

Uneasy Neighbours: The Elusive Quest for Peace and Stability in the Sudans

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On July 9, 2011 South Sudan became Africa's youngest nation. On July 14, the UN General Assembly unanimously voted to admit South Sudan as the 193rd member of the community of nations. Independence followed a referendum where Southern voters opted overwhelmingly for secession from Khartoum. This paper looks at the partition of Africa's largest country, the challenges facing South Sudan, the unresolved conflicts in Darfur and along the North-South border, and some of the constraints on international efforts to promote peace and stability in the two Sudans.¹

In an era of post-financial-crisis austerity, the USA, European and other advanced democracies are challenged to maintain protracted and costly commitments in fragile and failing states. As NATO allies (USA, the Netherlands, Canada) draw down their troops and recalibrate their role in Afghanistan, it is timely to look at their support in other fragile states like Sudan and South Sudan. With a deepening fiscal crisis at home and a more isolationist Republican party in control of Congress, the State Department foreign operations budget, which includes USAID, may face a 20 per cent cut with implications for future US support in both Sudans.² In the UK, aid spending has been ring-fenced for now, but there is sniping underway from other powerful ministries, such as Defence. In Canada, the Harper government has announced a strategic review of government spending, which will freeze spending levels and may reduce funding for some programs and many departments, potentially including CIDA and Foreign Affairs.

After more than eight years of effort, what has the international community to show for its engagement in Darfur and the rest of Sudan and what is now South Sudan? In a rare foreign policy success of the Bush era, the USA played a pivotal role in crafting the 2005 Comprehensive Peace Agreement (CPA) that ended more than two decades of civil war between North and South Sudan. With a renewed strategy of constructive engagement and the promise of 'normalization,' the Obama administration successfully persuaded Khartoum to keep the January 2011 referendum deadline and accept the will of the South Sudanese on self-determination. On the one hand, 'success' to date can be measured as much by what has not happened. Humanitarian access has been precariously maintained in Darfur, despite sporadic fighting and occasional Khartoum purges of aid organizations. And in the tense, six-year armistice since the signing of the CPA, there has been no return to full scale war between the North and the South.

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On the other hand, monumental diplomatic, humanitarian and developmental challenges remain where international actors have made more limited headway and must continually improvise ways to contain localized conflicts, both large and small. The interim agreement on Abyei brokered by Thabo Mbeki for the African Union in June 2011 is only the latest crisis response in a fraught and tense North-South relationship marred by broken promises, brinkmanship, sudden violence, and perfidy. Most fundamentally, the conflict and humanitarian crisis in Darfur remain unresolved. The World Food Programme's largest operation worldwide had 6.3 million beneficiaries in Sudan in 2010. Darfur alone had the highest number of internally displaced populations (5 million) and the highest number of populations newly displaced by conflict (532,000).³ Some four million people continue to rely on emergency aid in Darfur. A dizzying web of peace brokers have little to show for their mediation after eight years of on-again, off-again diplomacy. Beyond the latest headlines of ethnic cleansing and displaced populations in South Kordofan and Abyei, other tribes, such as the Beja, are also at odds with Khartoum, and the Eastern Sudan Peace Agreement appears to be quite fragile. Given these festering wounds, it is little wonder that the 2011 Failed States Index still has Sudan at number three (behind Somalia and Chad), exactly where it ranked in 2005, the year the North-South Comprehensive Peace Agreement (CPA) was signed.⁴

The cost of responding to the security, development and humanitarian needs in both Sudans is colossal. Official development assistance flows to Sudan from OECD countries between 2003 (the onset of the Darfur crisis) and 2009 reached USD13.4 billion. In 2009, Darfur received USD 1.3 billion in emergency aid, making Sudan the world's largest humanitarian aid recipient for the fifth year running.⁵ Beyond aid, the UNAMID peacekeeping costs in Darfur are about USD1.5 billion per year. The annual budget of UNMIS, the southern Sudan peacekeeping operation, is about USD960 million. Among bilateral aid donors, the USA and the EU are the largest contributors, with the UK, Norway, the Netherlands and Canada providing significant development assistance.

Sudan has been at war with itself for much of the fifty-five years since its independence from Britain. The resource curse of oil and uneven development that has marginalized the periphery at the expense of the Nile Valley elites are two of the root causes of the conflicts in Darfur, between the North and the South, and in Eastern Sudan. Underpinning both these issues are unresolved questions of governance and the construction of national identity. Unless and until Khartoum elites repudiate policies of marginalization, violence and repression and promote diversity, pluralism and more inclusive ways to allocate political and economic resources, the Northern Republic of Sudan is condemned to endure cycles of violence and instability, with insecurity and conflict at its borders, and risks to international peace and security.

