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INTERNATIONAL FINANCE CORPORATION

MULTILATERAL INVESTMENT GUARANTEE AGENCY

COUNTRY ENGAGEMENT NOTE

FOR

THE REPUBLIC OF SOUTH SUDAN

FOR THE PERIOD FY18–19

NOVEMBER 7, 2017

Country Management Unit, AFCE3
Africa Region
The International Finance Corporation
The Multilateral Investment Guarantee Agency

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The last Interim Strategy Note/Country Engagement Note was for FY13–14

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ABBREVIATIONS AND ACRONYMS

AF	Additional Financing
ASA	Advisory Services and Analytics
AU	African Union
CEN	Country Engagement Note
CPA	Comprehensive Peace Agreement
CPI	Consumer Price Index
DRDIP	Development Response to Displacement Impacts Project
EAC	East African Community
EU	European Union
FAO	Food and Agriculture Organization of the United Nations
FCV	Fragility, Conflict, and Violence
FM	Financial Management
GDP	Gross Domestic Product
HoA	Horn of Africa
HPF	Health Pooled Fund
IAD	Internal Audit Directorate
ICT	Information and Communication Technologies
IDF	Institutional Development Fund
IDMC	Internal Displacement Monitoring Center
IDP	Internally Displaced Person
IEG	Independent Evaluation Group
IFC	International Finance Cooperation
IGAD	Intergovernmental Authority on Development
IMF	International Monetary Fund
INGO	International Nongovernmental Organization
ISN	Interim Strategy Note
JMEC	Joint Monitoring and Evaluation Commission
JSDF	Japan Social Development Fund
LGSDP	Local Government Service Delivery Program
MDTF	Multi-Donor Trust Fund
MIGA	Multilateral Investment Guarantee Agency
MOH	Ministry of Health
NAC	National Audit Chamber
NBS	National Bureau of Statistics
NGO	Nongovernmental Organization
OECD	Organization for Economic Co-operation and Development
PFM	Public Financial Management
PHRD	Policy and Human Resources Development
PIU	Project Implementation Unit

PoC	Protection of Civilians
PSW	Private Sector Window
QPR	Quarterly Portfolio Review
SAI	Supreme Audit Institution
SCD	Systematic Country Diagnostic
SME	Small and Medium Enterprise
SNSDP	Safety Net Skills Development Project
SOE	State-Owned Enterprise
SOP	Series of Projects
SPF	State and Peacebuilding Fund
SPLA	Sudan People's Liberation Army
SPLA (IO)	Sudan People's Liberation Army Internal Opposition
SPLM	Sudan People's Liberation Movement
SPLM (IO)	Sudan People's Liberation Movement Internal Opposition
SSBF	South Sudan Business Forum
SSDF	South Sudan Defense Forces
SSDP	South Sudan Development Plan
SSRRP	South Sudan Rural Roads Project
STEP	Systematic Tracking Exchange of Procurement
TFA	Transitional Financial Arrangement
TPM	Third-Party Monitoring
TPMA	Third-Party Monitoring Agent
UN	United Nations
UNICEF	United Nations Children's Fund
UNDP	United Nations Development Programme
UNHCR	United Nations High Commissioner for Refugees
UNMISS	United Nations Mission in the Republic of South Sudan
UNOCHA	United Nations Office for the Coordination of Humanitarian Affairs
USAID	U.S. Agency for International Development
WFP	World Food Programme

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FY18–19 COUNTRY ENGAGEMENT NOTE
THE REPUBLIC OF SOUTH SUDAN

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**FY18–19 COUNTRY ENGAGEMENT NOTE
FOR
SOUTH SUDAN**

I. INTRODUCTION

1. **South Sudan became the world’s newest state in July 2011 after six relatively stable years as an autonomous region following the peace agreement with Sudan in 2005.**¹ The hopes for independence were reinforced by a groundswell of popular support,² control over significant oil revenues,³ and substantial international assistance.⁴ However, these gains were undermined as elites failed to agree on a system for sharing power and resources; when revenues decreased, deep-seated rivalries resurfaced.⁵
2. **In late 2013, the political settlement brokered within the ruling Sudan People’s Liberation Movement (SPLM)⁶ fell apart.** An armed conflict ensued, primarily between the SPLA Government forces and Sudan’s People’s Liberation Army Internal Opposition (SPLM-IO and SPLA-IO).⁷ There was a period of optimism brought about by the signing of the Agreement on the Resolution of the Conflict in the Republic of South Sudan (‘the Agreement’) in August 2015. However, open conflict resumed in July 2016 in Juba between the two sides and fighting rapidly spread throughout the country as armed opposition to the Government increased and this continues to date.
3. **The human cost has been enormous.** About 7.5 million people need humanitarian assistance (including 2 million internally displaced). Of this number, 6 million (half the population) face severe food insecurity.⁸ The conflict is also generating spillovers in the region with about 2 million South Sudanese refugees in neighboring countries, the majority having arrived in the last 18 months.
4. **The crisis has prompted a major international response.** In addition to the United Nations (UN) peacekeeping mission in South Sudan, United Nations Mission in the Republic of South Sudan (UNMISS), there has been a significant increase in humanitarian aid⁹ to support conflict-affected populations. The Intergovernmental Authority on Development (IGAD)¹⁰ has led the diplomatic efforts with support of international partners, including the African Union (AU), UN, and the ‘troika’ group.¹¹

¹ The Comprehensive Peace Agreement (CPA) of January 2005 augured peace between the Government of Sudan and the Sudan People’s Liberation Movement (SPLM), albeit conflict continued, particularly in border areas between the two territories.

² Nearly 99 percent of voters elected independence. The Carter Centre, “Observing the Referendum”, 2011.

³ US\$1.2 billion (2006) rising to US\$3 billion (2008) and then averaging US\$1.8 billion per year until the stoppage in 2012. Government of South Sudan, Ministry of Finance and Economic Planning, Petroleum Unit, Summary of Government of South Sudan and Southern States.

⁴ For the first two and half years of independence, South Sudan received US\$4.3 billion in humanitarian and development assistance. Anna Osborne, “South Sudan, Donor Response to the Crisis”, Global Humanitarian Assistance, January 2014.

⁵ See for example UN Secretary General Report, S/2016/951, November 2016.

⁶ The SPLM is the main political party in South Sudan and is the political wing of the Sudan People’s Liberation Army (SPLA).

⁷ The SPLM (IO)/ SPLA/IO is the main opposition group that splintered from the ruling SPLM party/ SPLA army.

⁸ Republic of South Sudan, “National Multi-Hazard Early Warning”, August 2017.

