas. Information has proved essential in the years of chairmanship of the Three Areas Working Group to dissolve tensions, get more communality in views between the parties and core players in the international community, stop attempts to manipulate views and information, and contribute to a better negotiations climate.

Any agreement on the two areas will have to translate itself into a subsequent North-South transborder cooperation to diminish the risks of future conflict, as the states North and South of

the border are likely to remain volatile and conflict prone, not the least because of on-going tensions linked to nomadic cross border migration.

Much of the work with respect to the (humanitarian) crises in South Kordofan and Blue Nile states has concentrated on gaining access to people on the ground.

2.3 South Sudan

The Netherlands have contributed a considerable amount of development funds to Southern Sudan, mainly through pooled funds. In the last two years, steps have been taken to also look at the development of a bilateral cooperation program. Based on the findings of the Aiding the Peace report, bilateral interventions have generally provided the most effective support. Successful initiatives are those that have linked objectives in one sector to those in another, while tracing the cumulative effects of those activities on conflict and peace.

The majority of donors in the Development Assistance Committee (OECD DAC) have until recently mostly used pooled funding mechanisms that emerged after the April 2005 Donors Conference in Oslo. The Multi-Donor Trust fund (MDTF), administered by the World Bank, and some of the pooled funds administered by the UNDP, as the South Sudan Recovery Fund (SSRF) have had mixed results. With a change of management in the SSRF Secretariat after donor critique, the SSRF has performed much better. Pooled Funds that are managed by contractors such as the Capacity Building Trust Fund and the Basic Services Fund and in the future possibly the South Sudanese Citizens Fund have performed more efficiently. Regarding funding mechanisms, thorough evaluations by independent evaluators according to Terms of Reference set by the Steering Committee are highly recommended.

The current spearheads for international cooperation by the Netherlands (food security, water resources management and security plus rule of law) are about to be implemented and expanded, taking into account the lessons mentioned above. Given South Sudan's economic potential, the Netherlands also actively promotes the exploration of business opportunities between the two countries. More generally, the Netherlands is looking for possibilities to use Dutch technology, knowhow, expertise, investment and training in its overall programme for South Sudan. This also applies to the use of various Dutch instruments such as Nuffic/Niche, Netherlands Fellowship Programmes (NFP), Netherlands Senior Experts Programme (PUM), Private Sector Investment Programme (PSI) and the Facility for Infrastructure Development (ORIO). In doing this, the ambition is to take on lead roles in areas in which the Netherlands has a clear added value.

Chapter 3: Country analysis

3.1 Findings from the context analysis

3.1.1 Political and Governance

South Sudan at independence has the opportunity to become a successful nation state but faces major threats at the same time. The Government of the Republic of South Sudan's (GRSS) efforts are aimed at fostering a national identity and overcoming divisions and conflicts. If its plans move well, important progress is to be expected. However, there are several risks on the way. Politics is still dominated by a military culture and SPLM has a clear monopoly in political power. The ethnic divisions and tribal identities in South Sudan pose a risk, leading to ethnic instead of national politics.

It is crucial to make progress on decentralization, in order to bridge the gap between the Government of the Republic of South Sudan (GRSS) and its citizens, and to build a national identity. Adequate local governance is crucial to prevent that people in remote regions feel disenfranchised and not able to participate in decision making processes on wealth and power sharing. This would aggravate tensions which are already rife. The culture of accountability and transparency is still weak, despite relative press freedom. Progress in addressing the abuse of power and corruption is slow, mainly because of the underlying system of patronage and the ethnic divisions.

The political arena includes few opposition parties and weak representation by women (despite the 25 % target). This creates a risk for the overall democratic nature of governance in South Sudan and for national stability. Institution building needs to take into account the need to be inclusive and have fair representation from different ethnic and political groups. The GRSS has set a 25 % target of women in the legislative, executive and in public services, but further efforts are required to build women's capacity in politics to have a bigger impact on decision making.

3.1.2 Security

South Sudan suffers from conflicts and violence, caused by multiple factors. Inter- and intra-tribal conflicts occur throughout the country. Root causes are amongst others competition over water and land and people's struggle to have secure livelihoods. Migrant pastoralists looking for grazing areas tend to clash with agriculturalists especially in the dry season. In addition cattle raids are a cause of violence leading to high number of casualties. Conflicts also tend to be related to cultural traditions. Such local conflicts quickly get polarized in an 'ethnic' political environment, and can escalate easily due to the presence of arms among the population.