However, state fragility should not be automatically linked with incapacity.⁶ Though entangled in complex webs of regional and multilateral mediation, the Bashir regime has played a tactically capable game, not infrequently outfoxing Western capitals with unpredictable, improvised and occasionally impulsive acts of brinkmanship. The latest incursion in Abyei is a case in point. Described as 'disproportionate and reckless' by US Special Envoy, Princeton

Lyman, Khartoum's decision to occupy Abyei, suspend the local administration, and alter the demography by encouraging Misseriya supporters to move in as SPLM supporters flee, has created new facts on the ground that will improve its hand in the economic negotiations around partition.⁷

How much longer will the international community stay the course in the two Sudans? Notwithstanding fiscal pressures and donor fatigue, the short answer likely is: as long as it takes, at least for the larger players, the USA, EU, UK, Norway and the Netherlands. On a positive reading, this means support for two viable states at peace internally, with each other, and with the neighbourhood. On a more pessimistic reading, the remit is to prevent the emergence of failed states that are unstable, ungovernable and a threat to international security.

Darfur. The Darfur peace process has droned on for eight long years, moving from Abuja, Nigeria through Sirte in Libya to Doha, Qatar. The failure to produce a binding peace agreement is ultimately attributable to the belligerents. One peace treaty (the Darfur Peace Agreement, or DPA) was stillborn; another is now on the table waiting for the rebels to sign. But the path to a settlement in Darfur has also suffered from other constraints: the multiplicity of international groupings and players⁸ which invited 'forum shopping;' the absence for long periods of a clear lead mediator; an impatient, cost-conscious tendency for deadline diplomacy; counterproductive US unilateral action; the factionalism of disparate rebel groups vulnerable to the divide and rule tactics of Khartoum; and, perfidy and renegeing by the main parties, but principally Khartoum. One of the few positive developments, without Western influence, is the rapprochement between Chad and the Republic of Sudan which has reduced the need for mutually destructive support to armed proxies in each other's country.

In December 2010, the Obama administration appointed a Special Envoy for Darfur, Dane Smith, and infused new momentum into a protracted and too often inconsequential Doha peace process. With AU-UN mediation and US backing, a new agreement, the Draft Darfur Peace Document (DPD) has been crafted.⁹ Thus far, only one of the Darfur rebel groups, the Liberation and Justice Movement (LJM, a coalition of rebel groups with US backing) has indicated that it will sign on. There are at least four major rebel groups and numerous smaller factions. To have any chance of success, the final Doha Outcome Document must be signed by at least two of the principal rebel groups. Khartoum, moreover, has said that only two of the seven chapters of the agreement are open for discussion. Laurie Nathan's argument, made in the context of the DPA, still applies: without real ownership of the agreement there can be no peace in Darfur.¹⁰ There is little at the present moment to suggest that this is likely. Perhaps that is why there is only lukewarm support from Canada and some other Contact Group members who fear another process similar to the DPA.

Where the DPA ignored issues such as transitional justice and compensation, the new agreement is more comprehensive in scope. The Doha Document covers the key issues of security arrangements and power- and wealth-sharing. It also addresses human rights, justice and reconciliation, compensation and returns, and the practicalities of implementation. The

Doha Document sets out a political and economic roadmap addressing such complexities as Darfurian representation in Khartoum, a referendum on the permanent status of Darfur, fiscal federalism and resource transfers, development financing, and input into the National Constitutional Review Commission. The Document also proposes an 'internal dialogue and consultation' with civil society organizations. While this is welcome in principle, it is important to recall that the DPA's Darfur-Darfur Dialogue was ineffectual in practice. As Khartoum's Humanitarian Affairs Commission conducts yet another review of NGOs in Darfur, it is fanciful to suppose that the input of Darfurian civil society will not be carefully managed by Khartoum. In sum, much of the Doha Document appears to be recycled and may be going nowhere at present, not least of all because of its overly-ambitious draft work plan which called for 96 separate actions and activities to be initiated in the first six months! The authors seem to have lost sight of the CPA experience where implementation was significantly delayed, disputed or not done.

What will come after Doha? It is hard to be optimistic about Darfur. With the international community focused on the new Republic of South Sudan and on Abyei, there is a natural hiatus for the Darfur peace process. The Doha Document provides a building block for an internal Darfurian dialogue, albeit one that is vulnerable to manipulation by Khartoum. The exact role of the AU and UN in any follow-up process is not clear. The recent departure of Djibril Bassole as joint mediator may reduce tensions between the AU and UN and allow one lead mediator to drive the process forward. Momentum must now also shift to the disparate rebel groups to determine their response to the Doha Document. Several rebel groups recently met in Kampala to discuss possible unification. The rebels can unify if and when they have a will to do so. Indeed, external facilitation may be counterproductive by prolonging talks. Reportedly, the Justice and Equality Movement (JEM) is unlikely to sign the peace agreement¹¹ and there has been an attempt on JEM leader Khalil Ibrahim's life. All this points to factions and power struggles for political positions, and is a long way from a unified rebel approach to the peace process. Khartoum also remains unpredictable and facts on the ground in Darfur have, if anything, worsened with reduced humanitarian access, increased aerial bombardments, and more ethnically-motivated killings.