⁹ Some US\$1.8 billion was committed by donors since the onset of the conflict in 2013 for emergency relief (including US\$865 million for 2013 and US\$664 million for 2014), www.globalassistance.org. The latest United Nations Office for the Coordination of Humanitarian Affairs (UNOCHA) Appeal is for US\$1.6 billion for 2017.

¹⁰ IGAD is made up of eight member states and is the regional block for the Horn of Africa (HoA) under the African Union (AU) comprising Djibouti, Eritrea, Ethiopia, Somalia, South Sudan, Sudan, Kenya, and Uganda.

¹¹ The troika comprises the Governments of the United States, United Kingdom, and Norway.

5. **World Bank Group staff were evacuated after the most recent fighting in July 2016, returning to Juba in May 2017.** The World Bank Group has now prepared a Country Engagement Note¹² (CEN) to articulate the proposed interventions for the next 24 months (FY18–19). The management has decided that a CEN is the appropriate strategy vehicle given the ongoing crisis facing the country, the fluid context and limited opportunity for long-term development, as well as the general insecurity (movement of staff beyond the capital is severely restricted).¹³

6. **Being in South Sudan confronts the World Bank Group with enormous challenges.** First, conflict persists and many of the normal business approaches do not apply; hence the increased use of Third-Party Execution¹⁴ such as by UN agencies. Second, the Government, while it has offered alternative pathways such as the national dialogue, is still militarily pursuing rebel forces and diverts most of its resources toward this aim, exacerbating the macroeconomic crisis. Thirdly, operational supervision costs are high and the International Development Association (IDA) program requires additional budget resources to ensure that it is accompanied by the appropriate risk assessment, monitoring, and implementation-support, as well as security for staff.

7. **In such a context, the World Bank Group is proposing to focus on supporting emergency basic needs and livelihoods to help prevent further deterioration in the crisis.** With a US\$410 million envelope including the undisbursed active portfolio and tentative IDA18 pipeline, the CEN comprises two objectives: (a) support basic services for vulnerable populations; and (b) support to livelihoods, food security, and basic economic recovery. In the short term, this will help save lives and strengthen resilience. In the medium term, it will support opportunities that exist for recovery and sustaining peace. Among other results, the activities proposed will provide some 500,000 households or over 2.5 million persons with emergency assistance, economic opportunities, and basic services.

8. **The comparative advantage of the World Bank Group, in this kind of setting, is its ability to strengthen the humanitarian peace-development nexus.** While not financing the humanitarian appeal, the CEN IDA equates to about one-third of the anticipated total amount of funding raised by donors for the humanitarian effort.¹⁵ At the micro-level, this finance can be used to strengthen the ability of targeted vulnerable populations to recover and be resilient to further shock. At the macro-level, the World Bank Group can play a role in optimizing opportunities as these emerge toward peace and recovery, for example, leading the policy dialogue on how to manage the economic crisis, ensuring that socioeconomic issues are incorporated into the political process, and bringing global expertise to address sector issues. Recognizing the eventual role of private sector development in capturing these early recovery opportunities, the CEN has been prepared jointly by IDA, International Finance Corporation (IFC), and Multilateral Investment Guarantee Agency (MIGA).

II. COUNTRY DIAGNOSTIC

9. Following is a summary of the findings of the Systematic Country Diagnostic (SCD), issued in October 2015, and more recent analysis and updates as the conflict nears its fourth year.

¹² Under the World Bank policy directive of September 2015, CENs have replaced Interim Strategy Notes (ISNs) as the appropriate vehicle for country strategies in fragile transitions.

¹³ OP 2.30 on Development Cooperation and Conflict.

¹⁴ Please see Definitions Note Table 4, page 22

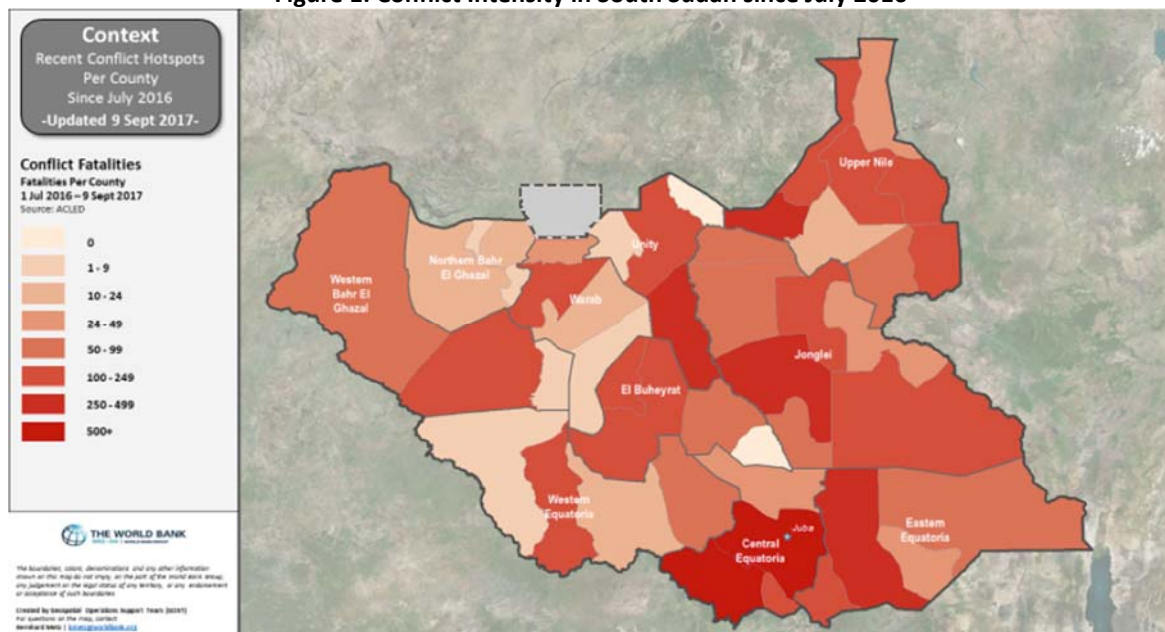
¹⁵ 54.6 percent of the US\$1.6 billion humanitarian appeal is covered; funding is expected to be at least 75 percent by year end.

