

Aid to Poorly Performing Countries: Sudan Case Study

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Background Paper 5 for ODI study on Poor Performing Countries



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Acronyms

CAP	Consolidated Appeal
PMU	Project Management Unit
JPM	Joint Planning Mechanism
STAR	Sudan Transitional Assistance Programme
ECHO	European Commission Humanitarian Aid Office
UNICEF	United Nations International Children's Fund
WFP	World Food Programme
UNHCHR	United Nations High Commissioner for Human Rights
GDP	Gross National Product
IMF	International Monetary Fund
GNPOC	Greater Nile Petroleum Operating Company

SPLA	Sudan People's Liberation Army
SPLM	Sudan People's Liberation Movement
CEM	Country Economic Memorandum
UNIDO	United Nations Industrial Development Organisation
OCHA	Office for the Coordination of Humanitarian Affairs
MICS	Multi Indicator Survey
DHS	Demographic and Health Survey
ADS	Area Development Schemes
OLS	Operation Lifeline Sudan
ODA	Overseas Development Agency

1. Introduction

Over the years, Sudan has been variously described as a complex political emergency; as a politically fragile state; as a strong, but unresponsive state; and on occasion, as a failed state. In more recent times a new set of labels have been applied: a Low Income Country Under Stress; a poor performer; and a country where traditional models of development cooperation remain difficult.¹

Sudan was selected as a case study for this report to assess conflicting elements of performance, to highlight the inconsistency of aid flows, the politics of international engagement and international perceptions of performance. As a case study, it also provided an opportunity to explore the challenges a country faces where juridical sovereignty is in a state of 'limbo', as the peace process signals the potentiality of an independent state for southern Sudan. The case study was particularly concerned with disaggregating the factors that are driving the international community's current re-engagement in Sudan, seeking to understand whether decisions to re-engage with Sudan were premised on a demonstrated commitment on the part of the government to invest, deliver and meet the basic needs of the population or on other factors. It also sought to understand whether the recent categorisation of 'poor performer' (or LICUS) by some actors in the international community has resulted in different policy approaches, and if so, what these are designed to address and the potential impact they might have.

On one level of analysis, Sudan experience over the past two decades reflects many of the conditions of a country difficult to assist, as highlighted in the report's conceptual model. Sudan remains a chronically poor, highly indebted and divided country, where the government has failed to deliver the minimum level of basic services and security to a large portion of the population; where the juridical status of the territory is challenged; where the diplomatic door was firmly closed for over a decade, and humanitarian aid has been the primary instrument for aid engagement.

Yet there are difficulties with this analysis. Sudan also has a number of features which do not fit squarely with the notion of 'poor performer'. Strategically situated, the country boasts a wealth of natural resources, including huge reserves of rich agricultural land, significant oil reserves and water resources, and a large and growing population. In recent years, the government of Sudan has demonstrated its capacity to successfully manage and stabilise its fragile economy, which has contributed to comparatively high levels of economic growth in the late 1990s. Despite this, there is evidence of declining human development outcomes and widening inequality. Poverty is deep and widespread. In the late 1970s, average per capita income was estimated at over \$500; today, it is estimated at \$340, lower than the sub-Saharan average of \$460.

2. Measuring performance

If classifications of 'poor performance' are primarily based on a set of measurable indicators, there are inherent difficulties in drawing firm conclusions regarding Sudan's performance over the period of analysis. There has been no systematic poverty data collected since 1978 when the last national household and expenditure survey was undertaken, and the most recent census was

¹ The World Bank has classified Sudan as one of 7 core LICUS country; Sudan is on DFID's poor performer's list and USAID's non-list; the EU classify Sudan as a politically fragile state.

undertaken in 1993. Data from federal ministries and state departments is limited and of variable quality and there are major discrepancies between various information sources. Some of the key international institutions responsible for disaggregating and comparing data have been largely absent from Sudan for more than half of the period of analysis. The World Bank carried out its first Country Economic Memorandum (CEM) in 2003, attempting to pick up where the last CEM left off over a decade ago, in 1990.² Similarly, the IMF withdrew in 1990 and only renewed collection of macroeconomic data in 1997. In order to assess trends, UNICEF's Multi Indicator Cluster Survey (MICS) has provided the international community with a sampling of social indicators for the most recent years, alongside Demographic and Health Survey (DHS) for the late 1980s and early 1990s. Across all surveys there are major information gaps, but it is from this data that most analysis and planning for future engagement has been done.

Whilst it is, of course, possible to draw broad conclusions about very low levels of development and human welfare in Sudan, any critical assessment of country-wide progress towards attainment of the Millennium Development Goals or performance in general must be carefully qualified, bearing in mind the paucity of data in general and for conflict affected areas in particular.

2.1 Economic performance

Sudan's economic growth experience has been marked by instability, however, after many years of below average performance, macroeconomic reform contributed to high economic growth during the 1990s. The start-up of oil production in the latter half of the 1990s (based on foreign investment, particularly from China and Malaysia) and favourable weather conditions for agricultural production contributed to GDP growth, which averaged 3.8% annually in 1990–95, and 6.6% in 1996–2000. Agriculture accounts for approximately 38% of GDP, with about 80% of the labour force employed in agriculture and related activities.

Evidence from household surveys on changes in asset ownership and social indicators over the 1990s suggests that economic growth has not been distributed equally. In particular, there appears to be a centre–periphery disparity in the distribution of economic resources (World Bank, 2003a). The most well-off areas are the north-central states of Northern, Nahr-el-Nil, Khartoum and Al-Gazira, while large parts of the rest of the country (except for highly urbanised areas) can be considered peripheral to economic activity and social development (World Bank, 2003a). Regional differences are evident within southern Sudan, where all indicators suggest that the Equatoria region is on average better off in terms of living conditions than other regions. In general, urban areas are better off than rural areas. There is evidence that significant wealth is concentrated in the urban elite. At the same time, the available data indicates that there is significant inequality in urban areas, and that the extent of urban poverty has increased in tandem with significant migration to urban areas, particularly Khartoum (World Bank, 2003a).