Khartoum and the International Community. While the Troika (US, UK, Norway), EU and Contact Group of Western countries continue to face a conflicted relationship with Khartoum, the spectre of an economically weakened Republic of Sudan that is politically unstable and a risk to its neighbours and to international peace and security has begun to focus diplomacy.

However, one of the difficulties for American and other Western policy makers has been the ambiguities in their relations with Khartoum. It is sometimes hard to know what the true agenda is: regime change, peaceful reform, or impartial humanitarian action based on the Responsibility to Protect. On the one hand, the logic of the War on Terror has required cooperation with an otherwise odious Khartoum regime that has brutalized its opponents, marginalized its peripheries, and too often reneged on its commitments to implement peace agreements. On the other hand, the International Criminal Court has been supported by Western states, tacitly including the non-signatory US, in its indictment of an incumbent head

of state for alleged acts of genocide, war crimes and crimes against humanity. Yet how can peace be brokered when ICC indictments mean that envoys cannot engage President Bashir or Ahmed Haroun, the governor of the troubled state of South Kordofan?¹² What is clear is that Khartoum is not moved by public outcry, naming and shaming, or coercion. US sanctions in place since 1997 have had no real impact. Agreements with Khartoum can have a short shelf life as its Sudanese Armed Forces' (SAF) actions in Abyei in 2008, 2010, and 2011 underscore. In short, the credibility of US threats and promises may be quite low in Khartoum.

Negligible economic ties and policy inconsistencies limit Western influence and leverage with Khartoum.¹³ This was especially evident when the Darfur crisis distracted the US and its partners which dropped the ball on CPA implementation.¹⁴ America, in particular, faces a perception problem with some NCP elites. US administrations have for many years tacitly tilted towards Juba. Some NCP hardliners think that Washington does not follow through on its promises. The work of the International Criminal Court, while independent of nation states, has also complicated the quest for peace in Darfur. Finally, President Bashir also faces a legitimacy issue, having ceded territory with little to show in return. The sidelining of Presidential Security Advisor Saleh Gosh and the military incursions in Abyei and South Kordofan point to the ascendancy of hardline views and actions that may help shore up a more precarious power base for Bashir.

Limited influence does not mean irrelevance. A primary lever for the Obama Administration is its inducement to Khartoum to abide by the roadmap leading to a 'normalization' of the bilateral relationship. For Khartoum, the prize does not come cheap. It has to accept the results of the Southern referendum, demonstrate progress on Darfur, resolve and finalize the status of Abyei, and fully implement the CPA. In return, Khartoum wants to be removed from the US State Sponsor of Terror list, freed from US sanctions in place since 1997, and able to access concessional financing and debt relief. These steps will, it is hoped, help the Republic of Sudan access wider direct foreign investment, and eventually support accession to the World Trade Organization. Khartoum has shown maturity on the referendum and secession. However, normalization cannot proceed without tangible progress on Darfur and Abyei.

North-South Relations: The Transitional Areas. The two Sudans share a border almost as long as that dividing Alaska and Canada. The CPA's weakest link has been the status of the three transitional areas that straddle the North-South border. They are currently located in the Republic of Sudan but contain communities allied to or directly from South Sudan. Abyei, South Kordofan/Nuba Mountains, and Blue Nile state were each given a special and interim status in the CPA.¹⁵ Their borders and final status remain contested. To help bring the warring NCP and SPLM to a deal, the US had to draft a separate Abyei protocol setting out the terms of an interim administration and the prospect of a separate referendum on secession. South Kordofan and Blue Nile were to have their own 'popular consultations'.

Demarcation has been the spark for conflict in the past, as it is today, and may be again in the future. Establishing a boundary through international and national agreement is one thing; getting local acceptance of boundaries is quite another. Implementation can be harder still.

Abyei illustrates some of the complexities.¹⁶ Its boundaries have shifted depending on which authority was drawing the map:

- the 1905 boundary gave the territory to the Ngok Dinka who today are influential in the South Sudan SPLM elite;
- the 1956 boundary at independence locates Abyei in Khartoum's jurisdiction;
- the CPA-mandated Abyei Boundaries Commission (ABC) award of 2005, which was rejected by Khartoum, reflected a compromise of sorts.

Due in part to the insistence of the international supporters of the CPA, and at their expense, the matter was then referred to arbitration at The Hague. Although both Juba and Khartoum accepted The Hague ruling which reduced the overall territory of Abyei, it has not been implemented.

