

SUDAN: COUNTRY ENGAGEMENT PLAN

1. SUMMARY

This paper sets out our objectives for engagement in the Sudan. The planned strategy is within the UK Government's Sudan policy framework (x-ref Sudan Unit policy note).

Sudan has been beset by conflict for most of its history since independence in 1956. The latest round of civil war started in 1983 after the failure of the 1972 Addis Ababa accords. It has resulted in the death of over two million persons and the largest internally displaced population in the world (some four million). In turn, the war has devastated infrastructure and social services, exacerbating the poor development in a country of 30 million people. As a result, Sudan is one of the poorest countries in the world.

The UK has been a lead donor in the Sudan since independence. After the end of normal bilateral aid relations with the current Government of Sudan (GoS) in 1991 it has contributed some £200 million toward a humanitarian programme. In 2002, the UK - along with the US and Norway - strengthened its engagement in Sudan, particularly around fresh hopes for the peace process led by the Intergovernmental Authority on Development (IGAD). International assistance will need to be maintained after a peace agreement: donors are planning how to build up their programmes in support.

The UK's goals are to support Sudan to reach a just and lasting peace and lay the foundations for sustained poverty reduction. We will provide support under four headings. First, we will continue our work in helping to meet humanitarian, recovery and reintegration needs through interventions that benefit the poorest people and communities. Second, we will provide assistance to implement the peace agreement, for example the provision of personnel for monitoring missions; assistance with demobilisation, disarmament and reintegration of combatants; and local-level peace-building work. Third, we will support the development of effective governance systems, including work with the justice and security sectors and public administration. Fourth, we will work with the Sudanese to develop and implement policies that will benefit poor people – a sound Poverty Reduction Strategy Paper, macroeconomic management, resolution of Sudan's debt problem and reorienting the budget and sector policies towards poor people.

DFID intends to increase its programme in Sudan considerably if a peace agreement is reached and implemented. Initially, the majority of our resources will continue to go towards humanitarian needs, but with a greater emphasis towards longer-term development. Work on implementation of the peace agreement will require early funding. We will gradually increase the amount we can put towards the longer-term objectives of improved governance and policies. In addition, we expect to pay our share of the costs of debt relief.

A risk matrix, facts about Sudan and a list of acronyms are annexed from page 18.

2. CONTEXT AND CHALLENGES

2.1 Recent History

The Sudanese civil war is Africa's longest-running conflict. The war is often simplified into a north-south divide – or more erroneously, a clash of Muslim and Christian civilisations. In reality, the conflict has been fuelled by persistent underdevelopment of marginalised areas of Sudan and competition for access to political and economic power, dominated by a northern, Arab, Muslim elite. Local conflict (e.g. over grazing, water), control of humanitarian aid and ethnic/religious mobilisation have also played significant roles. In short, it is a struggle for power and resources.

Following independence in 1956, southern discontent with the political order evolved into guerrilla warfare across the south. The 1972 Addis Ababa Agreement, which devolved some powers to the south, provided a decade of respite. By 1983, this had been fatally undermined by the Nimeiri Government's centralising and Islamising policies, and by disagreement among southern politicians. Southern rebels and mutineers coalesced into what became the Sudan Peoples' Liberation Movement/Army (SPLM/A), led by John Garang.

Nimeiri's overthrow in 1985 and the subsequent transition to a democratically elected government under Sadiq al-Mahdi failed to end the war. As negotiations were promising progress in 1989, an alliance of military officers and Islamists led by Omar al-Bashir seized power. The National Islamic Front (later restyled the National Congress) has retained power to the present.

Since 1989, the war has been characterised by the following:-

- Guerrilla conflict across much of the south, with major garrison towns held by the Government army and its allies, and the SPLA holding territory between. Internally displaced people (IDPs) and refugees are estimated to total over four million. In the south, control of humanitarian supplies has become a weapon.

- Southern disunity, with SPLA splinters and other southern factions allying with the Government in return for weaponry to fight the SPLA. The 1997 Khartoum Peace Agreement formalised many of these alliances. Much fighting is between southerners, rather than between southerners and the northern army.

- Conflict in the north. The northern opposition joined the SPLA in the National Democratic Alliance, reaching a limited political consensus in the 1995 Asmara Declaration. SPLA-led forces stepped up resistance activity in the north-east. Government repression in marginalised areas of the north – the Nuba Mountains and southern Blue Nile – prompted local resistance, which the SPLA backed. More recently, marginalisation of Darfur has sparked a new uprising in the west.

- Fighting for control of the oilfields which lie near the north-south boundary in Upper Nile. Once the Government began exploration and exploitation here in the 1990s, there has been vicious fighting in this area between the Government army, the SPLA and their respective allies.

