

## **Introduction**

The objective of the European Union in South Sudan for 2011-2014 is to ensure stability and prevent conflict in order to create an enabling environment for poverty reduction. The EU will do this in line with the new vision on Peace-building and State-building endorsed by the Dili declaration, which aims to contribute to the development of capable, accountable states that respond to the expectations and the needs of their population, in particular the needs of the vulnerable and excluded groups, women, youth and children.

The EU will support the Government of South Sudan (GoSS) to build a new state and will put special emphasis on the provision of basic services, institution building and sustainable use of natural resources as well as on security and on increasing democratic governance and accountability. Capacity building is key to the joint programming exercise and there is a need to clearly link development agendas to the state-building exercise in South Sudan. In order to achieve this objective, the EU will make use of the full array of instruments it has available, including political dialogue, trade, and security and stabilization related measures.

The EU Institutions and Member States (MS) will jointly programme new funds (country programmable aid) in those sectors in which a joint approach provides added value and where there is enough absorption capacity. The joint programming process will be aligned with the priorities of the GoSS as expressed in the South Sudan Development Plan (SSDP) and the relevant sector plans and will seek synergies with non-EU donors.

This approach should reduce GoSS's transaction costs of engagement with the EU and MS; it should lead to synergies by setting out a common approach to transitioning from humanitarian delivery modalities to development delivery modalities and across use of different instruments.

The joint programming process will start in June 2011 and lead to a Country Strategy Paper to be approved in the last quarter of 2011. The Country Strategy Paper will be a useful tool for the EU and may include joint programming elements. Wherever possible it will also be the framework for joint implementation, including joint missions, monitoring, implementation and evaluation. Furthermore, it should inform the content of future annual action plans.

The joint EU/MS programming Exercise for South Sudan will inform a wider Comprehensive EU Strategy for South Sudan which is under preparation. This strategy will seek to mobilize all the political and financial support the EU can bring to bear, including development assistance, security and stabilization-related measures but also political support for the new state of South Sudan, e.g. through a joint EU declaration on recognition and the opening of an EU Delegation in Juba. This horizontal exercise will be flexible in order to deliver an updated support to a changing situation.

Assistance must be provided to areas most prone to violence and disasters, as well as in a balanced way to rural and urban areas. The root causes of conflict and insecurity must be addressed to reinforce the provision of services.

## **Section 1: Overall context in South Sudan**

Following the peaceful referendum in January 2011 in which the people of South Sudan voted massively for independence, South Sudan is now facing a multiplicity of formidable political,

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<sup>1</sup>This programming document covers the period corresponding to the SSDP which ends in July 2013, but it will be periodically reviewed.

development, and security challenges. The path ahead will undoubtedly be marked by uncertainties, including probably increased tensions and instability.

The maintenance of stability and security which hinges upon the outcome of the discussions with the North on unresolved CPA and post-CPA issues, (relating mostly to the future status of Abyei and the management of the North/South border) will be critical. The EU will mobilize funds (IFS) with a special targeting in the North and the South of the future border in order to support stability of this area, and will continue to support the work the African Union High Implementation Panel headed by Thabo Mbeki. The situation is complicated by the absence of a comprehensive peace agreement for Darfur and the indictment of President Bashir by the International Criminal Court (ICC).

In addition, the GoSS will have to come to grips with inter-tribal fighting, aggravated by a proliferation of arms among the civilian population, internal political rivalries and spoilers, continued LRA activities, and the reform of the Sudan People's Liberation Army (SPLA).

Another critical aspect is the weak governance and rule of law framework in South Sudan, including the lack of government capacity to ensure civilian security and access to justice, an inadequate legal framework, weak civil society and human rights violations by the security forces. Humanitarian challenges will also remain huge, including displacement of populations, epidemics and floods and high vulnerability to food insecurity, with a direct impact on mortality and malnutrition.

The South Sudan is rich in natural resources. However, currently 95% of the budget depends on oil production. There is a need for economic diversification. In addition, the Government of South Sudan has faced difficulties in managing the budget with the required transparency and accountability

Contributing to the building of the new state will be challenging because of the huge problem of lack of skilled human resources, which will be a factor in low absorption capacity during the current transition period from the humanitarian aid to the development support.

Addressing South Sudan's socio-economic challenges will imply tackling extreme poverty in one of the least developed countries in the world with some of the worst social indicators. The level of basic services delivery is very low and almost entirely dependent on UN agencies and NGOs. The return of hundreds of thousands of southerners from the North will put additional strains on poor communities.