Political and Security Context

10. **The fighting in July 2016 derailed the peace process and sparked a new round of armed conflict.** Conflict events, while not as numerous as in 2014–2015, now covers the whole country (see Figure 1); with the SPLA in the ascendancy. Despite fiscal constraints, the Government continues to procure weapons, including helicopter gunships.¹⁶ There has been increasing fragmentation of the opposition that in the most recent round of hostilities have not received external support.¹⁷ The conflict has changed from a civil war largely between two sets of forces (2014–2015) to one of increasing complexity. The historically stable Equatorial states have witnessed intense conflict, as groups excluded from the Agreement have taken up arms, with significant SPLA retaliation.¹⁸ Further, there has been an escalation of intercommunal and regional contestations that have little to do with the competition over central power.¹⁹

11. **The peace process is in doubt.** The First Vice President and head of the SPLM (IO) was replaced with a representative from a smaller group within the opposition.²⁰ This led many in and outside the country to question the viability of the Agreement: “the opposition is now divided and its leadership and representation in the institutions of transition disputed, thus blurring the legitimacy of the current governmental formation.”²¹ While the original First Vice President retains significant support, other constituencies are also rebelling, expressing concerns about the Government’s intentions and lack of inclusivity in nation-building efforts.

Figure 1: Conflict Intensity in South Sudan since July 2016



Source: Armed Conflict Location Event and Data ACLED – acleddata.com.

¹⁶ UN Panel Report, S/2017/326, April 2017.

¹⁷ External support is the main contributory factor in extending the duration of armed conflict, Regan, *Third Party Interventions and the Duration of Intrastate Conflict*, 2000; Fearon, *Why Do Some Civil Wars Last So Much Longer Than Others*, May 2004.

¹⁸ Informal Armies Report, Saferworld, February 2017.

¹⁹ The Joint Monitoring and Evaluation Commission (JMEC), April 2017.

²⁰ Riek Machar, the former First Vice President and leader of the SPLM IO now resides in South Africa. He has been replaced by Taban Dieng, leader of the SPLM IO-Juba.

²¹ Special Report of the UN Secretary General, S/2016/951, November 2016.

Box 1: Understanding South Sudan Today

Many reasons have been posited for the resumption of armed conflict and why it is ongoing. Journalists refer to deep ethnic enmities and warfare,²² specifically between the Dinka and Nuer. Others have pointed to the irreconcilable differences and failures in leadership.²³

The history of the country is associated with the personal history of three factions within the ruling elite. The first being those close to John Garang (the late leader of the SPLM who died in 2005), largely from the East Bank of the Nile, including Deng Alor and Pagan Amum (known as the Former Detainees). The second faction, centered around President Kiir and the Bahr Al Ghazal Dinka, that has the most links with the SPLA and its militias. The third faction is led by Riek Machar, and included at various times Taban Dieng and Peter Gadet, who formed the basis of the SPLM (IO).

These loose political networks are also borne from an underlying set of fault-lines that are at the core of the breakdown in South Sudan. The society has been beset by conflict; this is the third war in the postcolonial period,²⁴ resulting in a fractured social fabric. Historically, the main contest was between the North (Sudan) and the South, yet much of the violence in the civil war involved southerner against southerner.²⁵ Progress was made toward reconciliation (such as through the peace agreement of Wunlit in 1999 and the Juba Declaration of 2006),²⁶ yet many enmities remained. The move toward independence was a rallying movement that drew the population together. Yet, such a movement was focused on the secession of the elite from Khartoum, without building the institutions and democratic processes associated with citizen's self-determination.²⁷ Such institutions were not therefore in place to hold governing institutions to account. Nor was there a common 'national identity' to bind diverse communities (there are about 63 different ethnic/ language groupings in South Sudan) as the vertical state-society relationship broke down.²⁸ Above all, South Sudan's conflict has been associated with the fracturing of its political economy.²⁹

The 2005 peace agreement ushered in an extraordinary windfall in the form of oil revenues that could support an elaborate patronage network, primarily among the military class.³⁰ There was a massive increase in Government revenues, from a meagre US\$100,000 in 2005 to US\$3.4 billion in 2011–2012. Insurgent militias were offered amnesty and integrated into the SPLA as a policy of stabilization and thereby created an enormous security sector. Just before the 2005 agreement, the SPLA numbered around 40,000. By 2011, some 240,000 SPLA, 90,000 'organized forces' (including police and wildlife services), as well as some 745 generals were on the Government payroll. The sector absorbed some 60 percent of the official budget. At the same time, many sources have concluded that public revenues were used for private gain.³¹ The Government itself recognized such corruption, for example, an audit of the Government accounts of 2006 indicated that some US\$1 billion had 'disappeared.' At one point, by the president's own admission, some US\$4 billion had been stolen by ministers in Cabinet.³² As revenues declined, the loose political coalition (along with its respective militias) broke apart.³³

12. The conflict has taken on an increasingly 'ethnic' dimension, albeit many alliances are still cross-ethnic and conflict-event data indicates that the violence is still multisided. A number of reports have

²² Personified by the personal conflict between President Salva Kiir, a Dinka, and Riek Machar, a Nuer.

²³ Wanyeki, Muthoni. "South Sudan Leaders Alarming Short Sighted." *East African*, July 2014.

²⁴ The first north-south Sudan war, 1955–1972; the second, 1983–2005; the third, the civil conflict in South Sudan, 2013 to date.

²⁵ See for example, Johnson, Douglas. *The Root Causes of Sudan's Civil Wars*. 2012.

²⁶ In 1991, the South Sudan Defense Forces (SSDF) led by Riek Machar, comprising largely Nuer militia, split from the SPLA, and allied with Khartoum in 1997. The SSDF and SPLA reconciled in Wunlit, 1999, and the SSDF merged into the SPLA in 2006.

²⁷ De Vries and Schomerus "Fettered Self-Determination: South Sudan's Narrowed Path to Secession." *Civil Wars*. 2017.

²⁸ See, for example, Kaplan. *Social Covenants and Social Contracts in Transitions*. NOREF. 2014.

²⁹ De Waal, Alex. *The Real Politics of the Horn of Africa; Money, War and the Business of Power*. 2015.

³⁰ Pinaud, Clemence. "South Sudan: Civil War, Predation and the Making of a Military Aristocracy." *African Affairs*. 2014

³¹ See for example, *War Crimes Should Pay*, The Sentry Report, September 2016.

³² President Salva Kiir Letter to Cabinet Ministers, 2013.

³³ See Small Arms Survey 2013 and de Waal. "When Kleptocracy Becomes Insolvent: The Brute Causes of the Civil War." *African Affairs*. 2014.

highlighted the risks of genocide and mass atrocity. They raise common threads, including the increase in hate speech, closing of political space, attacks on media, atrocities, and ‘tit-for-tat killings’.³⁴ (See Box 1).