- Peace efforts failed to bear fruit because both principal parties remained in a sufficiently strong position, and international commitment to ending the conflict through negotiation was limited. Only in the last three years, with the Government's power-base weakened, the low prospect of outright victory by either side and a favourable combination of external factors, has the Intergovernmental Authority on Development (IGAD) peace process been able to make progress.

2.2 Poverty in Sudan

Sudan is one of the poorest countries in the world. It ranks 138th out of 175 in the UN Development Programme Human Development Index. The World Bank estimates Sudan's Gross National Income (GNI) per capita in 2001 at US\$340, which is the median value for Sub-Saharan Africa. World Bank statistics suggest better life expectancy and infant mortality in Sudan than the Sub-Saharan average. However, the statistics on poverty in Sudan are patchy; existing information on SPLM-controlled areas from a variety of surveys and studies tends to be omitted from GoS data. Overall, the evidence suggests a high level of inequality.

The majority of poor people in Sudan live in rural areas but there are sharp contrasts between north and south. An indication of this discrepancy is that the average under-5 mortality rate was 105 per 1000 in the late 1990s in the north but 145 in the south. However, even within the north, there are wide variations in the prevalence of poverty. Women tend to be poorer than men and have more limited opportunities; in government controlled areas, adult literacy in 2001 was 60% for men and 42% for women. An estimated 4 million people have been displaced internally by the conflict, many of whom face particularly difficult living conditions in camps.

Although official figures suggest water and sanitation coverage in Sudan (62%) is slightly above sub-Saharan averages (60%), these need to be taken with caution. Some estimates suggest only 30% coverage of safe water in southern Sudan, and in some areas as low as 5-10%. Disputes over the right of access to water wells and grazing land are common, traditionally resolved by recourse to local tribal and religious authorities.

A number of factors underlie poverty in Sudan. These include:-

- Civil conflict. This is one of the biggest if not the greatest contributing factor to high levels of poverty in Sudan. All belligerents have targeted civilian populations as a military policy resulting in death, injury, forced displacement and destruction of infrastructure. Military spending by the belligerents has also greatly undermined social expenditure.

- Inadequate access to systems of justice, and personal insecurity. Access to justice is neither readily available nor widely understood by poor people in Sudan. Women and children suffer particular exclusion. In GoS areas there is a formal justice system, based on Sharia law, however many people choose to use unofficial local courts, as they dispense traditional or common-law justice. In SPLM-areas customary law is given a privileged place in the rural administration, but very little has yet been achieved in committing customary law to paper, drafting legislation, or disseminating written versions of laws widely.

- Widespread human rights' abuses. Belligerents on all sides have committed human rights' abuses. Even in relatively stable areas, rights are regularly undermined in relation to treatment of prisoners, lack of accountability by enforcement agencies and little application of social and economic rights.

- Weak civil society. There are few strong civil society groups in Sudan. Although some are beginning to find their voice, many are still in an embryonic state. The relationship between civil society and authority is often uncomfortable and at worst oppressive.

- Lack of policies to benefit poor people. GoS spending, on both delivering services and improving infrastructure, has been low by international standards and has not been concentrated geographically or sectorally in the areas which would improve conditions most for poor people. This is because the systems of governance are designed to channel the majority of resources to elite groups. Territorially, this has meant exploitation of resources by state-owned or sponsored companies with control of those resources assured by military or security agencies. Political relations between the centre and the periphery have been used to maintain control from the capital. GoS have been preparing an interim Poverty Reduction Strategy Paper (PRSP) since 2002 but it does not cover SPLM-controlled areas and it is not clear that it yet meets the standards required by the international community.

- Strong economic reform, but low social spending. Statistics on the Sudanese economy (which do not adequately reflect the situation in the South) indicate important improvements in macroeconomic management since the mid-1990s. Growth in Gross Domestic Product (GDP) has averaged over 6% annually since 1997, reflecting expansion in agriculture, industry and oil sectors. Inflation was reduced from over 100% in 1996 to single digit levels by 2000. This reduction was achieved through cutting public expenditure to around 11% of GDP (1999-2001) - which is very low compared with average in Sub-Saharan Africa of over 27%. Within total public expenditure, defence is equivalent to 2-3% of GDP, yet social services is around 1.5% of GDP, much lower than many other African countries. Moreover, social sector spending lacks a strong emphasis on the primary level.

- Massive and unsustainable external debt. Sudan's external debt of \$21bn (\$18.3bn of which is in arrears) is owed to commercial and bilateral (Paris Club and Arab) creditors as well as multilateral agencies. Normalisation of relationships with international creditors, followed by debt relief under the

Highly Indebted Poor Countries (HIPC) initiative, is an important incentive for peace but will require exceptional effort from the international community. Financing of HIPC will require some large cash injections from the international community to multilateral agencies spread over about 5 years. Until arrears are cleared, Sudan cannot access the substantial funds expected from the World Bank.