The national security services are unable to prevent and manage conflicts and in some instances to restore order. Given the widespread proliferation of small arms, civil disarmament is a precondition, but this should be done in a coordinated and conflict sensitive manner affecting all communities at the same time. An effective security response also requires better access routes to remote areas and an improved army and police capacity. Members of the security services are at times also a source of insecurity, gender based violence and corruption themselves. The Government of the Republic of South Sudan (GRSS) is aware of the challenges and has shown willingness to reform the army, the police and the prison system. Reforms will address capacity and training needs, institution building, improvement of oversight and accountability, downsizing (through disarmament, demobilization and reintegration, DDR), further defining the distinct roles of the military and the civilian police, and enhancing transparent and rational budget allocations. This may take a considerable amount of time. Progress is nevertheless expected gradually. The militarized culture will not change overnight and will remain embedded into post-war (ethnic) power relations. Moreover, the education level among army and police officers is low, limiting the possibilities for training and capacity building.

The rule of law sector is also suffering from weak capacity of its institutions. Implementation and enforcement of laws is inadequate, and the legal framework itself also needs to be further

developed. Most people in South Sudan are not aware of the formal justice system or do not have access to it. People are acquainted to informal judiciary systems . Post-independence reforms will most likely focus on upgrading this traditional customary justice system and bridging the gap with the formal system.

Human rights violations take place on a fairly large scale with no systematic monitoring or follow up by formal institutions in place. Impunity is therefore a problem that needs to be addresses within security sector reform and rule of law programs.

3.1.3 Economy

South Sudan has vast natural resources such as oil. However, the problems and challenges are tremendous and require a response that may be more costly than the resources and funds available. The problems of underdevelopment are related to the decades of neglect, isolation and war. In other words, South Sudan comes from a really low starting position. Services, infrastructure and implementation capacity are absent in most areas or inadequate.

The GRSS which had an autonomous status within the republic of Sudan since October 2005, has limited experience with economic management. The independence was also overshadowed by unresolved CPA-issues, such as the oil revenue and debt sharing but also the future status of Abyei. The tense relationship with the North is not making things easier, as Sudan is still the major economic partner to South Sudan.

Entrepreneurship, including farming, is weak as a result of the prolonged war. South Sudan is still largely dependent on external assistance like food aid. Creating a new culture of entrepreneurship is therefore equally important as capacity building, infrastructure development and access to means of production. The challenge is to develop a private sector that can be the main engine for growth and economic development and which contributes to stability.

On the road to economic development, the GRSS will need external technical assistance in fiscal and monetary policy, to broaden the revenue base in order to have funds to deliver services, and to diversify the economy (making it less dependent on oil revenues) in order to create jobs. The GRSS will also need financial assistance from donors or financial institutions, taking into account absorptive and capacity constraints.

3.1.4 Development

South Sudan is at the tail end of most development indicators worldwide. Security is widely regarded as the number one priority for its population, but development comes as a close second. The progress made during the interim period in delivering basic services was not enough in many people's eyes. Expectations were high and demands from the population were increasing rather than decreasing during the last couple of years. The steady influx of returning refugees and internally displaced persons (IDPs), who totalled about 2 million (or 25 % of the population), required expanding services and better quality, as many came from areas where they were used to having education, water and health services.

The GRSS struggles to prioritise development in its budget, given the needs to invest in the security sector. As a result, available resources for development are insufficient, and external assistance is required. Priorities are support to basic services, livelihoods and employment. In the meantime, the need for humanitarian assistance remains, given the vulnerability to shocks like conflicts, drought and floods and general (chronic) food insecurity. It will probably take years to fully transit out of humanitarian responses.

Sustainable development in South Sudan will be a long complex process and needs cooperation by many actors. The GRSS cannot carry the brunt of the work, given its limited capacity. Civil society, including NGO's, women's organisations and churches in South Sudan are foreseen to play a major

role. They need to be acknowledged as partners, in particular in implementation. The development process needs to be inclusive based on dialogue and participation by the population, in particular around issues of access to land and water. This will enhance the GRSS legitimacy and the confidence people have in their leaders. In this way, stability will go hand in hand with development.

3.2 Thematic analysis, findings

3.2.1 Security and Rule of Law

Situation analysis

As was *inter alia* described in the context analysis South Sudan is faced with high incidences of conflicts and violence, most of which are inter- and intra-tribal in nature. A large part of these conflicts is linked to access to cattle, land, water and other natural resources. In order to create lasting peace and to create a conducive environment for socio-economic development these conflicts need to be drastically reduced.

A substantial part of the conflicts and disputes are related to (access to) land, at different levels: for instance between individuals/families, between communities, between pastoralists and agriculturalists, between communities and county/state authorities. Communities currently have to accommodate a high number of returnees from Sudan. Over the last four years, foreign investors have acquired 9 % of South Sudan's total land area. Without proper legal procedures and regulations there is a danger that these acquisitions undermine the livelihoods of rural communities. As demonstrated by a recent study of Norwegian People's Aid, communities are not always adequately compensated for and are not always sufficiently involved in the decision-making processes around these acquisitions. This also applies to acquisitions by security and government actors. Working on land rights also provides opportunities to improve women's rights (women cannot formally own land at the moment). Solving issues related to land is furthermore important in order to improve food security.