## **Section 2: The government's development plan and main objectives, timelines and risk**

The GoSS strategic response to the challenges facing South Sudan will be contained in the Interim 2011-2013 Development Plan (SSDP) now under elaboration. The SSDP will provide an overarching vision for the country's economic and social development priorities and will prepare the ground for a fully fledged five year plan. The SSDP will follow the requirements of an interim Poverty Reduction Strategy Paper (iPRSP) and will build on the existing GoSS policy positions (Vision 2040 and GoSS Growth Strategy) and Budget Sector Plans. Development partners (including the EU and several MS) have been associated with the process and are providing input to the Plan. This process is running in parallel with the revision of the GoSS Aid Strategy, which will be incorporated in the SSDP.

The SSDP links socio-economic investment to changes in security approaches and seeks to improve the welfare of the people and growth through achieving peace and stability. The SSDP has four main objectives that correspond to the four pillars around which is structured:

1. Governance - building a transparent and accountable State – developing accountability and promoting anti-corruption activities are prominent priorities
2. Social and Human Development - progressively accelerating universal access to basic social services with the aim of building human capabilities;
3. Economic Development - achieving diversified and sustainable economic growth and development which improves livelihoods and reduces poverty;

4. Conflict Prevention and Security - defending the sovereignty and territorial integrity of South Sudan, upholding its constitution and securing the dividends of peace by seeking to prevent the resurgence of conflict, providing equitable access to justice and maintaining law and order.

The SSDP sets targets and includes costing estimations for each of them. In this way, the SSDP is linked with the GoSS sectoral planning process and its annual budget.

The SSDP, which is to be formally adopted in June 2011, represents a substantial step forward towards a South Sudan poverty reduction strategy. It still needs to be more prioritized and more strategic, and to be translated in work plans linked with budgets. While being a less than perfect exercise, (the targets it sets are perhaps too ambitious and the sector costing exercise is largely estimative) the outcome will reflect a consensus among GoSS and development partners concerning existing needs and priority targets on which both Government and development partners should focus. In this sense, it is appropriate for the EU joint Country Strategy Paper to align its objectives with the GoSS priorities as set out in the SSDP.

Gender is identified as an important cross-cutting issue in all the four pillars to promote effectiveness. This should, among other things, mean that baselines, planning, budgeting and reporting should strive for sex-disaggregated data so that inequalities can be better understood and addressed and that a rights perspective can be promoted.

Budget support can only be considered as a long term goal. Working with other key development partners, Member States and the Commission will offer their support for the necessary steps to be realized to reach sufficient preparedness for the consideration of budget support in the future.

The respective roles and responsibilities of the state authorities and the non state actors are still to be defined: for example, there is space for non-state actors to continue and expand their activities in the delivery of services, under the guidance of the state authorities. It is also assumed that other actors such as the Parliaments at Central and State level, the business community and the civil society are consulted in the finalization and subsequent follow-up of the SSDP.

There are several challenges related to the South Sudan security situation and to the overall fragility of the future State. There are also risks emanating from a very unstable and oil dependent macroeconomic framework. A risk matrix develops these points in annex 4.

### **Section 3: The Government's plans for donor coordination including aid architecture and plans of non-EU donors**

The GoSS is preparing a new Aid Strategy, in order “to improve the effectiveness of development assistance and humanitarian aid to South Sudan in support of the implementation of the South Sudan Development Plan”. The partnership principles included in the draft Aid Strategy set out the need for all development operations to be government led and owned; aligned with government policies; using government systems and institutions to the maximum extent possible; predictable; coordinated and complementary; results oriented; and based on mutual accountability.

The existing Budget Sector Working Groups are identified as the key technical coordination mechanism, and the main vehicle for enhancing Government ownership, alignment and use of Government planning and budgeting systems. A new High Level Partnership Forum is proposed to respond to the need for further high-level dialogue between GoSS and its Development Partners. When it comes to funding modalities, the Strategy stresses the need to use country systems and sets out the ambition that, over the lifetime of the Strategy (5 years), partners will start to provide aid in the form of budget support and project support to be channeled through the Treasury.

Development Partners present in Juba are currently discussing how future donor coordination amongst themselves and with GoSS should look like. GoSS should develop a better internal coordination going

beyond the present Budget Sector Working Groups process which has shown its limitations. Moreover, GoSS should ensure the necessary capacity to lead coordination with Development Partners. USAID has been entrusted by the Troika to lead among them on the issue of future donor coordination and the World Bank is also preparing an options paper on the same subject. The EU and its Member States will also actively contribute to this process.