- Agricultural dependency. The economy is predominantly agricultural, contributing about 46% of GDP in 2000 but since then its share has declined due to decreased agricultural production and as the exportation of oil has increased. About 70% of the population either live in rural areas or are nomadic, with the agricultural sector accounting for 70% of employment. Sudan is potentially self sufficient in basic foods, albeit with inter-annual and geographical variations. About 60% of all crop production is irrigated, highlighting the importance of sustainable management of water resources. The destruction of the limited social and economic infrastructure has disrupted agricultural and trading activity especially in the south. This has had serious impact on the livelihoods of the rural poor, traditionally dependent on rain fed farming and livestock.

- Climate, terrain and size. These factors also complicate governance and the delivery of services. The country is prone to natural disasters such as floods and droughts. The sheer size of Sudan also makes it difficult to govern, even at a state level. Infrastructure throughout the country is poor due to lack of investment and the war. The road network presents logistical challenges for humanitarian and development interventions, especially in the rainy season. Sudan is the meeting point of the Nile river tributaries: the Blue Nile from the Ethiopian plateau and the White Nile from the equatorial lakes region. Most of the latter is lost to evaporation in the vast swamps of the Sudd. Yet much of Sudan is arid and not suitable for cultivation, and water scarcity limits development in parts of the country.

2.3 International Involvement in Sudan

At the regional level many states are concerned with Sudan for a variety of political/ economic regions. For example the regional heavyweight, Egypt, has placed much emphasis on the use of Sudan's Nile waters. Support to both sides has been largely predicated on Arabic/Islamic and African lines. Internationally, Sudan has achieved relatively high attention due to the profile of its Islamist government, its association (from the failed assassination of Mubarak in 1995 onwards) with terror networks, and the portrayal of the conflict as a fight between Christianity and Islam (which has had particular resonance with some Christian groups in the US).

Since 1991, most western governments have suspended aid and development programmes in Sudan and simply provided assistance through Operation Lifeline Sudan (OLS), the longest running humanitarian programme in the world. OLS is led by the UN, with the participation of local and international NGOs, and is based on a negotiated access agreement with the principal belligerents allowing operations in territory held by either side.

Since 2000, three western nations – US, UK and Norway – have been working together in support of the IGAD-led peace process to get the two principal parties (GoS and SPLM) to reach a ceasefire and work toward a lasting solution to Africa's longest running war.

2.4 The IGAD-led Peace Process

In June 2002 a combination of war weariness and international pressure finally bought GoS and the SPLM back to the negotiating table and a new round of talks under IGAD, chaired by Kenya. The UK considers that these talks, and a negotiated settlement, offer the best opportunity for bringing an end to the civil war.

As a result of the IGAD talks, GoS and the SPLM reached an agreement on the key issues of self-determination of the south and application of Islamic law in July 2002 (the Machakos Protocol). The parties have taken other encouraging steps:

- in January 2002, a ceasefire was brokered for the Nuba Mountains monitored by the Joint Monitoring Mission / Joint Military Commission (JMM/JMC);
- in April 2002, the parties agreed to a US-led Civilian Protection and Monitoring Team (CPMT) to deploy within Sudan and report on attacks on civilians;
- in October 2002, the parties agreed to a cessation of hostilities for the duration of the peace talks and to provide unimpeded humanitarian access throughout Sudan;
- in February 2003, the parties agreed to an IGAD-led Verification and Monitoring Team (VMT) to monitor breaches of the cessation of hostilities.

It is anticipated that a full peace agreement will be signed by the end of March 2004. A settlement between the SPLM and GoS will only be the start of the process as many other groups and factions will have to be included in the political transition to bring about a just and lasting peace. International pressure has been instrumental in moving towards a peace agreement and this will need to be maintained and substantial resources provided if it is to be successfully implemented.

2.5 Post-Settlement Programme

If and when a settlement is signed this will allow the opportunity for greater engagement by the international community in supporting that process toward a lasting peace. Such international support should be predicated on the commitments made by the two parties in the final agreement and in particular

on making progress along the necessary military, political and socio-economic transitions.

Steps needed for successful military transition include disengaging armed forces and maintaining a ceasefire, and undertaking a process of demilitarising the state apparatus. International partners can support this through monitoring missions, and providing funding and policy advice for demobilising, disarming and reintegrating fighters, and for longer-term transformation of the security sector.

Political transition will require the Sudanese to take forward elections and other steps towards democratisation; protection of human rights; decentralisation of power, as well as a more inclusive political process at the centre; and reconciliation between the various groups towards a more united Sudan. International support can come through facilitation of initiatives aimed at building the peace and strengthening capacity at all levels of government. In particular, support can be channelled towards electoral processes and bodies that uphold human rights.