Security and Rule of Law institutions are to play an important role in reducing conflict and improving stability in South Sudan. However, the police and the army are as not yet capable of providing a secure environment for the people of South Sudan. Their capacity needs to be strengthened and their institutions need be built and reformed, preferably in an integrated manner and based on local assessments.

Both the police and the army have drawn up their strategic plans for the next few years, with assistance from the United States, the United Kingdom and other partners. Now these plans have to be implemented. United Nations Police Division (UNPOL) has been playing a key role in enhancing the capabilities of the South Sudanese police. Norway has also proven to be a good partner for the security sector, promoting South-South cooperation by including African countries in its support to the police.

Members of the security services are at times also a source of insecurity, gender based violence and corruption themselves. As yet there are few functioning mechanisms and institutions to hold them to account. The Netherlands has supported general capacity building programmes of the South Sudan Legislative Assembly and state assemblies in South Sudan.

Insecurity in the border region between South Sudan and Sudan continues. The split of the Sudanese People's Liberation Army (SPLA) after the independence of South Sudan on 9 July in an SPLA (now the regular army) and the splinter faction SPLA-Nasir has consequences for the operations in the border area. The influx of refugees from Sudan into South Sudan, caused by continued fighting in the Three Areas, equally leads to unrest and a possible spread of further hostilities and fighting into South Sudan.

Opportunities

The GRSS has shown commitment to reforming the security sector. Current security related expenses are not considered sustainable (currently 37 % of the national budget). In its South Sudan Development Plan the government has planned to develop a new civilian-lead National

Security Architecture (NSA) in which local security will be transferred from the military to the civilian police and the army will be transformed into a smaller, modern and more efficient force. The government is planning to demobilise and reintegrate 78,000 ex-combatants by the end of 2013.

As has also been confirmed by the findings of the Aiding the Peace Evaluation, programs for performance improvement of the security sector are now well on track. The evaluators therefore recommend focusing on wider issues of accountability, security of civilians and the urgency of enhancing and demarcating responsibilities between police, army and the judiciary. Enhancing accountability will be an important focus area in the new Security and Rule of Law programme.

Accountability institutions in South Sudan, such as parliament, the Audit Chamber, the Anti-Corruption Commission, and the Human Rights Commission, could potentially play an important role in holding the security services to account. Their mandate is even broader – they can also play a useful role in curbing corruption in areas outside the security sector. Non-state actors such as civil society and media are still weak.

The Dutch contribution to the United Nations Mission in South Sudan (UNMISS) provides an opportunity to play a modest, but valuable role in this area. A contingent of military, police officers and civilian staff will be working on police reform, human rights, gender and rule of law at the state and county level. Their information can be used to identify gaps in donor programming and to identify possibilities for support. The Ministry of Gender is leading a process to engage with the Security and Rule of Law institutions on gender and conflict resolution/peace-building issues.

Land has come out as a central element in both the context analysis and the different thematic analyses. By working together on this issue as an Embassy Team, the issue can be approached from different angles (e.g. access to land, land rights, conflict resolution, and gender). This way, interventions can reinforce each other. However, in order to identify exact niches and interventions more research is needed.

3.2.2 Food security

Situation analysis

Decades of war and conflict have left South Sudan food insecure and dependent on food imports. About 80 % of its population live in rural areas and rely on agriculture for their livelihoods, but years of war destroyed farming skills and traditions. Agriculture therefore needs to be largely rebuilt from scratch. Livelihoods patterns in South Sudan evolve mostly around farming and/or pastoralism, based on social and cultural factors held by different ethnicities. Livelihood sources differ across the various ethnic communities and often generate conflict. Rural development and conflict mitigation are therefore strongly interlinked.

The main challenge is to translate South Sudan's abundant resources and workforce potential into better human and development outcomes. In this connection agriculture is sometimes seen as the 'green gold' of South Sudan. The production of cereal crops to meet national demands forms a high priority of the government. Despite the importance of livestock, the contribution of livestock to food security is little understood yet because of strong sentimental cultural values attached to cattle. The government is responsible for providing the enabling environment and essential public goods (such as agricultural research, certification of seeds), whereas the private sector is seen as the main engine for growth.

The ownership and use of land (and water) are of great importance in South Sudan's underdeveloped economy, and in the livelihoods of many South Sudanese. Conflicts over use of land have a long history in South Sudan and still occur frequently. The large influx of returnees and increasing interest in large scale land-based investment create additional demand for land; this calls for extra attention.