13. **There have been attempts at resurrecting the peace process.** In May 2017, the President launched a ‘national dialogue’ to reconcile all parties, although there is skepticism due to the absence of a ceasefire and lack of inclusivity of participation. On the international side, the UN Security Council has stressed “the primacy of the political process based on the framework provided by the Agreement.”³⁵ To that end, the UN works with the AU and the IGAD member states, and at the country level, UNMISS and the Joint Monitoring and Evaluation Commission (JMEC) provide support to peace making processes.

14. **South Sudan is important to its neighbors.** Sudan, Uganda, Ethiopia, and Kenya have had a significant role³⁶ in the country, holding different and at times contrary interests, and as members of IGAD are critical for any successful implementation of the Agreement. One study estimated that the region could save up to US\$53 billion if the conflict was resolved in one year rather than if it were to continue for five years.³⁷ Ultimately, solutions for South Sudan will be contingent on a regional common approach.

Economic Context

15. **Currently, the country displays all the signs of a war-economy, near macroeconomic collapse with output contracting, risks of hyperinflation, a parallel exchange market spiraling, a significant fiscal deficit, and burgeoning debt distress.** The economy is estimated to have contracted by 10.8 percent in FY16; further contraction is expected, by about 11.2 percent in FY17.³⁸ On the demand side, exports and household consumption are expected to decline, while Government consumption is projected to increase because of security spending.³⁹ Black market ‘rent seeking’ has been evident from areas such as gains in currency exchange, the use of fuel subsidies, and ‘land-raiding rights’ exchanged for military alliances.⁴⁰

16. **Declining oil production and prices have pressured an economy already weakened by the 2012 oil export shutdown (linked to a dispute with Sudan about transit fees) and the civil war.** Oil production fell to about 120,000 barrels per day in FY16/17 from a peak of 350,000 barrels per day in 2011. As of June 2017, lower Transitional Financial Arrangement (TFA)⁴¹ fees were negotiated by the Government of Sudan, depending on the global price of crude oil, but nevertheless production and revenue have been in decline. (See Figure 2).

³⁴ These include the UN Secretary General (UNSG) Report (November 2016), statements of the UNSG Representative for the Prevention of Genocide (November 2016) and the UN Human Rights Council (December 2014).

³⁵ UN Security Council Resolution 2327, December 2016.

³⁶ For example, the Ugandan People’s Defence Forces were present in South Sudan supporting the Government SPLA party.

³⁷ “South Sudan, The Cost of War”, *Frontier Economics*, January 2015.

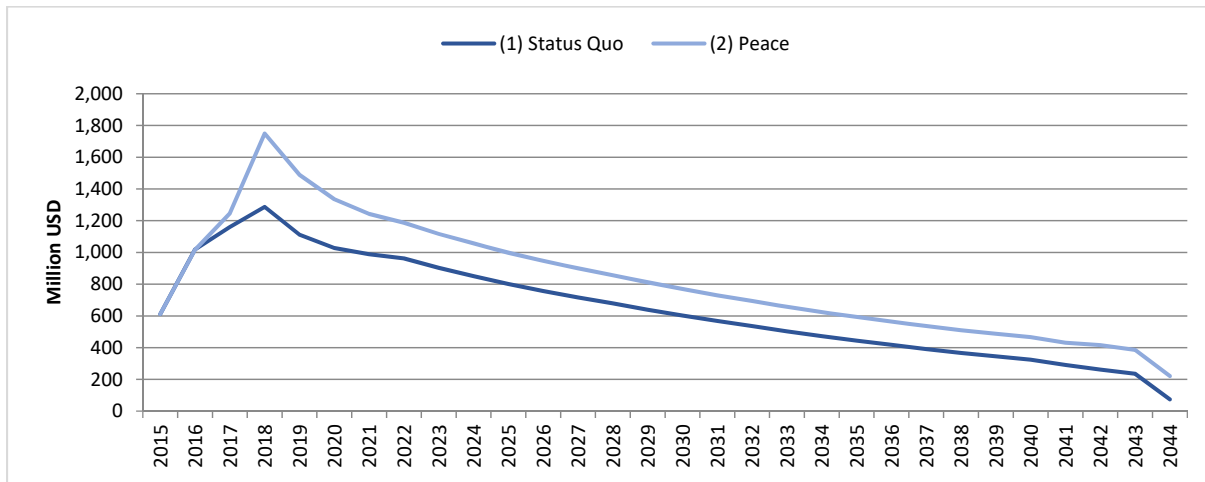
³⁸ The size of the contraction needs to be considered with care, given lack of reliable data on the state of economy.

³⁹ See Macroeconomic outlook in Annex 2.

⁴⁰ UN Panel of Experts, April 2017.

⁴¹ The Transitional Financial Arrangement is part of the ongoing political agreements between Sudan and South Sudan with specific reference to oil exploitation and transport of crude oil.

Figure 2: Projections of Oil Revenues

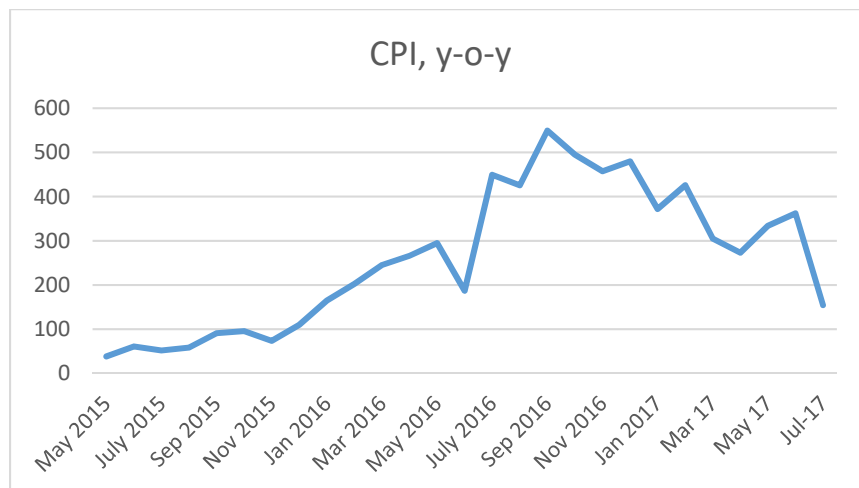


Source: World Bank Staff Estimates.

17. **Following the move to a more flexible exchange rate arrangement in 2015, the South Sudanese Pound has depreciated on the parallel market.** The South Sudanese Pound depreciated from SSP 18.5 per U.S. dollar in December 2015 to SSP 70 per U.S. dollar by August 2016 and SSP 172 per U.S. dollar by August 2017. Political events drove the volatility of the SSP: the pound initially appreciated on the parallel market after the Agreement, but it later depreciated, particularly after the resumption of conflict in July 2016. It has continued to depreciate steadily since.