In order to achieve socio-economic transition, Sudanese authorities will need to agree means for sharing wealth and revenues and reform macroeconomic policy. Policies and budgets that target the poor will be particularly important, on which international organisations can assist. They can also undertake a process of debt relief for Sudan.

2.6 Post-Settlement Planning

As the parties have neared a settlement, key donors have engaged in a process of coordination to ensure a coherent and coordinated programme supporting a multilateral (UN and World Bank) national framework. The UK has been one of the lead donors in such coordination (with the US, Dutch, EC and Norwegians).

Relationships between aid donors and Sudan will undergo profound changes in the coming years. Many donors will be scaling up their assistance but have limited knowledge of the country. There will be increasing engagement with government systems, but the government is unfamiliar with most donors' procedures and practices.

In these circumstances, transaction costs are likely to be high on both sides. High priority should therefore be placed on donors working together sharing their knowledge and building common approaches and joint mechanisms for their relationships with government; and on helping government systems to evolve in ways which will make good use of aid.

It will take at least a year or two before Sudan becomes eligible to borrow again from the World Bank and International Monetary Fund (IMF), and it will take some time to reallocate spending away from the military. So initially most of the resources for poverty reduction related activities will need to come from bilateral, EC and UN sources.

The table below identifies some key donors' planned areas of activity and approximate resources available for Sudan after a peace agreement.

Donor	Approximate annual resource	Sectors	Geographical area
Netherlands	At least €16m	Humanitarian, security, peace-keeping, political dialogue, HIV/AIDS	Focus on south and marginalised areas Also a regional programme
US	At least \$200m	Food aid/humanitarian, governance, civil society, media, education, health, water/sanitation, agriculture, infrastructure, peace support, monitoring security arrangements	Focus on south and transition areas, Darfur, east Sudan
EC	€100m (post peace)	Humanitarian, food security, education, health, peace building, human rights, democratisation, rule of law, governance, security	War-affected areas
Norway	At least \$40m	Humanitarian, capacity building, community reintegration, security, peace support, military, education	Focus on south

3. UK PROGRAMME AND RESOURCES 2003 – 2006

3.1 History of UK Engagement

In 1991 the UK stopped its development aid to Sudan. Since then, the UK maintained a humanitarian programme at the level of about £7 million per year, depending on needs within the country. In 2002 and 2003, in line with progress towards peace, the DFID programme was broadened to include direct support for the peace process and its monitoring mechanisms, confidence building measures such as additional support for the education system and support to get ourselves and others prepared for peace. Funds allocated to Sudan in 2003/4 totalled £28 million, including £5 million from the Africa Conflict Prevention Pool. Since April 2002, humanitarian activities have included:

- £9.5m to international non-governmental organisations (INGOs) for humanitarian work across Sudan;
- £6m to International Committee of the Red Cross (ICRC) including work with internally displaced people and others affected by conflict;
- £2.8m to UN Children’s Fund (UNICEF) for rehabilitation of schools, basic education and water/sanitation needs;
- £4.5m to World Food Programme for food aid;
- £2m to UN Development Programme (UNDP) and Office of the Coordinator for Humanitarian Affairs for humanitarian security operations and coordination;
- £1m for UN mine clearance programmes.

To support the peace process, we are providing funding for the IGAD Secretariat; input into monitoring missions; and experts (for example on demobilisation, demilitarisation and reintegration) to the talks. We are supporting a mechanism for the SPLM and GoS to jointly plan for priorities after peace (now known as the Joint National Transition Team, JNTT). We are also supporting activities that underpin the peace process through local peace-building initiatives and support for human rights.

We intend to commit remaining resources during this financial year through the UN and ICRC appeals for humanitarian work (including in Darfur) as well as for capacity building needs; through UNDP for work with the parties on rule of law; through UNICEF for child protection and basic education; and for further humanitarian and recovery work through various INGOs. We may be able to start an early programme on HIV/AIDS.

There are also regional programmes supported by DFID that cover Sudan: the Nile Basin Initiative, which aims to achieve sustainable socio-economic development through the equitable utilisation of, and benefit from, the

common Nile Basin water resources; and the Catalysing Access to ICTs in Africa (CATIA) programme, which aims to enable poor people in Africa to gain maximum benefit from the opportunities offered by Information and Communication Technology (ICT) and to act as a strong catalyst for reform. Sudan has been supported through our institutional partnerships with UN agencies and the Red Cross movement, as well as by our Civil Society Challenge Fund. DFID also contributes to EC development assistance.