Female headed households make up a significant number of both the urban and rural poor, and women play a key role in agriculture and food processing. The GRSS plans to also focus on women within agriculture, for example in extension services and clearing up land tenure issues that affect women's access to land.

Constraints are in particular related to low agricultural productivity, low levels of knowledge and managerial skills within the private farming sector, capacity and resource constraints at the level of responsible government ministries and an often harsh enabling environment pertaining to insufficient social and physical infrastructure and lack of services in general. External shocks like floods and droughts occur regularly in South Sudan and aggravate food insecurity.

Opportunities

In South Sudan's Development Plan the GRSS recognizes the need for economic development, being one of the four pillars, to be able to lift large numbers of its population out of poverty. The policy environment is overall conducive, and the GRSS has expressed great interest in programmes for agriculture, livestock and water management. The greatest potential for initial new growth is likely to come from the small scale private, predominantly family agriculture and livestock activities. This sector can be enhanced through addressing human capacity (economic literacy and numeracy) and modern farming and livestock production methods. Complementary to this, improved access to inputs, tools, technology, equipment and markets will make a difference. Potential areas for external support to farmers and entrepreneurs relate mostly to: increasing agricultural and livestock productivity, in a way that creates employment, generates income and stimulate local entrepreneurship, for example through vocational training.

Regarding the enabling environment, external assistance is required to facilitate policies and legislation (for instance related to seeds, ownership and use of land), and to improve local security and rule of law as well as to provide social and physical infrastructure (in particular roads plus maintenance). Furthermore, access to finance needs to be addressed.

To strengthen GRSS capacities, improved technical knowledge and better managerial capabilities are needed; capacity development is also crucial outside government.

For development to be successful (among other to result in less conflict), it is important that improved governance and social and economic development go hand in hand. A political dialogue is required at the highest level between government and donors to discuss critical issues that affect food security.

3.2.3 Water

Situation analysis

An important feature of South Sudan's considerable water resources, with fair average annual rainfall, is the seasonality of rainfall, coupled with droughts and floods. Although data are as yet insufficient to quantify South Sudan's water resources, its usage has so far been limited. Traditionally, emphasis has been on the provision of rural water and (to a much lesser extent) sanitation services. Of late, also urban drinking water and sanitation are looked into. With the independence of South Sudan, Water Resources Management (WRM) is now high on the agenda in order to develop water resources for economic use and providing water to preserve peace among pastoralist and sedentary communities, whilst catering for the needs of the returning population.

Water is a political issue at international and local level in South Sudan, since any change in usage of water from the Nile River System is political. At the local level though, water is an important source of tribal conflict, especially in the dry seasons when livestock rangelands become exhausted and pastoral farmers concentrate on too few lands and water storage facilities, resulting in seasonal migration of large number of cattle in search of water and grazing lands.

Positive in South Sudan is that the Ministry of Water Resources and Irrigation (MWRI) is mandated to address all water related functions in collaboration with the concerned State ministries. The Strategic Framework for Water, Sanitation and Health was finalized in June 2011 and is seen as a major step to put into practice the principles laid out in the Water Policy 2007. MWRI leads the development of policies, strategies, guidelines, regulations and standards; responsibility for implementation is with States and lower levels of governance. MWRI shares with other ministries that focus on development a lack of sufficient resources and limited capabilities (especially at State and lower levels of governance) and infrastructural provisions.

Opportunities

There is potential for more intensive use of water, either surface water or groundwater, but each area will require its specific solution. The seasonality of rainfall, coupled with droughts and floods, offer ample opportunities through introduction of a range of measures, varying from construction of water facilities for productive use to flood control works.

The water management agenda of the government also includes protection of the environment, in particular wetland ecosystems (with the Sudd as the largest), decreased infiltration because of forest clearing and soil degradation due to expanding agriculture. Water quality is a concern in the oil extraction areas. In addition, the rapid growth of the capital and urban centres calls for urban water and sanitation facilities.

Seen from national perspective, assessing the total available water supply, current and future needs, as well as the quality of South Sudan's water resources, is a priority. More broadly there is scope for improved capacity for integrated water resources management. There is an interest to consider improvement of the extensive river systems, in order to increase the availability of South Sudan's water resources and to facilitate river transport on the Nile. Given that water resources management has received comparatively little attention from external support agencies, MWRI has requested the Netherlands for assistance in this area.

3.3 Binding constraints

Based on the context and thematic analyses the following constraints have been identified to development and stability in South Sudan.

General constraints

South Sudan is the youngest independent country in the world and suffered from years of neglect, isolation and warfare, leading to a society with little to no physical infrastructure and government structures.

- Not all outstanding issues of the Comprehensive Peace Agreement have been resolved yet. Relations with its northern neighbour Sudan need to be normalised.
- Unrest in the Sudanese border regions of Abyei, South Kordofan and Blue Nile lead to influx of refugees in South Sudan, and possible spread of violence in South Sudan.
- Conflicts have implications for private and donor investments.