Lessons learnt from current multilateral and multi-donor mechanisms support the GoSS in its call for instruments that enable less fragmented, more predictable international engagement and foster Government leadership and ownership over South Sudan's development agenda. The challenge though is to design instruments that allow quick and effective delivery of results along with the long term building of capacity and legitimacy.<sup>2</sup> For its joint programming, the EU will use as much as possible multi-donor sector or programme basket funds managed by an agent that works with the spending agency's financial department for on-the-job capacity building with a view to gradually handing over financial management to the Government. This modality would limit fiduciary risks, whilst promoting Government ownership and strengthening Government systems with a view to further alignment in the longer term. Donor coordination at the sectoral level, led by the authorities, will be favoured. Whenever possible, integrated approaches must be encouraged to maximize cost-effectiveness and impact on humanitarian and development indicators.

Beyond the EU, the main donors in South Sudan are the US, Norway and Canada. **The US** currently provides 40% of all donor assistance. USAID is finalizing a two year development strategy that aims at reducing conflict risks, supporting a more effective and accountable GoSS, improving and expanding central services and increasing an agriculture-based economy likely to create more opportunities (such as agribusiness). Additional funds will be made available by the State Department for security purposes, mainly in the sectors of rule of law and police besides the SPLA reform. USAID South Sudan is supportive of sector based programming and will study the possibilities of participating in sector based multi-donor mechanisms, which would make it a possible EU partner for basic service delivery and agriculture. **Norway** is preparing a new programme in response to the SSDP. The main focus of Norway's assistance will be in economic and natural resource development, anti-corruption, education (accent on higher education) and supporting the South Sudan Centre for Census, Statistics and Evaluation. Potential synergies with the EU could therefore be on the education sector. **Canada** will focus on food security, children and youth, governance and maternal health.

Among other development partners, **the World Bank (WB)** has so far limited its role to analytical and advisory activities and to the management (with mitigated results) of the Multi Donor Trust Fund for Southern Sudan (MDTF-S). The WB will only be directly engaged with its own funds once membership of South Sudan is formalised, although there may be an early allocation of IDA funds made available on independence. WB future involvement points to large investments on road infrastructure, feeder roads development, agriculture diversification, attracting investment and job creation. It may however take until FY 2013/2014 before the WB will become fully operational in South Sudan (ref. p.7 'infrastructure').

**The UN**, which has twenty one agencies present in South Sudan, will extend its existing programming framework until the end of the year. UN activities are structured around four dossiers: humanitarian, stabilisation/protection, justice, and state building. Future UN action in the country will be guided by the SSDP priorities and focus on accelerating the transition from humanitarian to development approaches in basic services delivery working with African States where possible. An outstanding issue remains the new mandate of UNMIS and its degree of integration with the UN country team.

Although there are some initiatives ongoing, there is room to improve donor coordination in South Sudan. In particular a well structured high-level development dialogue among donors and with GoSS

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<sup>2</sup> Transition Financing – building a better response – OECD 2010

is missing. The implementation of the joint approach will put the EU in a very good position to lead on this on the EU donors' side and start a regular dialogue with GoSS on, among other issues, accountability; pro-poor budget allocation; modalities of delivery of aid and the development of country systems that fulfil Public Finance Management international standards. On coordination with non-EU development partners, the objective should be to look for synergies in common sectors of intervention with a view to extend the joint approach to other like minded donors.

#### **Section 4: EU and MS current roles, indicative priorities and future plans, including logistics and staffing**

This section outlines the sectors in which an EU joint approach is believed to have the greatest added value. In selecting them, the EU has taken into account the existing needs, the emerging priorities set out by GoSS in the SSDP, the quality of sector plans and the degree of coordination within the sector; the EC and Member State ongoing programmes; and the ongoing and planned interventions of non EU Development Partners.

Six sectors have been identified for possible EU and Member States joint programming in this document: justice/rule of law, health, education, water management, urban development and rural economy. For the infrastructure sector the possibilities of joint programming will need to be further analysed during the preparation of the Country Strategy Paper. The choice of the sectors by the Member States and the Commission will be guided by the need for each donor to concentrate its aid on a limited number of sectors where an added value is recognized, following the principles of aid effectiveness from the Accra Agenda for Action and Paris Declaration, and the principles of the division of labour agreed by the EU Council.