3.2 Objectives and approach

The UK's overall goal in Sudan is to help the Sudanese reach and implement a sustainable peace agreement, which will both lead to and be supported by the reduction of poverty.

Goal: To support Sudan to reach a just and lasting peace and lay the foundations for sustained poverty reduction.

Objective 1: meet life-saving and life-sustaining humanitarian, recovery and reintegration needs.

Objective 2: assist parties to implement the peace agreement including military/ political arrangements and build the consensus for peace more widely.

Objective 3: support the development of an effective public administration, security and judicial system throughout Sudan.

Objective 4: support development and implementation of policies for poverty reduction.

Our approach will be sensitive to the factors that can contribute to conflict in Sudan. We are open to working in all areas of the country, although different regions may require different approaches. We will focus our activities on those where the UK can add particular expertise or understanding, for example work with justice, policing and security systems, of which we have experience in other post-conflict situations. Where it is possible and effective, we will work through multilateral organisations or other agencies, in order to minimise duplication and transaction costs for Sudanese partners. We will consider support for activities that facilitate a good working relationship between and within international and Sudanese bodies. We aim to build our knowledge of Sudan in the coming years and plan to move DFID's operation to Sudan after a peace agreement is reached.

Objective 1: meet life-saving and life-sustaining humanitarian, recovery and reintegration needs.

DFID will match its humanitarian programme to assessed need, recognising that improved access to vulnerable populations will allow an enhanced response and that needs are not likely to reduce in the near future. History

shows that Sudan is often vulnerable to food shortages, even famine, requiring external donors to provide resources for large-scale relief programmes. In addition, for the time being, a substantial part of the burden of providing basic services (food, water, shelter, health, education), particularly in the south and in central conflict affected areas, falls to the humanitarian agencies.

This provision of services often goes beyond saving lives and includes longer-term, developmental activities such as institutional support and training. As the operating environment becomes more stable and local institutions strengthened, we will aim to make the delivery of services more sustainable by building on current models and resources.

DFID will focus on interventions that are designed to provide benefits to the poorest people and communities. In particular it will be important to contribute to improved basic services in areas where Sudanese people displaced by war may wish to return. These inputs should contribute to, and not undermine, longer-term plans for sustainable development.

DFID may also provide support for co-ordination, research, logistics or security, where these enable a more effective overall response. Given the limited capacity to absorb and use aid effectively, we will consider supporting interventions to alleviate these constraints. We will continue to work by preference through fewer, larger grants to agencies working on the ground in order to keep our transaction costs down and to maximise efficiency. Where possible, we will use a programmatic approach: providing funding to key partners up-front against a jointly agreed set of objectives. This will enable agencies to be more flexible and responsive to a quickly evolving situation on the ground. Our main implementing partners will continue to be the UN system, the Red Cross movement and INGOs.

We can also support the transition to longer-term development by improving local, regional and national government policy-making (see also objective 4). At the national/regional level much of this capacity building work will take place with support from the World Bank, and the UN. At the local level, the UN, INGOs and Sudanese NGOs can help to build the capacity of local authorities.

DFID also intends to provide support for HIV/AIDS surveillance, prevention and treatment to help strengthen the capacity of the GoS to plan and implement an effective response to the epidemic.

Objective 2: assist parties to implement the peace agreement including military/ political arrangements and to build the consensus for peace more widely.

Comprehensive ceasefire and security arrangements are being negotiated by the parties as part of a final peace agreement. But in the absence of the agreement there are some assumptions we can make about the likely shape of a peace support-operation and peacebuilding needs:

- there will be an international peace support operation, probably with a focus on monitoring the peace, rather than enforcing it. The international community will need to share the burden of funding and staffing this operation. Opportunities to build African capacity for peace-support should be taken;
- the JMC in the Nuba Mountains, VMT and CPMT may be subsumed into the overall international operation. But the lessons learned from their establishment should be transferred to the larger operation;
- it will be important to strengthen civil society participation in consolidating peace. Media, information dissemination and confidence building measures related to the peace will be needed. However, local-level peace building is complex work and not well understood by most donors and agencies. There is a need to build on analysis and common understanding so that donors and agencies do not exacerbate these conflicts;
- development of a community-based demobilisation, disarmament and re-integration strategy and programme will be necessary. The parties will need to set the parameters for this programme within the peace agreement. The UN will then need to take a lead role in co-ordinating the implementation of the programme with other agencies. This will need to feed into a security sector reform programme as set out under objective 3 below;
- work with the militia groups will be key – both in local-level peacebuilding work and in plans for demobilisation of combatants;
- official capacity for human rights monitoring needs to be strengthened either within the international system or within the authorities - to significantly improve national ability to monitor needs and therefore provide a quicker response. Working with other donors, we will consider support for the Human Rights Commission and other relevant institutions to be established as part of the peace agreement as well as other mechanisms for improving respect for human rights.