Political and security constraints

- Authorities are relatively inexperienced, suffer from lack of capacity and are burdened by the tradition of ethnic and military policy making and neglect of the periphery.
- The security sector is large and the Disarmament, Demobilization and Reintegration (DDR) processes have proven difficult given the relations with Sudan.
- Public awareness on government responsibilities is low, leading to poor accountability. Political will to put in place checks and balances and to address issues like corruption is gradually developing.
- Culture of violence is widespread. Small arms are widely available and crime rate is high.
- The return of internally displaced persons (IDPs) puts stress on available housing, jobs and risks of social tensions.

Economic and development constraints

- Public funds are readily available from oil revenues and donors, leading to a lack of incentives to diversify the economy.
- Farming traditions have disappeared due to prolonged conflict and dependence on food aid, resulting in extremely low production. Years of warfare and displacement, combined with humanitarian intervention, have created a culture of dependency.
- Community land rights have been frequently violated and land titles are often unclear.

- Unstable supply of water and lack of water management systems causes periodic shortages. As a result, migration patterns of e.g. cattle are customary, often leading to ethnic and tribal disputes and clashes.
- The industrial and service sectors hardly exist and the private sector is underdeveloped. The business climate is weak.
- Illiteracy is high and the level of education (including vocational training) is very low.
- Lack of physical infrastructure is rampant. Access to basic services is hindered by the vast geographical territory.

Social and cultural constraints

- Tribal traditions are stronger than the sense of national identity. Ethnic identity often collides with differences in livelihoods, leading to tensions and conflict.
- The position of women in public life is weak and women are generally marginalized, in society and the economy. Their potential contribution to conflict resolution is not realized.
- The population has little access to justice, due to capacity constraints and lack of legal framework and trust in the public system. Use of customary law is often not in compliance with international legal standards.
- South Sudan has a custom of concentration of resources by power holders, leading to a lack of incentives, mechanisms and traditions for a fair distribution of wealth.

3.4 Netherlands value added in South Sudan

The Netherlands is one of the largest donors in South Sudan; it has a sound relation with the GRSS and has proven to be a constructive partner during the Interim Period. In previous years many different programs have been supported, either through pooled funds, UN agencies or other international organisations/non-governmental organisations (NGOs). The Dutch contribution in the past was partly monitored by the Joint Donor team through pooled fund mechanisms, such as the Multi Donor Trust Fund (MDTF). From 2012 onwards most pooled funds will cease to exist and new modalities need to be developed. The role of the Joint Donor team will change and will for now mainly consist of providing technical assistance to the joint donor partners and government. Subsequently the modalities of Dutch assistance to South Sudan and its management will change.

The number of donors and overall funding in South Sudan is on the increase, while absorptive capacity is limited in certain sectors. The Netherlands will therefore contribute to sectors where it has added value, based on policy, capacity, expertise and experience. This is particularly the case in food security, agricultural and economic development and water resources management. In the past couple of years, missions from the Netherlands, i.e. Wageningen University, UNESCO-IHE, International Rescue Committee (IRC), SNV Netherlands Development Organization and Deltares, have facilitated a regular interaction and dialogue between Dutch partners and GRSS institutions, in particular in seed improvement, livestock/poultry, and drinking water. Also the SPLM negotiation team was supported with technical staff on water issues. These bilateral efforts may have been minor in financial terms but have created substantial goodwill with GRSS partners, who are keen to receive high quality technical advice.

Furthermore, the Netherlands is well positioned to deal with human rights, rule of law and building democracy through its experience in these fields during the Interim Period and because of its integrated approach, combining political dialogue with funding. The Netherlands also has a proven track record in support to parliamentary capacity building and freedom of press. The existing joint donor Capacity Building Trust Fund can be a useful instrument for continued capacity building of GRSS.

The Dutch engagement in DDR, Community Security, as well as its contribution to United Nations Missions in Sudan (UNMIS) operations during the Interim Period have laid a basis for further programming in the security sector. The experience and lessons learned will help to have tailor made programmes based on well informed analysis.

Others donors are generally better equipped and experienced in the fields of basic services delivery, including (maternal) health and education (mainly the Department for International Development [DFID], the Swedish International Development Cooperation Agency [SIDA], the Canadian International Development Agency [CIDA], Denmark, and the World Bank), large infrastructure (the World Bank, China, European Union, DFID, and United States), natural resources (Norway) and particular issues within the security sector reform (e.g. training of the army).

The Dutch NGOs that are active in South Sudan have extensive experience in basic service delivery and increasingly in agricultural related activities.