Abyei is the key to longer-term peace between Khartoum and Juba. The region matters because it has oil (even though production has declined), because there are problems of citizenship and grazing rights for Misseriya pastoralists, and because it has ignited conflict between the SAF and the SPLA armies. Since the signing of the CPA, there have been three episodes of violent conflict; in 2008, in 2010, and again in 2011.¹⁷ In the latest incursion Khartoum has established new facts on the ground, with Ngok Dinka having been displaced while Misseriya moved in. The motive may be to shore up fragile support after 'losing' the South and as a bargaining chip in negotiations around a General Framework Agreement between the North and the South. A peace of sorts has been cobbled together with facilitation by the AU High Level Implementation Panel.¹⁸ This time, it is Ethiopian muscle that is supposed to demilitarize the region, divide the parties, enforce the peace, and protect civilians and humanitarian providers. Although predicting events in Sudan is risky, the renewed conflict in Abyei is unlikely to lead to all-out war, which is not in the core interests of either Juba or Khartoum. That said, while both the Ngok Dinka and Misseriya must be part of any negotiated settlement, a solution that satisfies both local and national stakeholders may be elusive.¹⁹

Meanwhile, the reports of renewed fighting and new population displacements in South Kordofan and Blue Nile state illustrate the volatility of the border, the very real limitations of international efforts to restore peace and stability, and the risk that local disputes may slide into larger national or regional conflicts. In these contexts, elections intended to build peace can have paradoxically unintended consequences. In South Kordofan, state elections were delayed until after the 2010 national elections. But when the poll was held in May 2011, the margin between the winner, Ahmed Harun of the NCP, and the loser, Deputy Governor Abdul Aziz of the SPLM-North, was only 6,000 votes. Consequently, Aziz protested the result, refused to negotiate another peace agreement, and both sides (NCP and SPLM-North) prepared for the armed conflict that was not long in coming. With the transitional areas along the North-South border so insecure or inaccessible, the best laid development support plans of aid agencies are on hold, with even the delivery of humanitarian aid left in a precarious position.

What Comes After the CPA? The Comprehensive Peace Agreement officially ended with South Sudan's independence on July 9. Khartoum and Juba are now negotiating the terms of a

recalibrated relationship between two sovereign states. There is much to consider, including: oil revenues, debt, borders and security, management of the Nile waters, currency and citizenship. Whether a General Framework Agreement, which the South would prefer, can be reached remains to be seen. A piecemeal, issue-by-issue negotiation may be slower but sure. With a ceasefire in Abyei and Ethiopian peacekeepers poised to deploy, there is a better prospect that the pragmatists in the NCP and SPLM will strike a deal on the key economic issues of oil revenues and debt. Issues of sovereignty, politics and identity, such as citizenship, a final status agreement on Abyei, and the demarcation of the border may take more time.

There appears to be tacit agreement that oil revenues will be shared on a 70:30 formula for Juba and Khartoum respectively. The parties have reportedly also agreed in principle that Khartoum will assume responsibility for the former-Sudan's USD38 billion debt load.²⁰ In turn, South Sudan will lobby the international financial institutions to provide a debt relief package for Khartoum. The debt is owed to multilateral financial institutions, bilateral donors, non-traditional donors, and commercial creditors, and will require 'reconciliation' in the Paris and London Clubs for concessional and commercial debt respectively. Khartoum may be eligible for the IMF's Heavily Indebted Poor Countries initiative support, although this will require an Interim Poverty Reduction Support Program with some public consultation. Discussions on debt have begun. A Technical Working Group, co-chaired by the World Bank and IMF, has already met three times. The presence of high level mediators Thabo Mbeki and AU Chairman, Jean Ping, at one of its sessions underscores the critical importance of resolving the debt issue.

South Sudan: "Everything is a priority". The size of France and with 110 ethnic groups, South Sudan is one of the poorest places on earth. Its 2009 GDP of USD90 per capita is low even by sub-Saharan Africa standards. More than half its approximately 8 million citizens live on less than a dollar a day. Only half the population has access to clean water, and only one in three can access improved sanitation. Waterborne diseases are widespread, manifested in high levels of cholera, hepatitis, and polio. Maternal mortality at 2,054 per 100,000 live births and infant mortality at 102 per 1,000 live births are among the highest in the world.

In response to a question on priorities posed by a World Bank official, South Sudan President, Salva Kiir, is said to have smiled and replied, "Everything is a priority." An apocryphal story or not, the Government of South Sudan (GOSS) has an Everest to climb if it is to bring a promised peace dividend. Schools, security, primary health care, roads, and water and sanitation are some of the basics it must provide. Soldiers, refugees and displaced populations must be resettled, jobs must be created, while smallholder and mechanized farming, and manufacturing and services need a jump start to grow the economy and diversify beyond oil. An early task for South Sudan is to get membership in the IMF and the World Bank. An accession process has started and by 2012, the new country should be able to access concessional financing.²¹ Based on an extensive household survey, the GOSS has finalized a South Sudan Development Plan as the template against which aid donors will support the new government and address the key questions of security, state building, service delivery, justice, and conflict prevention.