So far, the UK has supported the ceasefire and security discussions at the talks through provision of experts and through organising workshops to raise awareness of the issues with Government forces and the SPLA. We have also contributed significant funding and personnel to the JMC and VMT operations and played a lead role in their development.

We intend to remain engaged at the political and programme levels in all these areas. It is difficult at this stage to define exactly what support we will need to give: so much depends on the final agreement and how the process evolves after that time. However, we will initially support the following activities and processes:

- the development of security arrangements at the talks through involvement as an observer and provision of expert facilitators;
- the JMC and the VMT with personnel and running costs;
- the provision of Demobilisation, Disarmament and Reintegration (DDR) expertise to assist the parties through the IGAD talks and the UN system in co-ordinating the development of a DDR programme. In turn, we will consider funding for a DDR programme and support for reintegration activities;
- the funding of an evaluation of local peace-building processes to contribute to a common understanding of the issues;
- cooperation with others on the potential for developing effective media structures and outlets, working in coordination with other donors, including the US and EC. We will discuss this in the context of the DFID Africa-wide CATIA project;
- work with Sudanese civil society organisations to develop capabilities in advocating for peace at the local and national levels.

Objective 3: support the development of an effective public administration, state security and judicial system throughout Sudan.

Safety, security and access to justice and security sector reform

Justice, legal and security systems in Sudan, north and south, have been perceived as oppressive by many and widely condemned by the international community. The current justice and security systems in Sudan do not deliver adequate access to justice to people in all parts of Sudan and especially to the poor and vulnerable who suffer most from injustice. Successful implementation of the peace agreement will depend to a considerable extent on ensuring access to justice and personal security according to the commitments to human rights included in the peace deal.

The drafting of a constitution and legal codes that respect human rights, and the creation of top-level judicial structures that ensure fair and equitable treatment for all citizens will have to be undertaken at a national level. The reintegration of trained legal personnel into the judicial system of the south, and the further training of justices and lawyers, too, are projects that will have to be undertaken at a governmental level. In the north, the sharia justice system needs considerable reform in its resourcing and functioning in order to ensure the government's constitutional and international commitments are respected. The poorest are also the least aware of their rights. The system is strongly biased against women – who are treated as property – and children who are vulnerable to abuse and violence.

The new authorities will need to be able to guarantee personal security. If they cannot, they will in all likelihood see the growth of vigilante and other armed groups, with the potential for further conflict.

We will engage in a process of support for the justice and security sectors. Again, it is not easy to define precisely what the activities will be at this stage: it will depend on the willingness of the new authorities to take responsibility for developing the sectors and also the approach of other agencies and donors. However, we will provide initial support in the following areas:

- confidence-building and lesson-learning activities with Sudanese authorities, north and south, to assist them to understand where they stand in relation to relevant international good practice after many years of isolation;
- development of the capacity of civil society in the fields of human and child rights, gender and legal awareness so that they are able to engage with donors as partners and critically engage with Government;
- a programme of capacity building, closely co-ordinating with the lead agency and other donors, with the Southern Regional Entity for provision of justice and security;
- prioritised and focused interventions linked to a peace deal such as policing in south Sudan and conflict affected areas of north Sudan;
- the development of national and local capacity for human rights and child protection work (see also objective 2).

In addition we will consider what the UK's role should be in providing support to a framework for security sector reform, including oversight, accountability and linkages between different parts of the sector.

Governance and public administration

The development of a functioning system of public administration, north and south, will be crucial for building a sustainable peace. Capacity needs are great, particularly within the south. And this weakness is inherent at every level, whether local, regional or national. We will engage in a process to assist the national, southern and state administrations develop policy and plans in key sectors. Initially we will work in the following areas:

- support to the Joint Transition Team of the parties – as the political lead to the development of a post-conflict programme;
- support, through the UN and other partners, to prepare the new administrations for Government, both national and Southern regional;
- the development of a strong civil society to critically engage with Government;

- support to the World Bank to bring in their technical expertise on capacity building, including public finance management.

Democracy

Sudan's prospects for successful and sustained pro-poor development will depend on its capacity to operate political systems which provide opportunities for all people, including the poor and disadvantaged, to organise and influence state policy and practice. This has been a significant failure of the Sudanese state in the past, contributing to the causes of conflict. We will seek to ensure that the international community works with the Sudanese people to improve the political systems so that they can enable the Sudanese to realise the aspirations set out in the peace agreement. Where there are gaps, we will consider whether the UK can help fill them.

Objective 4: support development and implementation of policies for poverty reduction.

To lay sound foundations for poverty reduction will require profound changes to policy in many key areas: management of the economy, the development process and the public sector.