Overall, economic growth faces significant obstacles, such as the cost of the war, the country's high foreign debt, and the need for critical infrastructure investment. By the end of 2001, Sudan's external debt amounted to over \$20 billion, most of it in arrears. IMF and World Bank staff estimate that this is about ten times the value of exports, 14 times the value of government revenue (including oil) and 135% of GDP. The arrears-crisis has resulted in limited access to external financing and technical support.

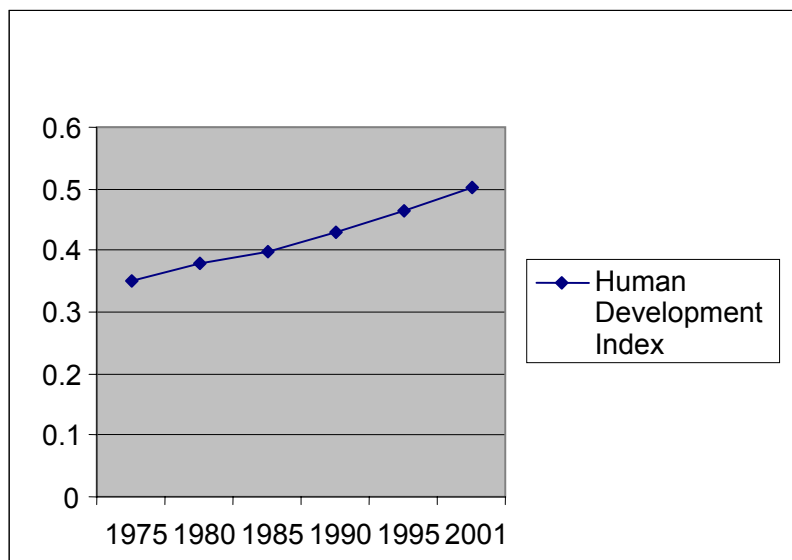
² World Bank (2003) "Sudan: Stabilisation and Reconstruction", Country Economic Memorandum, 30 June

2.2 Human Development Indicators

Sudan is characterised by widespread poverty. Although no recent household-level data is available to measure consumption or income in money terms, there is widespread perception that: (i) income distribution and inequalities have worsened over the years (including during the 1990s); (ii) the incidence of poverty is very high; and (iii) there are considerable variations in poverty between states and within states (World Bank 2003b). Within the last three decades, estimates of national poverty rates show a steady increase in poverty from 50% in 1968 up to 75% in 1986 and as high as 80% in the 1997 (UNDP 1997). Based on recorded income, a 1992 study estimated poverty at about 86%. The incidence and depth of poverty is well above average in southern and western Sudan, while in north-central it is less than average. In 2000, a study in West Equatoria in southern Sudan found that 85% of the population had average incomes per capita below US\$ 160 and that about 93% of the populations lived below US\$1 per day (World Bank 2003b).

Despite this, UNDP's Human Development Index indicates improvement over time.

Table 1: The Human Development Index for Sudan, 1975-2001



Other sources suggest quite the opposite. Although data for poverty measurement today and across time is weak, child mortality and malnutrition are reasonably accessible and act as an indicator for underlying household economic conditions.

Based on this variable data, evidence suggests that Sudan experiences high rates of mortality and malnutrition, and there is little evidence of improvement over the last decade.³ The most recent World Bank Health status report (2003) indicates that a very large proportion of the population

2003.

³ Mortality and morbidity data varies widely. Bradbury et al (2003) notes that figures from UNICEF's End Decade Database contrast starkly with those obtained by the 1999 inter-agency assessment in the Nuba mountains, which revealed an under-five CMR three times higher (333–367 per 1,000) and a MMR ten times higher (3,400–4,540 per 100,000) than elsewhere in Sudan.

has experienced similarly high rates of child mortality and malnutrition for a significant period. In northern Sudan, the prevalence of chronic child malnutrition rose from 33% in 1993 to 36% in 2000. According to direct estimates from survey data, under-five mortality changed little during the 1990s, declining from less than 110 per 1,000 in 1990 to 105 in 2000. Delivery care by trained health personnel in northern Sudan remained stable during the decade, at around 60% of births. Access to an improved water source also stagnated at around 60% of households in northern Sudan. In southern Sudan, where indicator levels are much lower, it is unlikely that any progress was made during the past decade of conflict.

The regional and urban/rural disparities in economic resources have clear implications for education, health and nutrition outcomes as well as services. Average health and nutrition status tends to be lower in poorer areas, alongside the ability of communities and local governments to finance education and health services. However, the urban/rural gap in a number of indicators, in particular those that reflect underlying economic conditions, narrowed during the 1990s, indicating increasing urban poverty (World Bank, 2003b). During the 1980s, under-five mortality in urban areas was 117 per 1,000, compared to 144 in rural areas. In the 1990s, with under-five mortality estimated at 101 in urban areas and 105 in rural areas, the difference was much smaller, reflecting much slower improvement in urban areas. A similar pattern is seen in the prevalence of child malnutrition, which increased in urban areas from 23% in 1993 to 33% in 2000, but remained stable in rural areas at 39% (World Bank, 2003b)

Protracted conflict has had a significant effect on the education, health and nutrition of affected populations. Almost all health services in conflict-affected areas are provided through international humanitarian assistance. Although there is evidence to suggest that in some conflict areas health services may in fact be better than in comparable other, poor, but non-war areas (Lambert 2003), such provision also comes at substantial cost to investment in the longterm capacity of public provision, as health funding for services is invariably channelled through non-state actors. Thus even if human development indicators improve, there is very little to suggest that this is due to the capacity of the state to meet those developmental needs.

Food security, particularly in southern Sudan, but also in parts of the north, remains an ongoing concern. Widespread poverty, changes in agricultural practices and the erosion of coping capacities due to conflict and displacement have made wide segments of the population vulnerable to food insecurity, and this remained the case throughout the period of analysis.