Bleak social indicators combined with limited infrastructure, skills and economic opportunity are why Africa's youngest nation will depend on development aid for decades to come. There is simply no alternative. It is imperative that the major aid donors stay the course in South Sudan. Development aid to fragile, post-conflict environments can have a real multiplier effect in kick-starting growth.²² Because state institutions are initially weak and the absorptive capacity is low, aid should "taper in" rather than taper out. Too often, donors have done the opposite, reducing aid after a peace agreement is signed, the peacekeepers begin to depart, or an election is held. It remains to be seen how this will play out in South Sudan.

The development challenge in South Sudan is immense, but there is a profound capacity gap at all but the most senior levels of the GOSS. It also does not bode well for governance that the GOSS is still dominated by military officials whose organizational culture is control rather than accountability. Civil society, the media, political parties and social capital have been considerably weakened by long years of war and social dislocation. These institutions today have little ability to check, balance and confront the corruption, patronage and identity politics that distort democratic governance in South Sudan. Beyond the larger towns, "the population lacks political voice and is largely disconnected from the governmental process".²³ International aid partners thus face the long-term challenge of helping support the fledgling institutions and human capital that are the bedrock for sustainable development in South Sudan.²⁴

The SPLM/A is the leviathan of South Sudan and virtually co-terminous with the state having overseen the war, early recovery, and the referendum and secession from Khartoum. Democratic transformation of the party will not be easy given the absence of any credible opposition, the dominance of the Dinka, and the potential for factionalism. International partners can help support the development of the new constitution, fledgling political parties, legislature, and numerous laws from elections to land and public safety that will help even the playing field between citizen and the state. Absent these changes, there is a risk that ordinary people, especially in the hinterland, will remain subjects rather than citizens.

Security remains a concern. Given high popular expectations but inadequate state security capacity, militarized cattle raiding by civilians and a surfeit of small arms available to militia, internal instability may be as much a risk as renewed conflict with Khartoum or the random brutality of the Lord's Resistance Army, with raids from bases in Uganda or the Central African Republic. For security, many citizens still look to Boma chiefs and partly broken traditional mechanisms for conflict resolution, and to date have had little confidence in a poorly-trained, ill-equipped police service struggling to embrace democratic policing methods.²⁵ Disputes over land and water resources are among the drivers of conflict. The basic model for subnational governance – de-concentration or devolution – will also shape resource competition and allocation. However, the local particularities of conflict matter hugely in South Sudan so that there is no substitute for detailed analysis and perhaps unique local approaches for conflict resolution.²⁶

Curse or Asset? Oil currently accounts for 98 per cent of South Sudan's revenues. The World Bank has emphasized that "resource endowments need not be equivalent to a resource

curse.”²⁷ As Botswana’s diamond extraction has shown, with sound institutions, resource-rich countries can successfully transform their economies. Transparency and good governance will be key if South Sudan is to avoid grand corruption, Dutch disease, and a return to conflict.²⁸ Oil is also a finite asset, with overall Sudanese production likely to peak at 527,000 barrels per day in 2012. Oil revenues bring the GOSS about USD2 billion each year. But price fluctuations, declining production, and the temptation to spend the windfall now, when set against a GOSS budget distorted by military spending and the public sector payroll, could spell fiscal volatility and accumulating arrears over the medium term. Donors can expect difficult discussions with the GOSS about maintaining fiscal discipline or risk making repeated cash infusions to help stave off financial collapse. This is because revenues from agriculture and manufacturing, foreign direct investment and taxation will be limited for much of the next decade.

Oil exploration has affected the settlement and migration patterns of many communities in South Sudan and along the contested international border. The upshot is increasing competition for scarce land and water. More rigorous environmental management can help mitigate these negative impacts of oil.²⁹ But a comprehensive assessment of the social and environmental impact of oil has yet to be done, and is a first step to enacting the CPA provision for compensation to communities affected by exploration and extraction. In time, South Sudan could also be encouraged to join the Extractive Industries Transparency Initiative as a pillar in the governance of its natural resources.