Chapter 4: Objectives, results and risks

4.1 Objectives and results for the three spearheads

The overall objective for Dutch engagement in South Sudan is: Promoting stability through mitigation of conflicts and growth and development. The previous chapters outlined the constraints for development and stability in South Sudan and listed the areas in which the Netherlands has a value added. This chapter proposes to focus on three objectives which fall in the spearheads water, food security and security and rule of law.

Objectives:

1. Building peace and the rule of law, through better accountability in the security sector, improved access to justice and enhanced women's participation;
2. Improved water management, for better livelihoods, a more efficient river system and increased access to drinking water.
3. Increasing food security, through development of agriculture and private sector development.

These objectives are aligned with both Dutch and South Sudanese government priorities.

4.2 Outline of approach and results

At this stage it is not fully possible to formulate all activities. The scoping & identification for Security and Rule of law has not taken place yet. Also for water, final identification is needed to select partners and work out modalities.

The general approach will be based on principles as:

- Cohesion between the programs for water, food security and security & rule of law. The linkages are evident from the context and thematic analyses.
- Transitioning from vulnerability and dependence (on humanitarian assistance) to sustainable development. This puts private sector development, economic diversification and reduction of the risk of floods and droughts high on the agenda.
- Conflict sensitivity based on careful assessment of local dynamics.
- Engagement with (local) political issues connected to the three objectives.
- Attention for the cross-cutting themes of gender and good governance in the three spearheads of the Embassy's programs.

Several Dutch NGOs have been consulted on the draft plan. There is on-going collaboration with SNV in food security, livestock and water. The NGOs and the Embassy have established a dialogue and regular exchange of information takes place.

4.2.1 Security and Rule of Law

This spearhead is the essence of the Netherlands' engagement with South Sudan: conflict prevention, stabilization and peace building. Interventions will target the national, regional (border areas) and local levels. It is too early to define outputs and results but some of the elements are as follows:

- a. The most instable conflict prone regions - the states Unity, Upper Nile, Jonglei, Lakes and Warab – will receive most attention. Some of these regions, the border states, are also affected by the conflict in the Three Protocol Areas of Sudan (Abyei, South Kordofan and Blue Nile). Through its activities, the Netherlands can make a contribution to cross border

stability and cooperation with the North. Efforts will be taken to strengthen the performance of the security sector through capacity building in a way that promotes stability, respect for human rights, inclusiveness and participation (democratization). Oversight capacity and accountability mechanisms within and outside the army and other security forces will be strengthened, which means greater transparency, better sharing of public information, combatting corruption and ensuring that the population has ways to express complaints and concerns. This will result in higher confidence between the population and the GRSS, increased legitimacy of the government, and greater internal stability. UNMISS is envisaged to play a key role in supporting the performance of the security sector in South Sudan.

- b. Measures will be identified to enhance women's role in peace building and conflict mitigation, mainly through raising their impact in the political arena. Political participation of women has a good starting point with the 25 % representation target, but more can be done to fully utilise the potential that women have.
- c. Efforts to strengthen the rule of law will be continued, building on previous programmes. It is likely that new measures will include clarifying issues pertaining to land rights and improving access to justice for the population, taking into account the traditional and customary justice systems.

Specific options to achieve these results include support to the army and police reforms, targeted interventions at the parliament, civil society and media, secondment of strategic advisors to the GRSS, and engagement of women leaders in peace building.

4.2.2 Food security

The immediate objective for South Sudan is to become food secure, which means independent from food aid and much less dependent on food imports. Two main components can be distinguished in the Dutch programs for food security in South Sudan: increasing food production through access to inputs and direct support to agri-based enterprises, and improving the enabling environment for production and entrepreneurship. Specific elements are as follows:

- a. Organising farmers and strengthening their capacity
- b. Improved supply of inputs (seeds, fertiliser) to increase productivity
- c. Providing (vocational) training and advisory services to entrepreneurs and farmers, in business skills and farming techniques respectively, to build small scale enterprises and generate employment, in the agricultural and other sectors
- d. Increasing access to finance by setting up a guarantee fund for local banks which lend to small and medium enterprises and farmers, mostly agriculture-related

Support from the Netherlands Ministry of Economic Affairs, Agriculture and Innovation has been helpful in the identification of interventions described above. Dutch knowledge institutions in the field of food security were and continue to be involved, like Wageningen University and Triodos Facet. Public private partnerships will be used as a modality, such as Agri-inputs programme, which involves the GRSS, USAID and the Embassy of the Kingdom of the Netherlands as funders, the Alliance for a Green Evolution in Africa (AGRA) and Wageningen University as technical advisory partners, and the local private sector. Private companies in South Sudan will be assisted in setting up businesses to produce improved seeds and other companies to supply inputs to farmers. The Dutch trade mission of October 2011 generated much interest in South Sudan; 22 companies took part, of which nearly half are agriculture-related.