3. Empirical sovereignty

3.1 Authority and legitimacy of the state

Since independence, the state of Sudan has experienced limited legitimacy amongst the southern population and certain parts of the north. The strongest expression of weak authority and legitimacy is Sudan's devastating civil war, which has been sustained for all but 11 of the years since independence. Since 1989, the main rebel force, the Sudan People's Liberation Army (SPLA) has controlled almost the entire south and exerted considerable military pressure on the

government.⁴ In line with this, there has been considerable erosion of civil rights and weak social protection.

Both the government of Sudan and the SPLM/A are autocratic entities with little or no democratic tradition. In prosecuting the war, both of the major parties have operated with impunity, and serious violations of international humanitarian law and human rights law have been documented.⁵ Freedom of assembly, freedom of speech and the formulation of political parties have been stifled in both areas. The authority of traditional leaders has been displaced and there is limited capacity for civil society groups to influence either of the governing structures, particularly on issues of peace and development. In addition, Sudan is home to the largest populations of IDPs in the world. The policies and actions of successive governments in Khartoum have resulted in significant levels of vulnerability for the four million internally displaced and an effective safety net has never been maintained.

Tensions which have sustained the civil war include the desire to control assets and natural resources, particularly oil wealth and for land ownership. Due to the geographic positioning of the oilfields, controlling oil production sites and securing the pipeline became integral to regime security.⁶ In addition, a lack of willing western investment, resulted in the bringing together of key investors from China and Malaysia. These investors provided not just international credit and oil markets, China has also provided political cover for Sudan in the Security Council with respect to human rights and international terrorism concerns (ICG 2002).⁷ In 2001 oil production averaged 230,000 barrels per day and total exports were worth US\$1.27 billion, helping to reverse economic decline. However, given the nature of the revenue sharing arrangements included in agreements between the government and the foreign oil companies, the companies first recoup their oil costs. Thus, direct revenues to the government from oil exports, in the first five years of production, are only a percentage of the total. Government accounts indicate an income of approximately US\$600million in 2002.

3.2 Effectiveness of the state

Recent analysis highlights that service delivery is weak and the structure of central government spending is not pro-poor (World Bank, 2003a). The southern population has no effective, functioning representative government, which makes current discussions regarding reconstruction highly challenging.

⁴ The SPLA's main patron during this period was the Soviet Union, channeling military support through Libya and Ethiopia.

⁵ The government conducted indiscriminate aerial attacks, used famine as a weapon of war, forcibly displaced civilians and supported paramilitary forces engaging in the slave trade. In turn, the SPLA and its allied militias indiscriminately attacked civilian populations, diverted relief supplies and forcibly recruited soldiers, including children. An estimated two million people have died as a result of fighting over the past 18 years (either from direct violence or related starvation and disease), and half a million refugees have spilled into neighbouring countries.

⁶ The government has continued a strategy of manipulating local conflicts in the transition zone and co-opting local militia – distributing arms and ammunition to 'proxies' to defend the oilfields and clear them of non-Arab people living in rural areas near the GNPOC concession, with serious humanitarian consequences. See Lee (2003)

⁷ The Canadian firm Talisman, China National Petroleum Corporation, Petronas of Malaysia and Sudapet form the Greater Nile Petroleum Operating Company in 1996.

Despite positive economic growth over the last 5 years, these gains have not translated into increased service provision or welfare protection. Interventions by the IMF in the late 1990s in the form of a comprehensive structural adjustment programme were mainly concentrated on cuts in public expenditures, and affected poor households more than others. The government's domestic revenue to GDP ratio has been weak across the period of analysis. Relative to GDP, federal expenditure has continued to decline, from an average of 18.4% during 1986–90 (peaking at more than 25% in 1992) to 9.4% during 1996–2000 (World Bank, 2003a).

Attempts at decentralising power have not been successful.⁸ The transfer of responsibility to states and local communities in the early 1990s was made without ensuring that the institutions had the technical and managerial capacity, and without sufficient and reliable sources of funding. By 1998, the states and local communities received a total budget of 2.4% of GDP, which was supposed to finance all basic services and development. By 2001, when net oil revenues equivalent to 5% of GDP were added to the government's budget, regional expenditures had risen to only 4% of GDP still inadequate to deliver on their mandate.

At the federal level, there are significant disparities in expenditure for basic social services. In education, higher education is favoured relative to basic education; in agriculture, capital-intensive irrigation investments in energy and subsidies are promoted relative to traditional rain-fed farmers. Analysts have correlated recent increased military expenditures in 2000/01 with increasing oil revenues: as a proportion of GDP, development expenditure has been half that of defence and security expenditures. By 2000, defence and security expenditure was estimated to account for about 3% of GDP, while development expenditures stood at about 1.5% of GDP. Formal salaries to civil servants have also eroded and are far below the level needed to operate an effective administration. There is also an urban bias with respect to infrastructure. Formal safety net programmes such as the Social Solidarity Fund also have an urban bias in the distribution of benefits.

Over time, financing for social services and infrastructure has been sharply reduced, both federally and at state levels. Sudan allocated an estimated 1.2% of GDP to education and 0.7% of GDP to health during 1998–2000. Infrastructure for education, health care and rural agriculture has deteriorated with decreased funding to these sectors in the 1990s. Welfare services in conflict-affected areas are provided mostly by the international community, primarily through humanitarian assistance.

4. Juridical sovereignty: a shade of grey?

4.1 Prospects for peace

The outcomes of the current peace process, under the auspices of the Inter-Governmental Authority on Development (IGAD) and the government of Kenya, represents the most significant window for peace in Sudan. It also adds a shade of grey to the juridical sovereignty of Sudan.⁹

⁸ A decentralisation strategy for the delivery of key services such as education, health, sanitation, local roads and agriculture was implemented in 1992

⁹ The government of Sudan and the SPLA/M signed a protocol laying out a framework within which a peace process would be negotiated in Machakos, Kenya, on 20 July 2002.