South Sudan must also be mindful of the role and influence of external actors interested in its oil resources. China and regional players, such as Saudi Arabia and Kuwait have long had influence with Khartoum through the power of the purse. Prior to partition, about 6 per cent of China’s oil came from Sudan, which was Africa’s third largest producer. The Chinese government “prizes political stability above all in its relations with Sudan.”³⁰ With partition, China has courted both Juba and Khartoum to ensure that its oil needs continue to be met. Although China initially played a limited role in peace and stability in the region, protest on alleged Chinese supply of arms to Sudan in the context of the 2008 Olympics has drawn Beijing into conflict management. To that end, China has appointed a Special Envoy for Darfur, is encouraging Khartoum to accept the UNAMID peacekeeping force in Darfur, and is providing UNAMID with Chinese engineers. Chinese oil workers have been kidnapped and its state-owned oil companies, such as CNPC and Sinopet, operate in insecure, contested territory with communities that have been affected by oil exploration, production and transportation. In principle, Chinese companies have much to benefit from by adopting sound environmental management practices and promoting social development for affected communities. In the years to come, South Sudan has an opportunity to engage Beijing on sustainable and socially responsible oil extraction. Resource extraction politics will continue to be an issue for China’s relations with both republics. It remains to be seen if, and if so how, Beijing will translate its interests and influence as a force for stability between Juba, Khartoum and its neighbours.

Growth and Recovery. There is a profound gap between economic reality and unrealized potential in South Sudan. Under-investment and serious bottlenecks in infrastructure development are two impediments to growth. However, secession means that South Sudan

takes most of the proven oil reserves and the best quality farm land. These are considerable assets and research shows that economic policy is much more important in post-conflict situations like South Sudan than in other settings, as the chances of an economic leap are much higher. Starting from a similarly very low base, Mozambique has shown how concessional financing, good policies and improving institutions can provide a solid base for sustained growth.

Agriculture is the economic sector with the most potential for diversifying the economy and addressing food security threats. There is potential to return Sudan (North and South) to its former role as the bread basket for the Arab world. Leading products include maize, sorghum, sesame, and gum arabic. The Nile has rich fish resource potential and livestock are a major asset. A mixed model that balances sustainable agribusiness with smallholder farming and a more productive pastoralist economy looks optimal. Among the constraints to be tackled are deficits in skills, credit, marketing, and transportation. Complex pricing, taxation and land title systems are also disincentives to farmers large and small. Hopefully, South Sudan can learn the lessons of large-scale mechanized farming north of the border and find ways to employ locals and prevent the displacement of traditional growers.³¹

A growth diagnostics approach can help GOSS determine where growth will come from and the policy levers needed to help alleviate the 'binding constraints' to growth.³² However, it is vital to underscore that *economic recovery* must go beyond a narrow approach to growth. A growth-first approach runs the risk of favoring elites and raising new grievances among the poor and marginalized that could reignite conflict. Instead, aid donors can take a broader perspective that sees economic recovery as helping achieve socio-economic well-being. This broader approach includes food security, health, shelter, and educational systems as part and parcel of an economic aid strategy that supports the reconstruction of infrastructure and employment, with a legal framework that supports property rights, holds public spending accountable, and enables banking systems to operate in open markets.

Conclusion. Together, the two Sudans constitute one of the most challenging international peacekeeping, humanitarian and development efforts worldwide. Since at least 2003, Western, regional, and emerging powers have supported, with mixed results, peace and stability in Sudan. While Khartoum and Juba have not returned to full-scale war, Darfur is not resolved, there is violence and instability in the transitional areas, and the international border is militarized and still not demarcated.

The creation of Africa's 54th state is an exceedingly rare event. A peaceful secession or velvet divorce is rarer still. The last new African state, Eritrea, was created in 1993 after armed secession from Ethiopia. The still-troubled management of that insecure border may be a harbinger for the partition of Sudan. A more traumatic image is India's partition, with Abyei sometimes spoken of as the 'Kashmir of Sudan.' While the logic of economic interdependence suggests that Khartoum and Juba will successfully negotiate the economic terms of a new relationship among two sovereign states, the border may be a flashpoint for conflict for many years to come. There may be no 'final status' solutions that satisfy all stakeholders in the Three

Areas (Abyei, the Nuba mountains and Southern Blue Nile), just facts on the ground. Whatever their intrinsic merits, proposals for an open border or an internationally-monitored demilitarized zone look unlikely in the short- to medium-term.

Going forward, OECD country relations with Khartoum will continue to be fraught with difficulty. Human rights, impunity and humanitarian access are very real flashpoints. There may be pressures for some donors to disengage or focus more on South Sudan. But as Khartoum adjusts to the economic loss of oil revenues and navigates political uncertainties in the aftermath of partition and the nearby Arab Spring, the development of a new constitution is an opportunity to encourage all stakeholders in the new Republic to take a holistic look at the core issues of identity, inclusion, representation, and resource allocation. Absent a meaningful national conversation, the Republic of Sudan may become ungovernable, “a country full of exceptions and competing precedents”.³³ Governance has rarely been the focus of international engagement with Khartoum, but it is now time to address this driver of Sudan’s endless cycles of violence.