In addition to sectors selected for joint programming, the EU and MS may programme bilaterally in other sectors for which a joint approach would not provide added value. The present programming exercise will be part of the overall European strategic approach to South Sudan.

##### - Justice and Rule of Law

The institutions responsible for justice and rule of law in South Sudan are institutionally weak. The **justice** sector suffers from a lack of qualified personnel, significant training needs of existing corps of judges, huge backlog of cases, inaccessibility to the majority of the population, a legal system to be refined and tensions between traditional and formal legal systems. Poor infrastructure and a lack of transportation and communication facilities are additional challenges. The South Sudan **Police** Service is still hampered by a shortage of competent senior personnel and the challenges generated by rapid expansion. The Ministry of Legal Affairs and Constitutional Development (MoLACD) is the prosecuting authority, leads investigations, provides legal advice to the executive and drafts and reviews legislation. As regards **prosecution**, a shortage of qualified staff, a lack of resources and training for prosecution, as well as a shortage of qualified lawyers in general continue to constrain MoLACD in fulfilling its mandate. In addition most practising lawyers have been trained under the Northern Sudanese system (Sharia law) and in Arabic and face difficulties under the new system encompassing Common Law in English.

The EC and a number of EU member states are involved in the **justice** sub-sector through UNDP, International Development Law Organisation (IDLO), the International Rescue Committee (IRC) and the provision of infrastructure for both the Judiciary of South Sudan (JoSS) and MOLACD. Non-EU donors' involvement is so far limited to the US/INL (US Bureau of International Narcotics and Law Enforcement Affairs) programme for developing criminal justice. The UK is supporting the **police** sub-sector which has been well-supported also by other donors – including the US, Canada, Germany, Norway and a variety of countries through UNPOL. Concerning the SPLA, UK has been supporting a defence transformation project since 2008. The main non-EU actor is the US with an extensive tactical

level programme, while Switzerland is involved with the provision of advice on the development of an officer academy.

Despite the efforts devoted by GoSS together with development partners to reinforce the justice and rule of law structures and to improve their capacities, considerable work remains in enhancing access to justice and legal aid, overall functioning of the system from police, to prosecution and courts and to enforcing decisions. Ensuring adequate protection of fundamental human rights and restoring public confidence to rule of law institutions remains a concern.

Moreover, the EU could also get further involved through Common Security and Defence Policy measures by strengthening SSPS' serious crime investigation capacities and contributing to Border Management as medium to long term options.

#### - Health.

A woman in Southern Sudan is statistically more likely to die in child birth than to complete secondary school. Southern Sudan has one of the highest maternal mortality rates in the world at 2,054 per 100,000 live births<sup>3</sup>. This compares with an average for sub-Saharan Africa of 900 per 100,000 women (UN Statistics Division 2005). Access to basic health services is estimated at only 40%, with many of those services that are available being of low quality.

EU donors are very involved in the health sector and mechanisms of joint implementation are already in place through the Basic Service Fund interim arrangement and through the Multi-Donor Trust Fund. Several MS also support the health sector bilaterally through national and international NGOs. The EU is a major humanitarian donor for health through the Common Humanitarian fund and DG ECHO. Among non EU donors, the US is a major contributor through a range of programmes including basic services and communicable disease control for example. Canada is funding a Maternal Neonatal and Child health programme and Australia also has new funding for maternal mortality.

It is proposed that the EU joint programming focuses on reducing maternal mortality through a dedicated health pooled fund to be set up aiming to increase access to basic primary health care services. This mechanism will include support for capacity building at Central and State Ministry of Health level, as well as County Health Departments, support to County Hospitals and facilitate the transition from relief modes of implementation to a more sustainable Government-owned one.

#### - Education

This sector is considered by most of the Member States and the Commission as a key sector for development of South Sudan. However, the sector faces many difficulties: for example, weak leadership by the authorities, and insufficient strategic vision. European efforts will focus in the short-term on preparing the Education sector to be better able to absorb more funding in the future.

The fundamental role played by the education sector in ensuring peace dividends, equality and providing a better future for the current and next generation of South Sudanese is acknowledged. Very low access and quality of service provision, low Government capacity and low spending call for continued donor engagement. Key development partners in the education sector since 2005 have been the EU, USAID, UNICEF, the World Bank (not as donor, but as manager of the MDTF education programme) and JICA. The EU provided the bulk of their support to education via various pooled programmes and funds: 1) MDTF, 2) UNICEF's 'go to school' programme, 3) 'Basic Services Fund'.