18. **The annual Consumer Price Index (CPI) increased as high as 480 percent in late 2016 and by 155 percent during July 2016–July 2017 according to the latest data** (Figure 3). Notwithstanding the recent price deceleration, the high-inflation environment continues to put many households in both urban and rural areas under extreme financial stress, as they are often unable to afford the minimum food basket.

Figure 3: South Sudan - High and Volatile Inflation



Source: South Sudan National Bureau of Statistics.

19. **In the absence of real-time data, World Bank and IMF staff estimate that the fiscal deficit is at about 14 percent of gross domestic product (GDP) in FY17.** The 2016/17 budget allocated inter alia about

42 percent of the total to salaries, 19.5 percent to operating and capital expenditure, 19 percent to transfers to states and counties, and about 14 percent to peace and security. The FY18 National Budget Plan aims to restore macroeconomic stability, but lacks credibility. It puts emphasis on controlling public expenditure, increasing non-oil revenues, encouraging investment and economic diversification, and removing subsidies to the national oil company (Nilepet). The plan also calls for a halt to borrowing from the Central Bank to reduce inflation and prevent currency depreciation.

20. **How the Government will take on recommendations for stabilization and address the unsustainable fiscal deficit is uncertain, placing serious risks on the overall sustainability of the macroeconomic framework.** Although the FY18 draft budget foresees a two-fifth cut in expenditures in dollar terms compared to the 2017 budget, it is unlikely that enough cash will be available to execute all budgeted items. While it is difficult to predict the prioritization of expenditures, it is likely that the Government will continue to protect security spending and core executive functions. Not only is the Government financing itself through accumulated arrears to civil servants, many of whom have not been paid for months and are probably no longer working; the Government has also accumulated large contingent liabilities on its balance sheet. Sources of deficit financing have dried up and deficits associated with the war and security spending are requiring the Government to cover its costs by printing money, driving inflation, although there are some indications that borrowing from the Bank of South Sudan had been limited in recent months. The current account deficit is estimated to have narrowed to about 1.6 percent of GDP in FY17 from about 6.1 percent of GDP in FY16.

21. **Despite moderate levels of external debt, the combined impact of civil conflict, a large fall in oil prices, and high levels of fiscal spending have left South Sudan in debt distress.** By December 2016, the stock of domestic and external debt owed or guaranteed by the Government amounted to about US\$1.4 billion (38 percent of GDP), while foreign exchange reserves had dwindled to about US\$70 million (about two weeks of prospective imports). This has caused payment delays on international obligations, civil servant salaries, and other commitments.

Social and Humanitarian Context

22. **With a population of 12.3 million people,⁴² South Sudan's poverty rates have fluctuated concomitant with the security and macroeconomic conditions.** In 2015, 66 percent of the population in South Sudan was poor based on the US\$1.90 2011 poverty line (excluding Jonglei, Unity, Upper Nile, and Warrap). This is a considerable increase in poverty from an already high level of 52 percent in 2009. Poverty incidence varies across states, with the highest rate of 81 percent in Eastern Equatoria and the lowest rate of 40 percent in Central Equatoria.

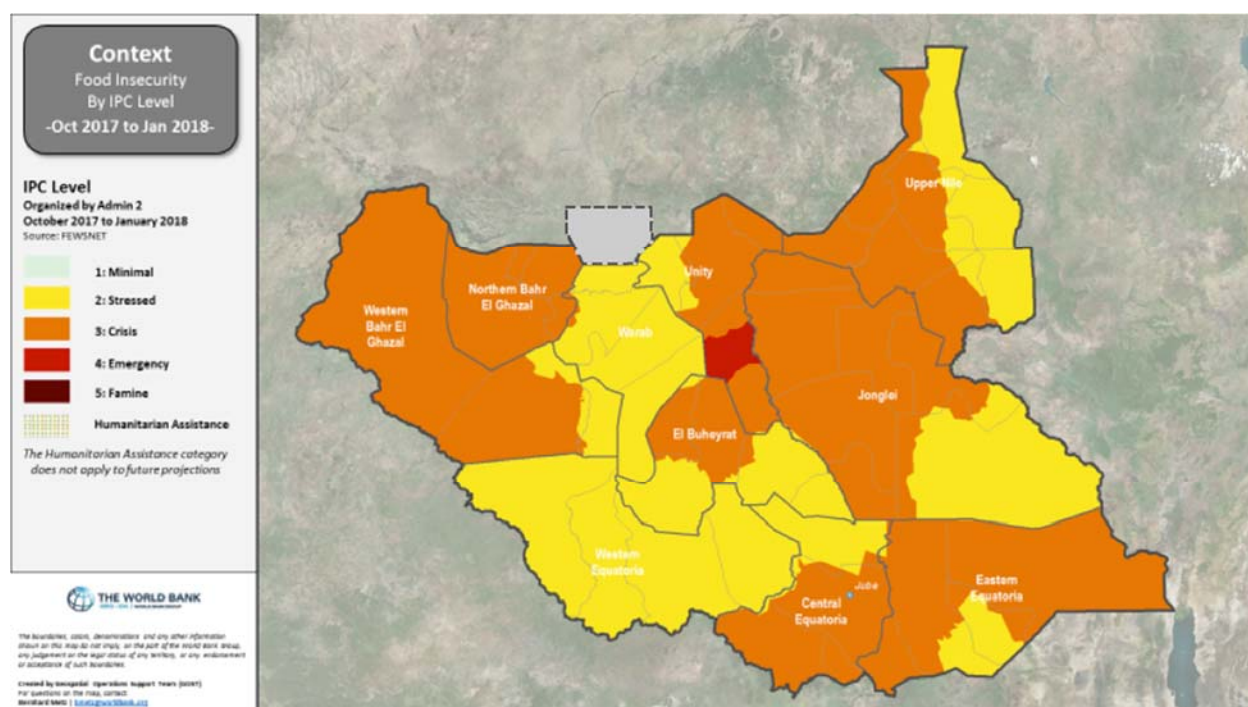
23. During the recent conflict, an estimated 50,000 people lost their lives, nearly 4 million people were displaced (some 2 million internally and about 2 million seeking refuge in neighboring countries), and over 200,000 people were forced into UN protection centers fearing for their safety.⁴³ About 6 million people, nearly half the population, are now estimated to be severely food insecure (See Figure 4). An estimated 16,000 children have been recruited into various armed groups and forces participating in the conflict.⁴⁴

⁴² Population projections from 11.9 million in 2015 (UN Population Division, based on National Bureau of Statistics 2015).

⁴³ Despite decades of international intervention in South Sudan, there is no accurate conflict/violence monitoring. The estimates for casualties are from the International Crisis Group and data for displacement from UNOCHA.