Women play an important role in food production and processing, and need to be included in these interventions. Implementing partners will be asked to indicate how women will benefit and how gender equity will be incorporated in the design of their programme. The GRSS is supportive of targeting women in agriculture, for example in extension services.

The land issue is topic of debate in South Sudan. It is on the one hand evident that land ownership and rights are topics which affect crop production and livestock, as well as conflict and stability. On the other hand, this issue is highly complicated and political, and some caution is required before deciding on direct interventions.

Political dialogue will be necessary in support of funding and technical assistance, in particular on issues that affect the enabling environment (i.e. the business climate). Examples are weaknesses in governance such as the patronage system and ethnic loyalties among decision makers, which may impede a level playing field for entrepreneurs and farmers. It is possible that such issues affect small scale farmers and entrepreneurs less than big business, but (petty) corruption and abuse of power present a challenge. This cross-cutting theme of good governance will therefore play a major role in the activities of the Embassy.

4.2.3 Water

Water resources management is a priority for the GRSS and will be the 'umbrella' for Dutch interventions in the water sector. The following elements will be included:

- a. South Sudan will be financially and technically assisted in having a more stable supply of water, in other words having less floods and droughts and better access to water for livelihoods. This will result in less vulnerability of the population, higher crop production and healthier livestock. The wet season will be used better by developing storage facilities, by diverting water to the right places in the dry season, and by increasing soil moisture. In drier areas, rainwater harvesting techniques will provide opportunities to reduce risks. The increased access to water for cattle will reduce tribal tensions with pastoralists and will facilitate more peaceful migration, including in the border areas between Sudan and South Sudan which are prone to conflicts. Support to the integrated water management agenda of the government will be designed in a way that protects the environment, in particular wetland eco systems (the Sudd), and to decrease infiltration resulting from forest clearing and soil degradation (depending on other donors' interest).
- b. The river systems will be upgraded and improved for easier transport, especially tributaries flowing into the White Nile river.
- c. Rural areas will have a higher coverage of safe drinking water and sanitation.

These two last parts of the programme need to be further elaborated.

In the design and implementation of the water program, Dutch knowledge institutions such as UNESCO-IHE, Deltares, Nuffic/Niche, IRC and SNV (possibly under the umbrella of the Netherlands Water Partnership) are foreseen to play a role, building on their engagements during the last couple of years. The GRSS welcomes Dutch expertise and advice, as part of capacity building efforts for the Ministry of Water Resources and other actors. Capacity building (in support to investments) is a cross cutting issue in all three elements of the water program. Regarding the funding modality, it is expected that private contractor(s), based on international tender, will be tasked to manage selected programs.

Women have a crucial role in the water sector, although it is difficult at this stage to identify the specific issues to improve their socio-economic status through the water programme. This requires follow up in the formulation mission. Implementing partners will be asked to incorporate gender into the design of their programmes.

In the implementation of the programmes on water resource management, the cross-cutting theme of good governance is essential. This theme will therefore be taken into account by the Embassy during the elaboration of the programmes.

Chapter 5: Other instruments of foreign policy

Diplomacy

The independence of South Sudan has left many CPA issues unresolved. The Netherlands has played an important role in supporting the CPA-process. Confidence building initiatives in the border area between South Sudan and Sudan will remain crucial to achieve lasting stability. Special focus should be given in this respect to the linkages on both sides of the border. Given the Netherlands' strong position on human rights and accountability, many of the abovementioned activities and initiatives can benefit from a political dialogue with the GRSS, preferably in a broader international framework.

Economic cooperation

Given South Sudan's economic potential, there is good scope to explore business opportunities for Dutch companies, especially in sectors in which the Netherlands has added value (i.e. agriculture, livestock). It is the Embassy's intention to play an active role in facilitating trade and investments by Dutch companies. In addition, South Sudan is open for the various Dutch private sector instruments such as PUM and PSI. Given the Government of the Republic of South Sudan's intention to give an important role to the private sector, it is foreseen that in the field of infrastructure there will be prospects for public private partnerships, for which ORIO could be a useful instrument.

Security

The Netherlands' contribution to UNMISS will be part of a comprehensive approach, combining diplomatic efforts with development and security sector support in policing and defence. Contributions in terms of personnel and funds will be made by the ministries of Defence, Security and Justice as well as Foreign Affairs. Focus will be on efforts for security and rule of law, including governance and human rights.

Consular

Modesty applies to the provision of consular services to South Sudanese citizens and to Dutch nationals. Initially the aim is to seek cooperation with other Schengen- and/or EU-partners to join efforts for consular assistance to citizens.