Since 2010, the UK has emerged as the largest bilateral donor in education. The EC identified education as its second focal sector in the last country strategy paper (2005-7) and

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<sup>3</sup> Southern Sudan Household Health Survey (2006). It should be noted that the methodology used in the survey is contested.

provided technical assistance and programme funding (via MDTF). New funding for education has since been allocated under the Sudan 'Special Fund'. Italy and the Netherland will continue to provide limited support to education. USAID has indicated that it will continue to support the sector, launching a new 'teacher professional development' programme in 2011 on which it is expected to partner with the UK. UNICEF will continue to remain a key player in the sector, recently providing support to the preparation of the sector plan at GOSS and state level.

Education will be considered for EU joint programming in the preparation of the CSP. EU and MS dialogue with the Ministry should in the meanwhile be maintained and reinforced. In the coming years, South Sudan will need to significantly increase the capacity of the education system in order to reach education MDGs and EFA Goals and will need to specifically target the reduction of disparities since access across the country is currently very uneven.

Key priorities going forward include establishing a transition fund to help the Government rehabilitate and reinforce school level infrastructure in disadvantaged and/or conflict affected areas, improving the management and development of teachers and expanding alternative education. Secondary education, which has not received sufficient donor attention, will need to expand to absorb the increasing numbers of children graduating from primary schools. Given the existing gaps in tertiary education and the need to strengthen training institutions in the fields of Health and Education, a coordinated EU approach to provide qualified university teachers during an initial transitional phase could be explored. Establishing a specific South Sudan window under the Erasmus Mundus programme could be an option to consider; to ensure a coordinated mechanism for building up the new ruling class, to open up to private sector development and to establish good relationships between South Sudanese and European Higher Education Institutions. The WB has also indicated an interest in supporting tertiary education in South Sudan.

#### - Water management.

Only 55% of the population in South-Sudan has access to improved sources of drinking water.<sup>4</sup> South-Sudan has substantial water resources, but they are unevenly distributed across the region and vary considerably from year to year. With 84% of the population residing in rural areas and agriculture (including livestock) being the dominant activity of households across South-Sudan, drought and floods constitute the main cause of vulnerability and income shocks for all income groups in South-Sudan.<sup>5</sup>

Recent international support in the water sector has been primarily focused on water access and sanitation. Support from EU through DG ECHO and a substantial number of EU MS has been channeled through multilateral and multi-donor mechanisms (MDTF-SS, UNICEF WASH programme, BSF, CHF), in addition to bilateral efforts of USAID and EU MS.

Looking ahead, with the main multilateral funding coming to an end and no major donors stepping in, there is a clear added value for the EU to invest in the water sector. What is now required is building on current efforts on access to water and sanitation whilst expanding the scope to water management for sustainable productive use. This would also reinforce planned EU engagement in the field of agriculture and rural economic development as well as health. There is interest among several EU MS for this approach, which would require pooling funds in order to make a significant impact. An EU joint approach is therefore proposed that, in addition to increasing access to water and sanitation, focuses on water resources management by building GoSS capacity for the sustainable management of wetlands and floodplains, reducing water related vulnerability of rural households and studying and developing sustainable options for hydropower.

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<sup>4</sup> Key indicators for Southern Sudan, SSCSE, 2011

<sup>5</sup> A Poverty Profile for the Southern States of Sudan, World Bank, March 2011

From a regional perspective, South Sudan is expected to become a member of the Nile Basin Initiative (NBI) and could benefit from regional projects when the current crisis between upstream and downstream countries is resolved.

#### -Urban development

In post-conflict South Sudan, urbanisation is advancing at a very rapid pace. The main determinants are the flow of IDPs and returnees as well as the economic and job opportunities offered by the urban settlements. It is estimated that 15-20% of the population is already living in the main towns of South Sudan. Juba, one of the fastest growing cities in the world, has probably doubled its population in the past five years. The main concerns associated with growing urbanisation are lack of basic services, unemployment and social deprivation, environmental pollution and informal housing.

Despite its relevancy, the issue is addressed by a limited number of donors. USAID is involved in drinkable water provision and in constructing other basic infrastructures. JICA is improving transports mainly to Juba. Canada is launching a project on land management. The EU is present through MS providing qualified technical assistance (mainly in urban planning and service management), as well as working on improving local infrastructures, as well as working on improving local infrastructures, introducing low-cost housing techniques in the Municipalities of Juba and Rumbek and on water and sanitation in Yei. Funding is also being provided to the GoSS Ministry of Housing and Physical Planning.