Macroeconomic management

There will be new macroeconomic challenges as the economy is reunified and the forms in which aid is delivered changes. The Sudanese authorities in Khartoum have worked well with the International Monetary Fund (IMF) in recent years and the Fund can be expected to support macroeconomic management effectively.

During 2004, DFID, in liaison with the IMF, should explore whether the Sudanese would be willing to participate in the Extractive Industries Transparency Initiative process to improve the transparency of management of revenues from the oil sector.

Debt

Resolution of Sudan's debt problems is an integral part of the process of normalising relations with the international community and presents a major incentive for peace because of the flows of international finance it should unlock. The UK has agreed to chair a Support Group of key international creditors and donors to help ensure timely coordinated action over 5-6 years for clearance of debt arrears and subsequent implementation of debt relief through the Heavily Indebted Poor Countries (HIPC) initiative. The Support Group will be launched soon after signature of a peace agreement.

PRSP

International experience suggests that implementation of a sound Poverty Reduction Strategy Paper (PRSP) would help Sudan to make progress towards the Millennium Development Goals. A sound PRSP process is also needed to allow IMF and World Bank concessional lending and HIPC debt relief; and for DFID to move towards a full development partnership with Sudan. A strong PRSP offers the best prospect for promoting and sustaining the inflow and effective use of aid resources.

Helping northern and southern Sudanese to develop a good PRSP will be difficult because Sudan has been relatively isolated from international debate about poverty reduction for more than a decade and PRSP processes for participation by poor people will be unfamiliar. Developing the PRSP will require some technical assistance and is likely to be of interest to several donors. Donor engagement with the PRSP process is likely to be more effective and efficient if channelled through a multi-donor mechanism.

DFID should play a leading role in galvanising coordinated donor support for developing the Sudanese PRSP, ensuring it draws from relevant experience elsewhere but also fits with other policy developments in Sudan. Apart from DFID advisory inputs, we could provide funding, possibly through multi-donor channels, for consultation processes, technical assistance and building capacity in government and civil society to understand and manage the PRSP process.

Sector Policies

The PRSP needs to be underpinned by sound sector policies for improving the delivery of services to poor people especially in the health, education, water supply and agriculture sectors. Government will have the responsibility for planning and regulating the delivery of services even if it will not be directly responsible for service provision. Sector policies will need to be substantially different from Sudanese policies in recent years if they are to have a positive impact on poverty reduction. However there is substantial experience of service delivery to the poor which has evolved outside government using INGO and UN channels. Sector policy and planning needs to build on this.

DFID will want to ensure that sound policies that will work for poor people are being developed in the key sectors. DFID should consider helping policy processes if we can add significant value. We could provide short term or long term technical assistance inputs to enhance the capacity of government teams or multilateral agencies (e.g. World Bank, EC) working on such policies. Or we could pay for reviews of experience outside government services.

In view of the importance of Sudan in achieving the Millennium Development Goal for universal primary education, we should look particularly carefully at supporting the development of education sector policy. We may also have particular expertise in value to add in developing HIV/AIDS strategies. We should also support the integration of national priorities with regional initiatives including the Nile Basin Initiative.

Budget Policy and Management

It is important that budget allocations are in line with the policies above and that budget management systems ensure money is effectively spent. In the recent past, GoS has spent more on defence than social services. Although there may be modest reductions in defence spending over the medium term as a result of peace, the main sources of additional finance for delivering services that benefit poor people should be increased international aid reflected in the budget as well as better use of domestic revenues. Budgets that benefit the poor are likely to require a larger share of spending to take place at the state or sub-state levels of government.

DFID strongly promotes the strengthening of government budgetary systems and, over time, channelling more and more aid directly through them (as Direct Budget Support, DBS). DFID policies would preclude DBS for Sudan at present, given current budgetary allocations and budget management systems, but DFID should aspire to use DBS as the instrument to deliver most of its financial aid to Sudan in a few years' time. In countries where DFID and other donors provide DBS in the context of long-term development partnerships, processes have evolved for regular dialogue between the donor community and the government about policies and systems for achieving poverty reduction. These dialogue mechanisms have provided important opportunities for building a common understanding among donors about how the country is tackling poverty and how donors can best support these efforts.

In Sudan, DFID should promote processes for joint government-donor review of budget allocations, budget management systems and how aid is reflected in the budget management. In other countries these processes have generally been led by the World Bank. It is legitimate for the international community to press hard for dialogue with government about these issues in view of the exceptional effort which the Sudanese with international partners will need to make especially to resolve the debt problems.

We will therefore support a review of public expenditure to promote transparency and provide a baseline record, and country financial accountability assessments, in partnership with other donors. We should also support efforts to strengthen government capacity to co-ordinate aid.