The Machakos Protocol, signed by the government and the SPLA/M in July 2002, included the acceptance of the right of southerners to self-determination in the form of a referendum after a six-year interim period. In return, the SPLA/M accepted that Sharia law could be maintained in the north. This provides the potential for two independent states. The ramifications of formal separation between the north and south are immense. There have been some very real gains in this process, including an agreement to a 50/50 split of oil revenues between Khartoum and the SPLA/M during the six-year interim period which will follow the signing of any peace agreement. After that, southerners will have the right to vote in a referendum on whether the south should secede. Other significant issues requiring attention is the splitting of the country's sizeable debt, alongside issues of border demarcation, the return and citizenship status of displaced people and traders, property rights and security provision.

Important too, is that negotiations are strictly a north–south dialogue between the government and the SPLA/M. The peace initiative is not designed to settle the insurgencies in northern Sudan (Abyei, the Nuba Mtns and Southern Blue Nile) or in Darfur in western Sudan.¹⁰ The marginalisation of peripheral groups highlights a tension for the international community, which is both eager to minimise the distraction of other rebellions and to achieve a lasting deal between the SPLA/M and the government, and aware that issues of legitimisation, inclusion and governance are fundamental to whether Sudan breaks out of the cycle of conflict and violence (ICG, 2003).

5. International relations

5.1 International diplomatic and security interests

Over the last two decades, the international community has oscillated markedly in its approach to Sudan: considered a close ally of the West in the early 1980s, and then widely seen as a rogue state, allied with Iraq, in the 1990s. A sanctions regime was in place throughout the 1990s, and development cooperation programmes were halted. Important neighbouring states, such as Egypt, Libya, Uganda, Ethiopia, Eritrea and Kenya have been engaged in disputes over oil, water and land, and there are long-running concerns about secessionism and military adventurism. Rapidly shifting policies, commercial interests, alliances and rivalries – often relying on support for cross-border insurgents to advance diplomatic goals – has meant that Sudan's neighbours have often had more to gain from a divided Sudan than from a strong peaceful one (ICG 2002).

Today, Sudan is the object of renewed security interest and diplomatic attention. Following the shock effects of the September 11 terror attacks in the US and their aftermath on policy debates within the Khartoum government, there has been significant diplomatic effort, driven by the US, to bring an end to Sudan's conflict and international isolation. To the international community, the costs of the conflict and the strategy of political and economic disengagement, proved much higher than the humanitarian response it has supported. The linkage between Sudan's threat to regional stability, terrorist activity and extremism, has driven re-engagement strategies. High

¹⁰ Negotiations on the Three Areas have not been conducted as part of the primary IGAD peace talks between the Sudanese government and the SPLA/M. They have, rather, been chaired by the Kenyan government and treated as something of a sidebar. The fighting in the west of Sudan has intensified in 2004.

level political envoys have been appointed and donor governments have established cross-departmental bodies with shared political and assistance objectives in an attempt to effectively re-engage.¹¹

United Kingdom

In the UK, January 2002 the Secretary of State, Clare Short, went to Sudan (north and south) to ‘push for peace’ – becoming the first UK Cabinet Minister for 14 years to visit the country. A joint Foreign Office/DFID Sudan Unit was established to ensure coherence of political and humanitarian objectives, and Alan Gouly appointed as the new UK Special Representative for Sudan. The shift to Foreign Office oversight of humanitarian/development programming signals a greater level of political interest in aid relations. It is as yet unclear whether this may or may not enhance the development effort.

United States

The initial phase of U.S. engagement, beginning in September 2001, United States Senator John Danforth was appointed as Peace Ambassador and Andrew Natsios as Special Humanitarian Coordinator. Like the UK, humanitarian and political agendas were intertwined. A Sudan Taskforce was established to support the efforts and oversee a broad strategy of re-engagement, including ambitious and highly political programmes to secure access to the Nuba Mountains; eradication of slavery; ‘periods of tranquillity’ and an attempt to ‘privatise’ protection services for civilians with the establishment of a ‘Civilian Protection Monitoring Team’. Under the steer of two key personalities, Andrew Natsios and Roger Winter (ex-US Committee for Refugees) AID have also opened up humanitarian assistance to the north.

European Union

The attention the EU pays to Sudan depends fundamentally on its member states’ interest. Neither the Belgian or Italian governments who have held the EU Presidency over the last few years have declared Sudan a policy priority. Nevertheless in the field of the Common Foreign and Security Policy, the EU has been engaged in a political dialogue with the Sudanese government since November 1999. The EU has pursued a policy of ‘constructive engagement’, launching what it terms a “Critical Dialogue” aimed at influencing the government on a variety of issues, including human rights, humanitarian aid, political liberalisation, terrorism and the peace process. The ultimate aim of the dialogue is to reach a normalisation of relations and re-establish full development cooperation. The assessment of the Critical Dialogue by Sudanese civil society and opposition activists has not been positive, described instead, as a “critical monologue” (ICG 2002).

The response to the international spotlight on the part of the Khartoum authorities and its main opposition, the SPLA/M has been steadily positive. The reasons for this include military calculations that both parties could hold ground without winning ground for the foreseeable

¹¹ United States Senator John Danforth was appointed as a Peace Ambassador to Sudan in September 2001 at the same time as the Sudan Taskforce was established, overseeing USAID’s broad strategy for re-engagement. Mr Alan Gouly heads a joint DFID/FCO Sudan Unit as the new UK Special Representative for Sudan.

future; the increasing desire on the part of Khartoum authorities to escape international isolation and rehabilitate its image; bring an end to the difficult economic situation, and the desire to enjoy their new oil wealth. The regime has responded positively, seeking to internationalise so as to develop oil fields and realise oil revenues.

5.2 The role of aid and perceptions of performance

International donor aid policies and practice have followed broader foreign and security policy objectives, and have ranged from significant ODA investment in the 1980s to the suspension of development aid in the early 1990s, its replacement by large flows of humanitarian assistance for the following decade, and then the recent resumption of political dialogue and development cooperation with the Sudanese government, and the development of a unique set of arrangements for the development of local administrative capacities in the south.