This is a sector for which needs will continue to grow rapidly in the next few years. In particular, the sudden influx of returnees to unprepared towns is likely to result in instability and social unrest if not addressed. However there are no plans for a comprehensive response strategy. It is proposed that the EU covers this gap. As for the water sector, the EU and MS would need to pool funds into a programme basket fund in order to have sufficient impact. It is proposed that such a fund focus on providing coordinated technical assistance for urban planning and basic service management for the relevant public sector institutions. It could in addition provide funding for low cost housing programmes in selected locations to tackle the growth of informal settlements.

#### - Rural economy.

The key feature of South Sudan's rural economy is the high prevalence of malnutrition and food insecurity despite the existence of abundant natural resources for sustainable livelihoods available to increase agricultural production. While 47% of the population of South Sudan is food deprived<sup>6</sup>, only 4% of arable land is cultivated and total livestock and fish production are 20% and 10% of their respective potential<sup>7</sup>. South Sudan is currently not in track to achieve MDG 1, but both GoSS growth strategy and the World Bank Country Economic Memorandum identify the agricultural sector as the key one to be developed in order to achieve sustainable economic growth.

The EU is very much present in the sector. DG ECHO is a major donor of WFP food aid operations, as are several MS. Both the CHF and DG ECHO are also providing emergency funding for agricultural inputs. Moreover, the EU has focused on increasing agricultural production with the objective of improving food security by building the capacities of Ministries of Agriculture and Animal Resources both at GoSS and at State level and by providing direct investment to productive initiatives. EU funding has been channelled either through bilateral projects or through contributions to multilateral instruments such as MDTF. Another major donor is the US, who supports economic growth by developing export oriented commercial agriculture in the areas with greater potential in the short term.

The EC and some MS have been coordinating for some time their future plans for the sector and have identified a number of common goals that have already been discussed with GoSS and some

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<sup>6</sup> National Baseline Household Survey (2009)

<sup>7</sup> 2010/11 Annual Needs and Livelihood Analysis (ANLA, 2011)



development partners. It is proposed that this initial work is now developed into an EU sector joint approach with two objectives. A first objective would be to support the transition from food assistance to sustainable food security thus linking relief with rehabilitation and development funding. While there is 10% of the population severely food insecure that will still require unconditional humanitarian assistance for some time, this should not prevent the gradual replacement of food aid interventions by well targeted safety nets. A successful transition would also require robust food security information and analysis systems. A second objective would be to contribute to the South Sudan Development Plan's main agricultural development outcome, which is to increase crop, livestock and fish commodities production and land vegetation cover. The EU will focus on supporting rural smallholders where surplus production is possible but still not present. Areas with a high concentration of ex-combatants and returnees will be given priority.

#### Other sectors to be considered

**The infrastructure** sector is not presently substantially covered by any EU donor. The WB and the AfDB intend to concentrate future concessional loaning in this sector but it will take at least 2 years for South Sudan to become eligible. Nevertheless, it needs to be taken into account that ongoing interventions by MDTF, Government and USA will partially mitigate this gap.

A particular aspect related to the transport infrastructures that has so far received little attention is the need to develop a **civil aviation** system that ensures appropriate flight safety standards. It is proposed that the EU uses the combined know-how of some of its MS to provide both funding and expertise to support GoSS in establishing a South Sudan Civil Aviation Authority compliant with International Civil Aviation Organisation (ICAO) requirements. The EU could also get further involved through Common Security and Defence Policy measures by providing physical security at Juba Airport as a short term option.

The **EIB** would be interested in exploring concessional lending for revenue-generating infrastructure (power, telecoms, transport other than roads, water). Projects with a regional component (e.g., trans-border power transmission) would be of particular interest; preliminary studies/works can already be started in the border countries. However, the EIB can only lend to ACP countries signatories of the Cotonou Agreement's second Financial Protocol (10<sup>th</sup> EDF). Thus, it could operate in South Sudan before the country becomes signatory of the Cotonou agreement only if mandated by the joint EU-ACP Council of Ministers.

In this context, it is important to note that South Sudan could benefit from the Horn of Africa Initiative, which foresees support to develop infrastructure projects with a regional dimension, linking South Sudan to Kenya, Ethiopia and Uganda, through roads, railway and electricity interconnection. Furthermore, regional funds could also play a role to develop "soft borders" between North and South Sudan.