⁴⁴ Human Rights Watch. 2015. *We Can Die Too, Recruitment and Use of Child Soldiers in South Sudan*.

Figure 4: Food Security - Integrated Phase Classification for South Sudan



Source: Integrated Food Security Phase Classification (IPC).⁴⁵

24. **A number of reports highlight the destruction of social capital during the conflict as well as egregious human rights abuse and mass atrocities committed by the belligerents.**⁴⁶ One survey reported that 41 percent of respondents had witnessed a friend or family member being killed. It also reported that some 40 percent of respondents did not trust others from a different ethnic identity.⁴⁷

25. **South Sudan has some of the worst health outcomes in the world.** Child mortality and morbidity rates are high: under-five mortality is 106 per 1,000 live births; and child malnutrition is severe, with underweight prevalence at 28 percent of children.⁴⁸ Maternal mortality is among the highest in the world, estimated at 2,054 per 100,000 births. Endemic diseases pose a heavy burden, particularly malaria, which accounts for 20–40 percent of all health facility visits. The health care system is extremely stretched: only about 40 percent of the population can access health care within a 5-km radius.

26. **Two out of three household heads have no formal education and 61 percent of the adult population cannot read or write, severely affecting economic productivity and growth prospects.**⁴⁹ Girls are particularly vulnerable as they are often married at an early age and education is perceived to some extent as a challenge to existing norms and values, contributing to low education levels among women.

⁴⁵ Integrated Food Security Phase Classification (IPC) - www.ipcinfo.org

⁴⁶ See for example African Union. 2015. *Final Report of the African Union Commission of Inquiry on South Sudan* and the UN Panel of Experts Report to the UN Security Council, S/2016/70, January 2016

⁴⁷ South Sudan Law Society and United Nations Development Programme (UNDP). 2015. *Search for a New Beginning: Perceptions of Truth Justice Reconciliation and Health*.

⁴⁸ South Sudan Health Survey 2016.

⁴⁹ Poverty Profile, 2015.

27. **Women and girls face a disproportionate burden of poor access to services as well as being subject to violence.** The roles and responsibilities of South Sudanese women have evolved throughout periods of conflict and peace, though insecurity has left many households headed by women, undermining their safety and overall well-being. Women are highly disadvantaged, with relatively low levels of education and bearing among the worst infant and maternal mortality rates in the world. The normalization of sexual violence as a weapon against women is made worse by the stigma associated with it that prevents survivors from seeking health and legal services.⁵⁰ Similarly, entrenched patriarchal norms perpetuate acceptance and perpetration of intimate partner violence, as well as other harmful practices such as Female Genital Mutilation.⁵¹

28. **Youth populations constitute both an opportunity for economic growth in South Sudan and a potential driver for social instability.** In South Sudan, 51 percent of the population fall under age 18 while 72 percent are under 30 years. Unemployment is highest among the youth—more than 50 percent of the population between ages 15 and 24 are unemployed.⁵² Much of this stems from a weak economy, limited education and employment opportunities, a lack of previous work experience, oversaturated job markets, and nepotism, which leave the youth largely disenfranchised from meaningful economic opportunities.

Summary of Development Challenges

29. **The challenges of a landlocked country beset by armed conflict, over-reliant on oil production and governed by weak institutions, are formidable.** A summary of basic needs is shown in Box 2.

Box 2: South Sudan: Recovery and Needs Deficit⁵³

High levels of vulnerability

- 66 percent of the population live in poverty.
- 92 percent suffered some form of shock in the last five years
- 50 percent are food insecure

Majority lack education or skills with high levels of unemployment, especially among youth

- Adult illiteracy is about 61 percent
- Primary school completion rate is 29 percent
- Only about 19 percent of girls complete school

Low health indicators

- Maternal mortality: 2,054 per 100,000 births
- Under-five mortality: 106 per 1,000 births
- High levels of malnutrition and food insecurity

Low basic infrastructure base

- Lowest road density in Africa and less than 2 percent of the roads paved
- Less than 2 percent of the population has access to electricity
- Three-fourth of the population lacks access to sanitation
- 30 percent of the population lacks access to safe water

⁵⁰ Accurate data on sexual violence is difficult to obtain. One study estimates that 23 percent of women have experienced 'violence in the home' - Baseline Assessment of Communicating for Peace, Search for Common Ground and United Nations Children Fund (UNICEF), April 2015.

⁵¹ Female Genital Mutilation: see: www.who.int/reproductivehealth/topics/fgm/prevalence/en/

⁵² Systematic Country Diagnostic, World Bank, 2015.

⁵³ These indicators come from a variety of World Bank and National Bureau of Statistics survey data compiled between 2010 and 2015, issued in the SCD of October 2015.

III. GOVERNMENT AND DEVELOPMENT PARTNERS

30. **Since the onset of conflict in 2013, the international focus has been on crisis response.** Over US\$3 billion has been committed by donors since 2013 for emergency relief. This financing has been largely framed around the annual United Nations Office for the Coordination of Humanitarian Affairs (UNOCHA Humanitarian Response Plans; the latest calls for US\$1.6 billion for 2017, of which US\$895.6 million (54.6 percent) has been secured. The main donors are the U.S. and U.K. governments and the European Commission (the three representing about 40 percent of aid).

31. **The UN peacekeeping mission has faced many challenges in fulfilling its mandate;⁵⁴ yet, its task in protecting civilians is fundamental and it has accordingly been expanded.** There will be some 15,000-uniformed military and police personnel, to be further strengthened by the establishment of a Regional Protection Force (with some additional 4,000 troops), “responsible for providing a secure environment in and around Juba and, in extremis, other parts of the country.”⁵⁵

32. **Relations between traditional donors and the Government are strained.** The donors shifted their focus to humanitarian relief, due to the resumption of the conflict, rather than long-term development assistance. The Government is keen on a better balance of the two, but donors would like to see more of a commitment to peace and reform before they can move forward. The World Bank Group is in a unique position, in light of this complex donor relationship with the Government, to contribute to the discourse on the humanitarian-development nexus and to help articulate a path to recovery and development.

33. **The region has taken the lead in trying to revive the peace process.** In June 2017, IGAD initiated the Revitalization Forum, due to take place by end of 2017, aimed at refreshing the Agreement and resetting the timetable. The Government’s fiscal challenges will make it unlikely that it can afford the costs associated with peace implementation; on the international-side there is a sense of donor-fatigue. As with the national dialogue, there are doubts about the inclusivity of this process and hence its legitimacy.