Donor engagement

In the mid-1970s and through the early part of the 1980s, Western aid was largely concerned with economic and institutional developments, including a series of economic stabilisation interventions following a balance of payments crisis. In the mid-1980s, famine prompted the emergence of relief intervention which had an important welfare dimension that set the stage for longer term emergency response activity. ODA peaked in 1985 at \$1,907m. Sudan was for many donors their largest African aid programme. US economic support reached \$100m annually in the early 1980s; development assistance levels grew from \$27m in 1984 to \$410m in 1989; and Title 1 food aid averaged \$50m annually. Emergency assistance was also provided starting in the early 1980s, increasing dramatically during the drought emergencies of 1984-1985. Economic crisis, weak governance and the growth in absolute poverty in Sudan undoubtedly worked to the political advantage of donors, but it did not result in collective, coordinated action; indeed, competition between donors was rife (Duffield, 1990).

In the latter 1980s, concerns over the conduct and policies of the al Mahdi regime, highlighted by a mounting NGO campaign, prompted some bilateral donors to adopt a more collective stance, and several announced small reductions in their aid budgets. Donors also reacted to changes on the political front. Recognising that the SPLA held the military initiative in the south, overtures were made regarding relief assistance.¹² This marked a significant shift in donor and agency behaviour. Up until this point, the donor community had not been willing to support cross-border operations into southern Sudan.

Against this background, Operation Lifeline Sudan (OLS) was established in 1989. OLS marked the first time in the course of the war that donors had succeeded in obtaining agreement from both sides allowing an internationally-organised relief intervention in the south. Although its purpose was initially recovery and rehabilitation, OLS evolved into a long-term relief operation (Karim et al, 1996). Whilst not challenging Sudanese sovereignty directly, OLS conferred international recognition on the SPLA, resulting in an 'equivocal and temporary ceding of sovereignty to the UN' in parts of southern Sudan outside government control (Karim et al, 1996).¹³ In 1995, the SPLA and a splinter rebel faction signed 'ground rules' brokered by OLS to ensure the protection

¹² In 1986, Norwegian People's Aid began transporting relief supplies into SPLA-held areas without Khartoum's consent.

¹³ Despite intended as a temporary measure, OLS remains in place, nearly 14 years since its inception.

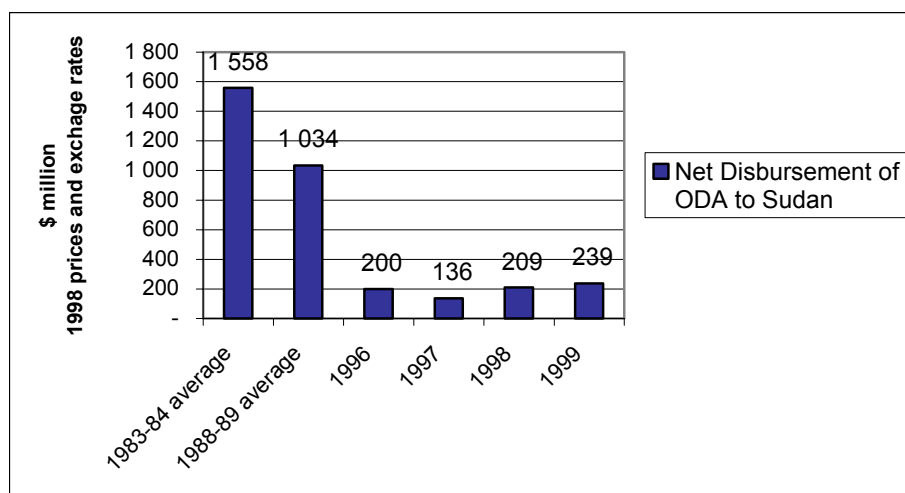
of civilians, the accurate delivery of food aid and respect for children’s rights.¹⁴ Despite stringent attempts at neutrality, OLS has had many critics. It has been charged not only with failing to fulfill its mandate, but also with inadvertently prolonging the conflict.

Donor retreat

The arrival of the al-Bashir regime in 1989 and its subsequent policies and actions – primarily its prosecution of the war in the south and gross human rights violations – prompted the termination of most official development cooperation programmes.¹⁵ The World Bank withdrew in 1992, and disbursements were suspended the following year as a result of Sudan’s inability to service its debt.¹⁶ Similarly, as a result of its arrears status since 1984, the IMF took a number of ‘remedial measures’, declaring Sudan a ‘non-cooperative’ country in 1990; its voting rights were suspended in 1993, and the country came close to expulsion from the Fund in 1997.¹⁷ Approximately 90% of ongoing development programmes in the 1990s were financed by the UN (primarily UNDP’s Area Development and rehabilitation schemes). Political and economic sanctions imposed by the UN and the US in the mid-1990s led to Sudan’s isolation, blocked progress on debt relief and discouraged Western foreign investment. In 2000, Washington defeated efforts to lift UN sanctions and prevented Sudan from becoming Africa’s representative on the UN Security Council.

Advocates of a tough US policy towards the government in Sudan appear prominent in the policy debate and appear to have continually had the sympathy of senior administration officials (both those from Clinton and Bush administrations) and members of Congress from both parties.

Table 2: Net disbursements of ODA to Sudan



¹⁴ See Bradbury et al (2000) “The ‘Agreement on Ground Rules’ in South Sudan”.

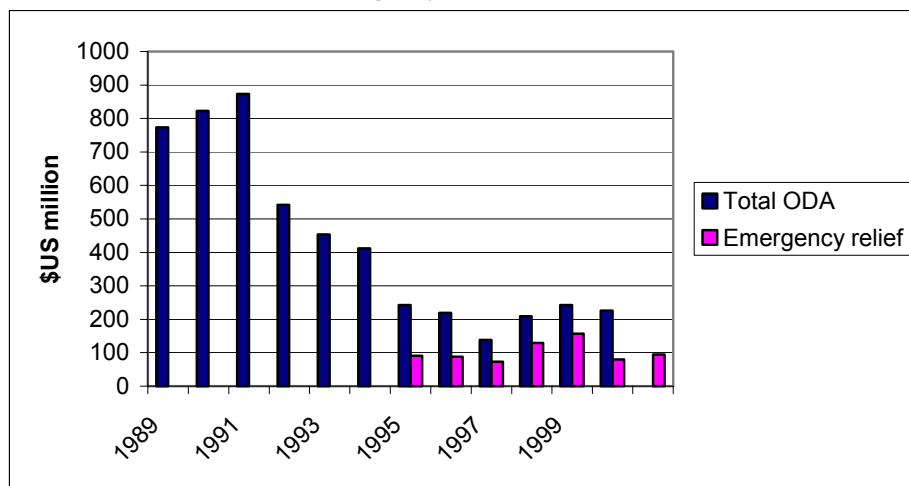
¹⁵ The US suspended development assistance in 1990. The UK bilateral development programme to Sudan was terminated in early 1991. The EU unilaterally suspended its cooperation in the framework of the Lomé Convention with Sudan in 1990, and formal assistance was phased out during 1990 and 1991.