### **Section 5: Immediate challenges and next steps**

One of the challenges for joint programming concerns planning for and managing the transition between different instruments over the planning period, and ensuring timely financing to meet agreed priorities (from peace-keeping to security sector reform by example). The Link from Relief to Recovery and Development approach will be of particular importance in the fields of health, water and food security/livelihood.

During the transition period, the role of NGOs in delivering services will remain important. The national authorities and the donors should fully recognize and facilitate the work of NGOs, The authorities should demonstrate leadership on the focus and coordination of the NGOs' work in the sectors supported.

The Member States installed in Juba and the Commission will need to continue to increase their human resources in-country in order to implement successfully planned support to South Sudan.

The next phase of work in the joint programming process will focus on compiling the analysis and evidence base required to underpin the conclusions in the Country Strategy Paper. This should include a further analysis of SSDP's results once it is published, and sufficient presentation and understanding of the context in South Sudan. The work will start by compiling existing analysis and evidence and sharing it more widely amongst MS. Equally, it is important for joint programming to take account of wider policy guidance relating to operating in situations of fragility. It is envisaged that important gaps will be filled by commissioning new work.

The approach to this phase will be based on sector working groups for each of the areas identified for joint programming, using the criteria of comparative advantage and value-added. It is envisaged that workshops will be organised for a small number of critical issues relating to core parts of the country strategy, such as the transition from humanitarian to development modalities in the area of support to basic services. At the end of the analysis a workshop will be held to agree the main conclusions and recommendations, including the headline results targets that the EU should adopt. It is intended that the Government of South Sudan will be a key partner in the process from now on and that civil society (domestic and international), and non-EU donors should be consulted at key moments and on key issues.

After the analysis and evidence phase the programming team will start to draft the full country strategy paper. It is envisaged that the analysis and evidence phase will run from June – September and the drafting/finalisation phase from October – November.

Detailed next steps, timeline and potential outline structure of the Country Strategy Paper will be produced in June. The EC will provide consultancy support for the programming teams to assist them in designing and taking forward the next phases of work.

**Annexes:**

1. South Sudan at a glance
2. EU + MS mapping matrix : to be provided by the HQ.
3. Recommendations on implementation of OECD fragile states principles and guidance on transition financing

In 2007 the OECD ministers adopted a set of 10 principles to provide a set of guidelines for actors involved in development co-operation, peace-building, state-building and security in fragile and conflict-affected states.<sup>8</sup> Implementation of the principles is monitored in a number of countries including Sudan for which the monitoring exercise took place in April 2011 with the ministry of finance and planning. The next phase of work will take account of the results of this exercise.

4. Matrix of risks (first draft)
5. Timetable for production of the CSP

June 2011: Joint Programming Document:

June – September: Analysis phase of Country Strategy Paper process

October – November. Production of CSP.

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<sup>8</sup> See [http://www.oecd.org/document/12/0,3343,en\\_2649\\_33693550\\_42113676\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/document/12/0,3343,en_2649_33693550_42113676_1_1_1_1,00.html)

**Annexe 1 - SOUTH SUDAN AT GLANCE\***

**General**

**Land area:** 644, 329 sq km (contested territories/border issues pending)  
**Capital:** Juba  
**Independence:** Expected for the 9<sup>th</sup> of July 2011  
**Population (2008 census):** 8.26 million (51% below age of 18 and 72% below age of 30)  
**Population density:** 13/sq km  
**Languages:** English will be the official language  
 Other languages include Arabic and many more minority languages  
**Religion:** Christian majority, plus Muslims and Traditional  
**Currency:** Sudan Pound (announced the South Sudan Pound)  
**2010 GoSS budget:** ± 1 billion euro

**Political**

**Official name:** Republic of South Sudan (as of 9<sup>th</sup> of July 2011)  
**Form of State:** Intention to move to a decentralised system (10 states)  
**Legal system:** CPA interim Constitution until the 9<sup>th</sup> of July 2011  
**National legislature:** First legislative assembly (SSLA) elected in April 2010  
**Head of State:** President Salva Kiir, elected in April 2010  
**Main political party:** SPLM, plus 23 registered residual political parties