3.3 Resources

If peace is achieved and maintained, the UK intends to increase its assistance for Sudan considerably, including our contribution to debt relief as well as DFID programmes. We will also increase our staff resources in the region and aim to devolve responsibility for the programme to an office in Sudan by the end of 2005.

Annex 1 – risks to peace and poverty reduction

The table below identifies some of the key risks to reaching a sustained peace agreement and poverty reduction in Sudan, along with some activities that Sudan and its partners can undertake to mitigate those risks.

Key Risk	Likelihood	Potential Impact (on poverty reduction)	Mitigation Activity
Peace Agreement			
Peace Agreement not signed	Low	High	Support for peace process Support for monitoring missions Support for joint working mechanisms
Peace Agreement signed but not implemented	Medium	High	(see section on post-settlement programme)
Peace Agreement - Military Transition			
Resumption of SPLA/GoS conflict	Medium	High	Peace support operation Implementation of commitments Demobilisation, disarmament and reintegration Security sector reform Peace dividend/ incentives
Localised Conflict	Medium	Medium	Political Inclusion Conflict management Local reconciliation Peace dividend/ incentives
Peace Agreement - Political Transition			
No move toward political inclusivity	Low	Medium	Implementation of peace process commitments Building political institutions Policies for poverty reduction Decentralisation Democratisation / elections Enhance media and civil society
Human Rights Violations	Medium	Medium	Peace support operation/ monitoring Access to land Rule of law Enhance media and civil society
Peace Agreement - Socio-Economic Transition			
Insufficient funds for poverty reduction	Medium	High	Careful macro-economic management State capture of oil revenues Policies for non-oil sector growth and revenue generation Clear debt arrears Mobilise donor funding

			Reduce military expenditure Restructure budget towards poor
Weak poverty reduction policies	Medium	High	Planning and implementation capacity Policy advice Sound PRSP process
Weak absorptive capacity	Medium	Medium	Institutional building
Weak public expenditure management	Medium/High	Medium	Country Financial Accountability assessment Follow up action plan
Socio-economic disaster (flooding, drought, HIV/AIDS, disease)	Medium	Medium	Disaster response/preparedness HIV/AIDS programme Livelihoods support
Peace Agreement - International Intervention			
Donor funding not sustained	Medium	Medium	Donor mobilisation for 10 year post conflict plan
Weak international administration of aid	High	Medium	Strengthen donor coordination and UN/ multilateral mechanisms
Humanitarian approach (rather than sustainable service delivery)	Medium	Low/Medium	Strengthen government sector planning/coordination capacity
Aid reinforces structural inequality	Medium	Medium	Rights-based aid Use of analysis of causes of conflict Geographical spread

Annex 2 – Sudan facts at a glance

Geography	The largest country in Africa - 2.5 million sq km. Dominated by the Nile and its tributaries
Climate	Tropical in south; arid desert in north
Borders	Libya, Egypt, Eritrea, Ethiopia, Kenya, Uganda, Democratic Republic of Congo, Central Africa Republic and Chad. 853km of coastline to the Red Sea
Natural Resources	Petroleum; small reserves of iron ore, copper, chromium ore, zinc, tungsten, mica, silver, gold, hydropower
Population	32 million (est. July 2002)
Ethnic Groups	Black african 52%, Arab 39%, Beja 6%, other 3%
Languages	Arabic (official), Nubian, Ta Bedawie, diverse dialects of Nilotic, Nilo-Hamitic, Sudanic languages, English
Internally displaced people	Estimated to be 4 million
Life expectancy	58.4 years
GNI per capita	US\$340
External Debt	US\$21bn, 85% of which is in arrears

Annex 3 – acronyms

CATIA	Catalysing Access to Information and Communication Technologies in Africa
CPMT	Civilian Protection and Monitoring Team
DBS	Direct Budget Support
DDR	Demobilisation, Disarmament and Reintegration
DFID	Department for International Development
EC	European Commission
EU	European Union
GDP	Gross Domestic Product
GNI	Gross National Income
GoS	Government of Sudan
HIPC	Heavily Indebted Poor Countries
ICRC	International Committee of the Red Cross
IDPs	Internally displaced people
IGAD	Intergovernmental Authority on Development
IMF	International Monetary
INGOs	International non-governmental organisations
JMM/JMC	Joint Monitoring Mission / Joint Military Commission
JNTT	Joint National Transition Team
OLS	Operation Lifeline Sudan
PRSP	Poverty Reduction Strategy Paper
SPLM/A	Sudan Peoples' Liberation Movement/Army
UK	United Kingdom of Great Britain and Northern Ireland
UN	United Nations
UNDP	United Nations Development Programme
UNICEF	United Nations Children's Fund
USA	United States of America
VMT	Verification and Monitoring Team

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