¹⁶ World Bank disbursements to Sudan were suspended in April 1993, and the country has been in non-accrual status since January 1994.

¹⁷ The IMF reinstated Sudan’s voting rights in August 2000.

The withdrawal of official development assistance in the early 1990s left donors facing a fundamental question, and one that remains central to the poor performers debate today: how to provide assistance to the poor in Sudan when assistance actors were unable or unwilling to work with the government. The common policy response at the time was to replace the significant ODA investment with humanitarian assistance as the main instrument of engagement, relying on the OLS's unique political and institutional structure to facilitate the bulk of humanitarian operations.¹⁸ It is estimated that less than 20% of donor resources went into development programming over the 1990s. Official development cooperation dropped to a low of \$50m in 1998.¹⁹ Given the variable influences its impact on Sudan's development prospects is difficult to gauge; but it is clear that programming throughout the 1990s, given the decline in basic welfare indicators, has been inadequate to the scale of need.

Table 3: Total ODA and emergency relief to Sudan



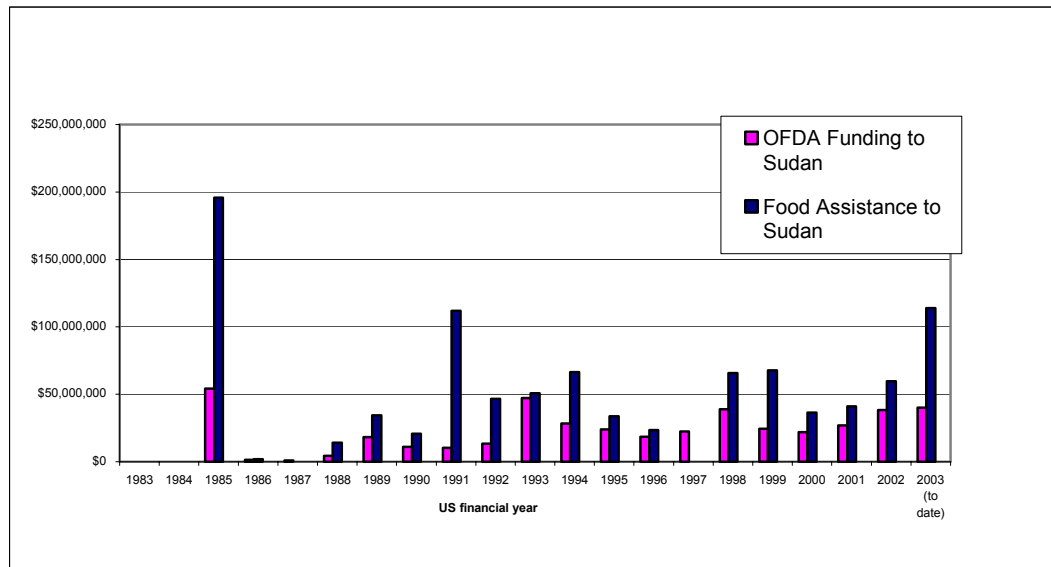
Throughout the 1990s, the various humanitarian approaches of the major donors and agencies in Sudan differed according to their basic mandates, geographical focus and attitudes to the Sudanese government and local administrations. Over the last two decades (since 1983) the US has spent almost \$2 billion in humanitarian assistance. The majority of US assistance was channelled to the south, recognising the SPLM as an authority, and designing the legal and policy frameworks for the provision of support.²⁰

¹⁸ The OLS disburses from donors approximately \$200 million a year, mainly in the form of food assistance. The World Bank (2003a) estimates that, of this, 60–70% is devoted to logistics, security and transport, although this figure is higher than other estimates.

¹⁹ Although, OECD DAC sources suggest the lowest point was 1997 at \$136m, see figure 5.8.

²⁰ The US's humanitarian aid has been split between Food for Peace and OFDA. In interviews the US administrators of the Sudan Taskforce said that the US in effect holds bilateral relations with two governments.

Table 4: US humanitarian assistance to Sudan



Between 1992 and 2002, the EC disbursed approximately ECU450m, in both the north and the south, as humanitarian assistance. ECHO, the major EU player in Sudan, has directed its assistance to the north, and withdrew assistance to SPLM-held areas on grounds of humanitarian principles. UN agencies, including UNICEF, WFP and UNHCR, have programmes in both the north and the south. In accordance with its mandate, UNDP restricted its presence to the north, executing Area Development Schemes.

Area Development Schemes

A model of intervention applied by UNDP in countries with weak central institutions and low ownership of policies has been that of the Area Development Schemes (ADS). First designed and implemented in Sudan in 1986/87 in response to the drought and subsequent famine, the ADS were the first UNDP "product" responding to countries in the midst of or emerging from conflict. They were designed initially to focus on the development of planning and management capacity of traditional institutions of civil society and local governance. In Sudan the focus expanded from income-generating schemes to rehabilitation of essential services such as primary health care, water and sanitation and veterinary services. As originally designed, the ADS excluded the involvement of the central government and even the provincial government authorities. This placed considerable financial stress on the community investment groups that were required to subsidise the cost of essential services. Recognition of this fact several years into implementation resulted in transfer of execution of the umbrella project in Khartoum into government hands (national execution). However in the context of a government that continued to exhibit the same structural problems, this proved problematic and resulted in closure of the project. All future area development schemes have built in links to official government structures while retaining management control in the hands of the project and local communities from the very outset.