**Socio-economic**

**Poverty incidence:** 90% of the population lives below the poverty line  
**Urban population:** 16% of population, but growing at a more than 5% annual rate  
**Livelihood source:** 78% of population depend on crop farming or animal husbandry  
**Food insecurity:** Up to 50% of the population are food deprived  
**Improved water access:** 55% of the population  
**Sanitation facilities access:** 6.4% of the population

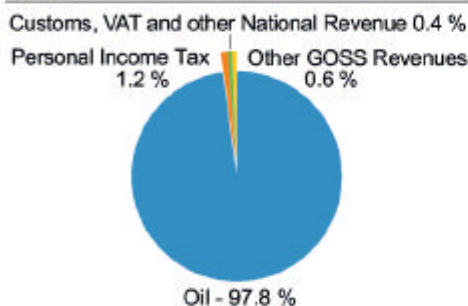
**Health & Education**

**Budget for social sectors:** 14% of GoSS budget

**Basic health access:** 20% of the population  
**Infant mortality rate:** 102 per 1000 live births  
**Under 5 mortality rate:** 135 per 1000 live births or one out of every 7 children  
**Maternal mortality rate:** 20.5 per 1000 live births

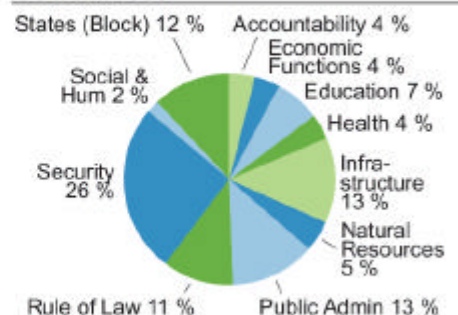
**Adult illiteracy:** 73% (92% for females) of the 15 years and above population  
**Civil service literacy:** 50% of civil servants with early education and 5% with degree  
**Gross Enrolment Rate:** 72% for primary school in 2009  
**Net Enrolment Rate:** 48% for primary school in 2009

**Estimated GOSS Revenue Sources 2010**



Source: Ministry of Finance and Economic Planning.

**GOSS Expenditure Estimates by Sector, 2010**



Source: Ministry of Finance and Economic Planning.

\*Provisional information since independence will officially be declared on 9<sup>th</sup> July, 2011

#### ANNEX 4: RISK MATRIX

<b>No/ Category</b>	<i>Risk</i>	<i>Triggers</i>	<i>Mitigating Actions</i>
<b><i>Risk 1</i></b>  Category: Security	Security situation undermines ability to deliver effective development and humanitarian programmes	<ul style="list-style-type: none"> <li>▪ Conflict erupts along north/south border, in Darfur or across south. Increased levels of violence involving international staff</li> </ul>	<ul style="list-style-type: none"> <li>• Continue international support and pressure on both governments</li> <li>• Scenario/Continuity Plans</li> </ul>
<b><i>Risk 2</i></b>  Category: Delivery	Insufficient delivery of results in operational plan	<ul style="list-style-type: none"> <li>▪ Operating environment deteriorates</li> </ul>	<ul style="list-style-type: none"> <li>• Regular consultation with partners</li> <li>• Follow up on M+E findings</li> <li>• Change of delivery channels</li> <li>• Early closure or redesign</li> </ul>
<b><i>Risk 3</i></b>  Category: Fragility and Conflict	South Sudan becomes a failed state unable to deliver services for its citizens; conflict and poverty increase	<ul style="list-style-type: none"> <li>• Instability within GoSS</li> <li>• Civil unrest linked to poor management of expectations</li> <li>• Conflict between South groups</li> <li>• Increased levels of corruption</li> <li>• Military operations lead to violent unrest</li> <li>• GoSS unable to absorb donor funding/ technical assistance</li> </ul>	<ul style="list-style-type: none"> <li>• Implement strategic capacity building programme for GoSS</li> <li>• Complete defence transformation programmes to right size SPLA</li> <li>• Implement DDR and weapons reduction programme</li> <li>• Establish community-led conflict prevention and resolution projects</li> <li>• Engage civil society; the churches</li> </ul>
<b><i>Risk 4</i></b>  Category <i>Economic</i>	Economic instability leads to hyperinflation, civil unrest and increased poverty	<ul style="list-style-type: none"> <li>• Food and fuel prices spike</li> <li>• Budgetary and currency pressures</li> </ul>	<ul style="list-style-type: none"> <li>• Provide economic support</li> <li>• Agree on oil wealth sharing</li> <li>• Diversify economy</li> <li>• Eliminate corruption</li> <li>• Reduce military spend</li> </ul>