Joint Donor Team

With the build-up of national embassies and donor offices of the various Joint Donor Team (JDT) partners, the role and mandate of the JDT is being revised. Areas for possible involvement of the JDT might include cross-cutting issues for development, such as capacity building, oversight, monitoring and evaluation and gender. If donors decide to shorten the mandate of the JDT, a careful handover and phasing out of activities will take place.

North Sudan – relation with embassy Khartoum

Stability in South Sudan depends partly on the ability to establish and maintain peaceful relations with its neighbouring countries, in particular with Sudan. Close contact between the embassies with respect to the border region, will remain an essential asset in supporting long term stability. Focus will be on the border areas and on cross border confidence building.

Chapter 6: Financial implications

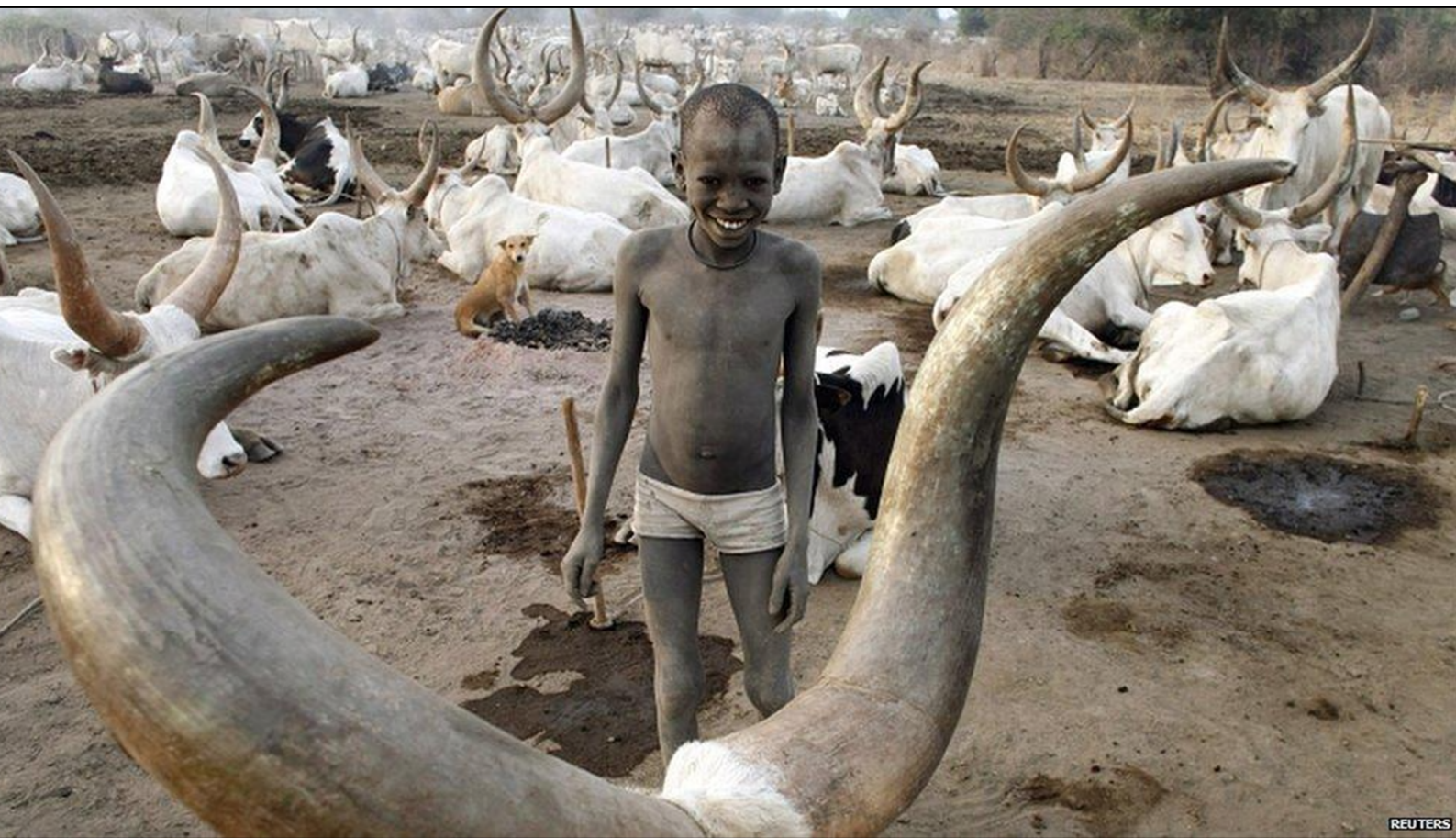
Financial ODA implications 2012-2015

Due to the fragile political situation only an indicative amount of ODA funding can be given at this stage.

The indicative amount of ODA funds allocated for programs in the field of security and rule of law, food security and water is EUR 203,448,000.

total budget 2012-2015

203,448,000



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