New mechanisms: adaptations in financial instruments/institutional arrangements

In the late 1990s, donors began to design approaches to reintroduce development-oriented activities, without appearing to legitimise the government politically. Humanitarian interventions increasingly broadened, from an emphasis on life-saving to encompass longer-term measures and to meet chronic basic needs (Bradbury et al, 2003). Budget lines progressively opened up for food security, co-financing, de-mining and initiatives to strengthen 'self-reliance' in civil administration, basic health, education, water and sanitation.

Donors also developed new mechanisms for engagement: adapting financial instruments and devising new institutional arrangements to provide funds for mid-term rehabilitation activities from development budgets, rather than from short-term emergency funds. The EU and the US attempted to design 'models' for high-impact development programmes in areas undergoing transition.²¹ USAID's 'Sudan Transitional Assistance Rehabilitation' (STAR) programme was set up in 1997, in addition to US humanitarian assistance in opposition-held areas in the south, with the aim of strengthening local capacities and structures and improving human rights and democracy. At the same time, the heavy reliance on relief was reduced. To address the lack of a legal framework for development cooperation, in 2000 the EU agreed on the implementation of a 'Humanitarian Plus' programme, which provided a grant of some EUR15m for rehabilitation 'beyond relief'.²² The emphasis is on medium-term operations, implemented through NGOs on a three-year basis, and for the first time local NGOs have access to funding. Concerns by member states that such a programme would send the wrong political signal to the Sudanese government have meant that the programme is managed by a special Programme Management Unit (PMU). The Commission, rather than the Sudanese government, plays a role as a 'national authorising officer.'

Both donors see their activities as representing a turning and starting point for the use of development assistance in the context of complex emergencies and ongoing conflicts.²³

²¹ Interview with Sudan Taskforce, USAID, Washington DC, August 2003.

²² The funds for 'Humanitarian Plus' came from the balance of uncommitted funds from the 6th EDF, European Community (2002)

²³ AH, interview with Sudan Taskforce, USAID, Washington DC

USAID's STAR Programme

The Sudan Transitional Assistance Rehabilitation (STAR) programme was set up in 1997 in addition to US humanitarian assistance in southern opposition-held areas. The STAR programme arose in response to a number of factors: the economic transition occurring in secure areas; the establishment of a civil administration under the SPLM; the perceived need to strengthen local capacities and structures in the region; and the desire to improve human rights and democracy in opposition-held areas; while at the same time reducing the heavy reliance on relief. The programme aimed to assist in laying a foundation for the eventual transition from conflict, and has three components:

- Strengthening Sudanese grassroots organisations working to solve local rehabilitation problems, reducing their heavy reliance on relief and strengthening self-reliance.
- Providing governance training to the nascent civil administration in order to improve transparency, accountability, public financial management and respect for human rights and humanitarian principles; and
- a forum that can contribute to the development of local / regional policies

The SPLM was involved in all stages of programme design and implementation. The bulk of STAR funds have been channelled through an umbrella grants programme to provide civil society – most often grassroots community grouped – with the resources to undertake rehabilitation projects that increase self-reliance while increasing their ability to advocate with civil authorities. STAR contributed to the people-to-people reconciliations processes.

The EU's 'Humanitarian Plus' Programme

To address the lack of legal framework for development cooperation, in November 2000 the EU agreed on the implementation of a 'Humanitarian Plus' programme, which first provided a grant of some EUR 15 million for rehabilitation beyond relief in Sudan.²⁴ The programme aims to strengthen 'self reliance' in the sectors of food security, basic health, water and sanitation. The emphasis is given to medium term operations, implemented through NGOs on a three-year basis, and for the first time local NGOs have access to funding. The new funds and the new approach are also meant to encourage the Renewed Dialogue, a process between the EU and the Sudanese government initiated in November 1999. DG DEV is responsible for the programme, Europe Aid plays a close role in the implementation process, and the programme is intended to be complementary to, and coordinated with, ECHO's interventions.²⁵ Concerns by member states that such a programme would send the wrong political signal to the Sudanese government has meant that the programme is managed by a special Programme Management Unit (PMU). The Commission, rather than the Sudanese government, plays a role as a 'national authorising officer'.

The future dividends of peace

Many donors have started contingency planning for a resumption of formal development assistance to Sudan once a peace agreement is signed. Sizeable development funding has been promised: the EU, for example, has committed \$516 million for education and food security,

²⁴ The funds for 'Humanitarian Plus' came from the balance of uncommitted funds from the 6th EDF

²⁵ It is unclear whether Humanitarian Plus programme will be implemented in the south due to the EU's disagreement with the SPLM over the MoU and subsequent withdrawal of ECHO.

dependent on the signing of peace accords. In contrast, the US has allocated under \$100m in development assistance for the 2004 financial year, though much larger amounts may be available if there is a positive end to the peace process.²⁶

The promise of a resumption of significant levels of development assistance to Sudan is designed explicitly as an incentive for peace.²⁷ This is significant in the poor performers debate. Decisions to re-engage with Sudan are not premised on a demonstrated commitment on the part of the government to invest, deliver and meet the basic needs of the population. It is premised primarily on the coming of peace and on reconciliation between north and south. This peace dividend will remain elusive if peace is not secured.²⁸

There are, however, encouraging signs. A Joint Planning Mechanism (JPM) has been set up comprising the Sudanese government and the SPLM, and facilitated by the key bilateral and multilateral donors, to assess needs, develop priorities and draw up action plans for implementation. Questions still remain over how to prioritise needs, given the highly contested setting and the lack of investment in baseline data even at the most basic level of demographic patterns, health and education. The coordination capacity between donors is also unclear given that the engagement of the main donors appears to be guided as much by foreign policy goals as by developmental ones.