South Sudan faces a dangerous first decade with a risk of renewed conflict internally or with Khartoum.³⁴ It has monumental development and governance challenges that include diversifying the economy, especially agriculture, improving social indicators, resettling displaced populations, and tackling corruption. Most of its citizens are extremely poor and vulnerable to disease and famine. The new country is awash in illegal small arms and light weapons. Setting up a capable government and delivering services has been a slow business so far, and the GOSS and its international partners will need to pick up the pace to bring the peace divided that builds the stability and legitimacy of a new state.³⁵ South Sudan will be aid dependent for decades to come. Aid can help reduce poverty and stimulate economic development but needs sound policies from capable GOSS institutions. With signs of growing corruption, donors must help quickly to put in place reliable systems of public financial management and must not shy away from exacting conditions on the effective use of OECD taxpayers’ money.³⁶

Endnotes

¹ The perspectives in this paper are those of the author and not necessarily of The North-South Institute. The author thanks NSI intern, Tim Brown, for research support, and Jon Temin, David Lord, Tim Shaw and Gerry Schmitz for their constructive comments. He also benefitted from discussions with independent experts and officials in USA, Canada, Sudan, and UK.

² Discussion at International Crisis Group, June 24, 2011.

³ *Protection of Civilians in 2010: Facts, Figures and the UN Security Council’s Response*. Oxfam Briefing Paper 147. May 2011.

⁴ Published annually by *Foreign Policy* magazine, the Index is based on 12 indices of instability: demographics, refugees/IDPs, group grievances, human flight, uneven development, economic decline, legitimacy, service delivery, human rights, security, factionalism, and external intervention. In 2007 and 2008, Sudan was ranked 1st in the Failed States Index.

⁵ Based on OECD data and Development Initiatives, *Sudan Factsheet 1995-2009*. Wells, UK.

⁶ Part of the challenge for Western policy makers is achieving a more nuanced understanding of the ‘black box’ of government that goes beyond blanket judgments on hardliners versus moderates, to understand how decisions get made in both capitals. Khartoum, in particular, is adept in maintaining an opaque inner circle.

⁷ Tension had been mounting in Abyei for some months. Khartoum responded to a provocation when Southern troops opened fire on a UN convoy and Sudanese Armed Forces soldiers.

⁸ The major international groupings for Darfur are: the ‘Troika’ (US, UK, Norway), the E6 (US, UK, France, EU, China, Russia), and the Contact Group: (US, UK, Norway, the Netherlands, Canada, EU, France). The major regional players include: Chad, Libya, the Organisation of Islamic Cooperation, Qatar, and Eritrea. The principal multilateral institutions and players are: former South African President Thabo Mbeki of the AU/UN High Level Panel, Haile Menkerios, Special Representative of the UN Secretary-General, Ibrahim Gambari, the UNAMID Joint Special Representative, until recently Djibril Bassole, AU/UN Chief Negotiator, and Luis Moreno Ocampo, Chief Prosecutor at the International Criminal Court.

⁹ A subsequent June 13, 2011 version is called the Doha Outcome Document.

¹⁰ See Laurie Nathan, “No Ownership-No Peace: The Darfur Peace Agreement”, LSE Crisis States Group, Working Paper No. 5. September 2006.

¹¹ Phone interview with a Contact Group official, July 2011.

¹² Alan Goulty, “Two Views on the Crisis in Sudan,” Washington DC: Woodrow Wilson International Center for Scholars, Africa Program Working Group Paper Series No. 1. August 2010

¹³ For example, donors overlooked flaws in the 2010 Sudan national elections as the price to ensure Bashir kept his word on the South Sudan referendum.

¹⁴ A CPA oversight mechanism, the Assessment and Evaluation Commission was virtually moribund for several years, prompting the SPLM to take the extraordinary measure in 2008 of temporarily quitting the Government of National Unity as a protest on the delay or non-implementation of key CPA provisions. The appointment of a former UK diplomat, Sir Derek Plumbly, appears to have improved the functioning of the AEC.

¹⁵ See International Crisis Group Policy Briefing Number 75, “Sudan: Defining the North-South Border”. September 2010.

¹⁶ Douglas H. Johnson, *When Boundaries Become Borders*, London: The Rift Valley Institute, 2010.

¹⁷ The UNMIS peacekeepers were singularly ineffective in protecting civilians in both 2008 and 2011, the Zambian and Egyptian peacekeepers reportedly staying in their barracks when the shooting started earlier this year.

¹⁸ The Agreement between the Republic of Sudan and the SPLM on “Temporary Arrangements for the Administration of the Abyei Area” was signed by the parties in Addis Ababa on June 20, 2011 with Thabo Mbeki as witness for the AU High Level Panel. The Interim Security Force for Abyei will comprise an Ethiopian army brigade. The agreement establishes an Abyei Joint Oversight Committee to be facilitated by the AU as Chairperson.

¹⁹ Joshua Craze, “Creating Facts on the Ground: Conflict Dynamics in Abyei”. Geneva: Small Arms Survey Working Paper 26, 2011.