34. **In this context, there has been little attention to planning for recovery and development.** After independence, the Government launched the South Sudan Development Plan (SSDP) covering 2012-2014. This was extended but soon became irrelevant due to the onset of the war. Following the Agreement, there had been preliminary discussions with the Government on foreign assistance to support peace agreement implementation including the security arrangements, as well as potential fiscal support. Further, the Agreement stipulates that a Strategic Economic Development Roadmap (a national plan of three to five years) is expected to be launched and linked to the establishment of a Special Reconstruction Fund. The reignition of the conflict in July 2016 put all these discussions on hold. With the help of United Nations Development Programme (UNDP), the Government has relaunched a National Development Plan process with a view to a National Plan being in place by June 2018.

IV. WORLD BANK GROUP ENGAGEMENT - LESSONS LEARNED

35. **The overall investment lending of the World Bank Group to South Sudan over the last 10 years (during the Comprehensive Peace Agreement (CPA) period and since independence) has been substantial.** This included US\$538 million in donor contributions through the Multi-Donor Trust Fund

⁵⁴ Wells, Matt. *The Mixed Record of UN Peacekeeping in South Sudan*. ODI. 2017

⁵⁵ UN Security Council Resolution 2304, August 2016.

(MDTF), US\$75 million from the South Sudan Transition Trust Fund, and US\$294.0 million in IDA commitments.

36. **Over that period, a considerable amount of evaluation was undertaken both at the macro and operational levels.**⁵⁶ Since the resumption of conflict in 2013, several project evaluations and midterm reviews indicate that despite the challenges, results have been achieved (see Box 3 and Annex 3).

Box 3: World Bank Results During the 2012–2015 Period

Interventions have achieved a number of important results albeit outputs, assets and sustainability are always at risk to set-backs due to the war.

Health in Upper Nile and Jonglei: The proportion of women attending health clinics increased from 18 percent to 33 percent, under-five visits increased from 40 percent to between 52 percent and 69 percent (contingent on the county), child immunization rates increased from 23 percent to 35 percent, and the number of health facilities with essential drugs increased from 48 percent to between 73 percent and 86 percent (for different counties).

Local Government and Service Delivery: This financed activity in seven states covering 23 counties⁵⁷ and completed 178 basic infrastructure subprojects in the health, education, and water sectors with approximately 187,246 community beneficiaries. An additional 161 subprojects are nearing completion and implementation in an additional 779 subprojects will start soon. A total of 447 staff at the local government level have been trained and 10 county governments are functioning in Public Financial Management (PFM), planning and budgeting, procurement, and infrastructure delivery. The project has supported the country's first audit of local government institutions and three counties have been audited to date with an unqualified audit report; auditing in nine other counties is ongoing. The project has also formed 716 community institutions and empowered them to engage with their local government and identify their own service delivery needs.

Private sector development: Nearly 7,000 persons gained access to finance (of whom 65 percent were women), electronic money regulations through the Central Bank were approved, and 75 senior civil servants were trained on East African Community (EAC) integration policy issues for accession to the block.

South Sudan Rural Roads: About 43,000 people in rural areas gained access to all-season roads; travel time on roads targeted by the project reduced from 3 minutes per kilometer to 1.5 minutes per kilometer; 38 agricultural production centers were connected to all-season roads; there were 71,290 direct beneficiaries (30 percent were women); and 376 km of the planned 450 km of the road network has been improved.

Food security: Over 15,000 farmers were assisted in adopting improved technologies for food production; 8,700 metric tons of grain storage capacity was created through public works programs; and over 50,000 persons benefited from unconditional food or cash transfers.

Social protection: Labor activities started in Juba and about SSP 12.6 million in wages was transferred for a little over 205,000 total person days worked. This directly supported the livelihoods of nearly 5,000 vulnerable beneficiaries, more than 50 percent of whom were women, and led to the improvement of community assets.

Information and Communication Technologies: The 2012 Communications Act was approved by Parliament and entered into law. It provides for an ICT Regulator Agency, the National Communications Authority, which was formally constituted in 2014. Preparatory work for a new fiber optic cable to run alongside the road from Juba to Eldoret has commenced, on both sides of the border.

⁵⁶ See for example OECD. 2010. *Aiding the Peace: A Multi-Donor Evaluation of Support to Conflict Prevention and Peacebuilding Activities in South Sudan 2005–2010*; Scanteam. 2010. *Flexibility in the Face of Fragility: Programmatic MDTFs in Fragile and Conflict Affected States*; South Sudan At Odds With Itself, *Dynamics of Conflict and Predicaments for Peace*. 2010. London School of Economics; Independent Evaluation Group Brief, *World Bank Engagement in South Sudan*, 2011; Fafo. 2013. *Independent Evaluation of the MDTFF South Sudan*.

⁵⁷ Under the pre-October 2015 decentralization system.

37. **Many of the lessons learned over the CPA and early independence periods remain equally relevant today.**⁵⁸ The literature tells us that war-to-peace-transitions are not linear and are not certain;⁵⁹ and South Sudan is no exception. Yet, one of the main lessons from major post-CPA aid evaluations was that international actors were rushing too fast toward development and state-building without consolidating peace.⁶⁰ Forward engagement will need to constantly refer to lessons from this period, including the following.

- (a) **Need for flexibility:** Both at the strategic and operational level, the World Bank Group program has suffered several shocks. These include two evacuations in the last three years resulting in interruptions to programming. There will therefore be a need for adaptability in several areas, from issues relating to staffing to project adjustments and restructuring. The portfolio can be strengthened to be resilient and to continue addressing vulnerability even if the World Bank Group is working remotely. In turn, there may be a need to respond quickly to progress in the peace process.
- (b) **Speed of delivery versus building capacity:** After 10 years of engagement, the World Bank Group still relies heavily on high-cost implementation modalities, and where delivery is in highly insecure areas, World Bank Group projects use Third-Party Execution. Around US\$240 million was spent by donors on capacity building for PFM systems alone (at the national and local level) and yet, due to irregular donor financing and non-prioritization by the Government, there remains little to show for it.⁶¹
- (c) **Data and analytics:** This remains critical for program implementation and understanding a dynamic context. The World Bank Group has produced a considerable set of reports on South Sudan, which need to be disseminated more widely. Efforts will also need to be made to collaborate more with other agencies working on data collection and focus greater on critical areas such as conflict sensitivity, gender, and education.
- (d) **Accountability and citizen participation:** Part of the story since autonomy and independence has been the misuse of resources, either at the project, institutional or governance levels. The World Bank Group will need to work on innovative approaches to take the first steps in strengthening social accountability,⁶² including supporting efforts toward building stronger state-society relations.
- (e) **Security to operate versus equity:** There is a danger that in highly insecure environments, financing tends to focus only on stable areas that are in turn areas where populations belong to only one side in a conflict.
- (f) **Partnerships:** Given the enormity of needs, the geographical scope, and the limited resources, it will be important to strengthen partnerships in order to offer the best solutions.