The appointment of a high-profile RC/HC for the UN in Sudan led to significant changes in the architecture and coordination of UN assistance. The 2003 Consolidated Appeal (CAP) represents the beginnings of an 'integrationist and development focussed model'.²⁹ Plans to reduce the scope of large and previously dominant UN agencies, and to give space to smaller agencies such as the Food and Agriculture Organisation (FAO) and the UN Industrial Development Organisation (UNIDO), suggests a significant shift in UN engagement. There are plans to reduce divisions between the two key UN coordination structures (OCHA and UNDP), and to have UN personnel delivering coordination services to all agencies, irrespective of mandate.

Most donors agree that levels of humanitarian assistance will increase as access improves. The EU sees the development of 'humanitarian plus' as an important model – although it is not clear how this approach addresses issues of sustainability, other than guaranteeing longer-term financing for partners; facilitating 'handover' mechanisms internally within the Commission; and protecting the financing of the 'plus' model from 'development' claims. The EU Country Strategy paper for 2002–2007 focuses on two main sectors: food security and education. The UN aims to focus its support towards recovery planning – primarily through governance and peacebuilding activities, IDP resettlement and the separate peace process in the Nuba Mountains.

In contrast to most donors, the World Bank is recommending an immediate shift away from humanitarian assistance, calling for a resumption of 'development assistance to war-affected areas'.³⁰ In this sense, a 'LICUS-like' approach does not appear to dominate.³¹ The economic

²⁶ Interview with Sudan Taskforce, USAID, Washington DC, August 2003.

²⁷ Interview with UNDP, New York, August 2003.

²⁸ Interview with Sudan Taskforce, USAID, Washington DC, and DFID, London, August 2003.

²⁹ The CAP 2003 was prepared with a 'humanitarian plus' orientation aimed at saving lives and reducing human suffering, while sustaining livelihoods, building local capacity and establishing a base for full-scale recovery where opportunities arise.

³⁰ World Bank (2003) CEM.

³¹ The LICUS approach involves principles of knowledge generation, limited capacity building; project preparation; and zero generation reforms. It is also intended to be a partnership arrangement with UNDP in the African pilot cases. In Sudan, unlike Somalia, UNDP and the Bank do not have a shared approach.

health of the country remains the Bank's primary concern. An accelerated privatisation programme is planned, plus a review of the decentralisation process and a focus on infrastructure. Most bilateral donors welcome the engagement of the World Bank in Sudan, but have strong views on how that engagement should proceed. As a new actor, donors maintain that the Bank should focus on core issues, such as debt relief and substantial forms of grant aid. The Bank's pursuit of an I-PRSP for Sudan is considered by some donors to be very premature.³² In the event that peace process falters, the Bank state that they would continue to be engaged along LICUS principles of knowledge generation and limited capacity building; project preparation; that intensification of the arrears clearance would be put on hold.

Rescheduling Sudan's debt has important implications for the form of aid that is available (for example, the provision of loans and balance of payments support hinges on the clearance of arrears); and for the channels and systems through which such aid is disbursed and managed. Forms of conditionality will not disappear: on the contrary, performance-based assessments will remain the basis for 'stepped' aid allocations. In the event that the peace process falters, the World Bank has stated that it would continue to be engaged along the LICUS principles of knowledge generation and limited capacity-building, projects would still be prepared and an intensification of arrears clearance would be put on hold.

Channels for re-engagement for the donor community are mixed. Most bilateral donors agree that it will not be viable to support centralised structures in the interim period; rather, they will continue to go through parallel routes, using non-state actors to deliver highly projectised forms of assistance, primarily to the south, but also gradually to the north. Rather than utilising Trust Fund facilities, most donors at this stage prefer to maintain closer control and leverage over funding determinations.

6. Conclusions Sudan: a poor performer?

The framework for assessing the debate around poor performance— that countries are difficult to assist where at least two of three factors, including juridical sovereignty, empirical sovereignty and international recognition are problematic – has currency in its application to Sudan. Strikingly, poor development performance *per se* has not been the defining problem at issue for the international community.

Drivers for international engagement and disengagement, including the provision of aid in Sudan have not been premised on core concerns of empirical sovereignty, for instance, on a demonstrated commitment on the part of the government to invest, deliver, meet and protect the basic needs of the population. Aspects of empirical sovereignty that acted as the strongest drivers for international disengagement were the significant violations of human rights and an inability or willingness to address the considerable debt crises. The drivers for re-engagement, including the promise of a resumption of significant levels of development assistance, is designed explicitly as an incentive for the peace agreement to be signed and implemented. International pressure, particularly from the US, in this process should not be underestimated. The recent favorable economic conditions, driven in part by the government and interventions by the IMF, may have assisted the drive for re-engagement, acting as a fiduciary incentive for bilateral donors to pledge assistance.

³² The first workshop was held in June 2002, with representatives of the SPLA/M and the government of Sudan.

The case study on Sudan highlights an important disconnect occurring in the relationship between development outcomes and empirical sovereignty. In the situation of southern Sudan, where the international community has played a significant role in maintaining the welfare of vulnerable populations for nearly two decades, indicators revealing general levels of welfare (for example infant mortality data) may explain much about the international community's effectiveness and capacity to respond, and yet tell us very little about empirical sovereignty. Thus measuring Sudan's country-wide progress towards attainment of the Millennium Development Goals or measuring performance in general might not indicate anything in relation to the government's willingness and ability to respond to the developmental needs of its population.

The challenge to Sudan's juridical sovereignty has only recently been formally recognised, and is yet to be determined. Yet the secessionist claims of the southern population are not new and have been informally acknowledged for many years by some in the international community, including through the provision of assistance to the south through local authorities. Funds have been channelled via local SPLM/A structures in recognition of changing levels of authority and legitimacy. At this interim stage, whether it be unity or a separate 'two-state scenario' in Sudan, the path that the international community, particularly the donor community, will have to navigate during the future 6-year interim period will be complex. Responding to this challenge will require developing effective aid instruments that can be deployed to support the poor populations living in much of Sudan. Ensuring appropriate governance arrangements around the allocation of aid, a respect for international humanitarian law, as well as an ability to measure the impact of assistance measures will be important.

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