²⁰ Emerging economies, notably Saudi Arabia, Kuwait, and China, are major Sudanese creditors.

²¹ The World Bank’s concessional financing mechanism should enable South Sudan to tap into a USD40 billion fund. The exact amount available to the new country is to be determined through a technical exercise taking into account criteria such as: level of poverty, increased oil revenues, population, and governance. Based on discussion at the World Bank Sudan Program, Washington DC, June 24, 2011.

²² See Paul Collier, ‘Post Conflict Economic Recovery’, A Paper Prepared for the International Peace Academy. Oxford University Department of Economics, 2006.

²³ *Southern Sudan at Odds With Itself: Dynamics of Conflict and Predicaments of Peace*. London: London School of Economics with University of Juba Centre for Peace and Development Studies, 2010.

²⁴ Key skills include: public financial management, audit, procurement, taxation, and accounting. Skills training for the civil service is well underway, with technical assistance and mentoring from regional sources (Kenya, South Africa) as well as OECD donors. Canada reportedly has supported UN volunteers in the area of public administration. Numerous donors support the Capacity Building Trust Fund as a delivery mechanism.

²⁵ Lokujji, Alfred Sebit, Abraham Sewonet Abatneh and Chaplain Kenyi Wani, *Police Reform in Southern Sudan*. Ottawa: The North-South Institute, 2009.

²⁶ A key message of the LSE/University of Juba study, *Southern Sudan at Odds With Itself*.

²⁷ The World Bank, *Sudan: The Road Towards Sustainable and Broad-Based Growth*, Washington DC: The World Bank, 2009. p. 29.

²⁸ Dutch disease is the tendency of a highly profitable sector, such as oil, to draw in national production inputs and away from other tradable areas. In the case of Sudan, more than 95 per cent of its exports in 2009 came from the oil sector with non-oil exports accounting for less than 2 per cent of total exports in 2008. The World Bank, 2009. p. 29.

²⁹ Johnson, *When Boundaries Become Borders*, Sound stewardship principles and community consultation should arguably also extend to land resources, particularly in view of the opaque acquisition of land by Arab capital.

³⁰ Dan Large, "China's Involvement in Armed Conflict and Post-War Reconstruction in Africa: Sudan in Comparative Perspective", in Luke Patey, editor, *Oil Development in Africa*. Danish Institute for International Studies Report, 2007. Large thinks that China is not a case apart, but is simply following well-worn Western patterns of the 'structural subordination' of Africa in its oil extraction approaches. For a discussion on how sub-Saharan African economies can better position themselves to engage Chinese extractives and infrastructure state-owned enterprises see, Raphael Kaplinsky and Mike Morris, "Chinese FDI in Sub-Saharan Africa: Engaging with Large Dragons", *European Journal of Development Research* (2009), 21, 551-569.

³¹ The World Bank, 2009 *Sudan: The Road Towards Sustainable and Broad-Based Growth*. Chapter 6.

³² The World Bank, 2009. p. 122. See also R.Haussman, D. Rodrik and A. Velasco. Growth Diagnostics. Harvard Kennedy School of Government. Mimeo 2005.

³³ This is a key message in Jon Temin and Theodore Murphy, *Toward a New Republic of Sudan*. Washington DC: United States Institute of Peace Special Report 278. June 2011.

³⁴ Paul Collier et al, *Breaking the Conflict Trap: Civil War and Development Policy*. Washington DC: The World Bank, 2003. Collier and his colleagues originally estimated a 44 per cent chance that countries emerging from war lapse back into violent conflict within five years. Subsequent research has reduced the likelihood to the order of about a 35 per cent chance of conflict recurrence within five years.

³⁵ Aid modalities such as pooled funding, based on Paris Principles of aid effectiveness, have had a decidedly mixed record in Sudan, particularly in the South. The World Bank-managed Multi Donor Trust Funds have been criticized, by contributing countries and by civil society alike, for slow disbursements and cumbersome procedures ill-suited to an early post-conflict setting. By contrast, the USA opted against pooled funding and its bilateral aid program has been judged as having 'provided the most effective support' based on close monitoring and adequate field staff. See the OECD/DAC sponsored study, *Aiding the Peace: A Multi-donor Evaluation of Support to Conflict Prevention and Peacebuilding Activities in Southern Sudan 2005-2010*. See also Scanteam 2007 and Scanteam 2010, *Flexibility in the Face of Fragility: Programmatic Multi-Donor Trust Funds in Fragile and Conflict-Affected States*.

³⁶ South Sudan's first Minister of Finance and Economic Planning was relieved of his position following allegations of corruption. He was initially placed under house arrest on the discovery of millions of dollars in cash placed in coffins for transportation out of the country. Notwithstanding President Salva Kiir's 'zero tolerance' policy and the 2006 establishment of an Anti-Corruption Commission, no official has yet been prosecuted on corruption charges.