⁵⁸ See Annex 3 Portfolio Review and Annex 4 of the ISN FY12–14, South Sudan

⁵⁹ World Development Report. 2011. *Conflict Security and Development*.

⁶⁰ *Aiding the Peace*. 2010. NORAD Country Evaluation Brief, 2016.

⁶¹ World Bank. 2017. *Building Sustainable Public Sector Capacity in a Challenging Context*.

⁶² Larson, G., Ajak, P. Biar & Pritchett, L. (2013) South Sudan's Capability Trap: Building a State with Disruptive Innovation. WIDER Working Paper 2013/120. Helsinki: UNU-WIDER.

V. PROPOSED WORLD BANK GROUP ENGAGEMENT FY18–19

Strategic Overview

38. **The World Bank Group has adopted a cautious and calibrated approach to a very challenging context, intervening where there is opportunity for impact.** A phased approach has been adopted, to encourage steps toward reform by the Government, and ensure flexibility based on criteria by which the program can be scaled-up with positive progress or scaled-down if there is deterioration. At the same time, it is recognized that this is a very challenging environment and this engagement will be a test of the World Bank Group’s approach to Fragility, Conflict, and Violence (FCV) under IDA18.⁶³

40. **The World Bank Group is engaging for multiple reasons.** First, an engagement is required to support crisis response and livelihoods, arrest the rapid deterioration in socioeconomic conditions among vulnerable populations, and safeguard any development gains since 2005. Second, the World Bank Group is well placed to optimize interventions for early recovery and sustaining peace where and when opportunities arise. Third, other than Syria, South Sudan represents the largest spillover humanitarian crisis in the world with impacts with potential to destabilize the East Africa region.

41. **The value-added of the World Bank Group lies in working along the humanitarian-peace-development nexus.** As most partners focus on emergency relief, the World Bank Group can support the crisis response as well as stabilization while building pathways for longer-term solutions to poverty reduction and inclusive growth (see Box 4).

Box 4: Humanitarian-Peace-Development Nexus - The Comparative Advantage of the World Bank Group

It is widely recognized that humanitarian-development-peacebuilding efforts are complementary and need to reinforce each other to respond to crises such as in South Sudan. Although humanitarian emergencies demand urgent response, the international community has called on development institutions such as the World Bank Group to provide longer-term, socioeconomic solutions, engaging earlier to prevent violent conflict and reduce humanitarian need.⁶⁴ Given the dire humanitarian crisis, the proposed country engagement will reinforce the World Bank Group’s comparative advantage at two levels.

At the strategic level, the World Bank Group can closely follow the fragile peace process and potentially provide support to a positive trajectory and steps toward economic governance reform when they occur. While most focus is on immediate relief, it can seek solutions in the medium term to addressing the crisis, building on its global sector expertise. It can lead the policy dialogue on the links between peace implementation, economic governance and macroeconomic stabilization. Awaiting solutions at the national level, it can work with local structures (including the counties and payams supporting local social accountability) and recognizing the role of private sector development in capturing early recovery opportunities, IFC and MIGA can begin to engage when conditions improve.

At the project level, the World Bank Group can maximize its comparative advantage by building resilience, for example, by supporting the creation of temporary jobs, community-level development, agricultural and livestock extension in food production areas to prevent food insecurity, and training of health workers to help establish health systems. Such projects can use a mix of implementation modalities, Third-Party Execution for emergencies, and Government systems for recovery, adapted to the context. This can bridge a critical gap between emergency response and resilient recovery with a greater use of national systems over time if conditions improve.

⁶³ World Bank. “Special Theme: Fragile Conflict and Violence Paper.” 2016

⁶⁴ These have been reflected in the outcomes of the World Humanitarian Summit in 2016, the calls for the UN and World Bank Group to strengthen collaboration to achieve the Sustainable Development Goals, UN General Assembly and Security Council resolutions on sustaining peace, and commitments made by the World Bank Group as part of IDA18.

42. **The binding constraints for making progress on the twin goals of shared prosperity and poverty reduction lie in first resolving the conflict and supporting a credible and legitimate political settlement.** The focus of this CEN therefore is on emergency response and prevention of famine conditions among targeted vulnerable populations. Further, the program is sufficiently flexible to start the push for recovery where and when conditions allow. This will include interventions to start addressing some (though not all) of the structural challenges outlined in the context section including agriculture development (and diversification of the economy), road connections, and institutional reform particularly in PFM.

CEN Objectives

43. **The aims of the CEN are to respond to the current crisis and support stabilization, recovery, and peace where those opportunities arise.** Because of the dramatic increase in food-insecure populations and the enormous scale of displacement, the focus of the CEN will be on supporting marginalized populations and protecting and restoring livelihoods. The proposed strategy comprises two objectives:

- Objective I: Support basic service provision for vulnerable populations
- Objective II: Support to livelihoods, food security, and basic economic recovery

Phased Engagement

44. **The CEN is for a period of 24 months, with interventions focused on the short to medium term.** In the absence of a credible political process, it is currently difficult to set out a positive prognosis for the country. The program will need to be flexible and opportunistic to contend with any eventuality: from evacuation to possibilities of a political settlement. The conflict dynamics are so complex that experience tells us there will not be an obvious point called ‘absolute peace.’ Hence, World Bank Group engagement recognizes that the context can deteriorate or progress at any time, demanding a flexible program. On its side, if solutions to the conflict are to be found, the Government and other key national stakeholders will need to take certain steps (as in the indicative context below – see Figure 5) to rebuild the trust of both the people of South Sudan and their development partners to obtain their full support.

45. **Adopting a phased approach is useful both for national stakeholders and international partners.** Such an approach can indicate the expected milestones that would be needed to restore domestic and international confidence. These steps would have to be agreed with the Government to include a number of critical priority areas such as sustaining peace and economic governance reform. Global experience suggests that such agreed commitments are fundamental for breaking cycles of violence and moving in a positive direction toward recovery and development.⁶⁵

⁶⁵ United Nations; World Bank. *Pathways for Peace: Inclusive Approaches to Preventing Violent Conflict*. Washington, DC: 2017

Figure 5: Phases of Engagement

Phases of Conflict and Peace	Indicative Context	Potential World Bank Group Engagement
Crisis Response	<ul style="list-style-type: none"> • Ongoing low-intensity conflict • Limited humanitarian access • Famine conditions • Peace process not moving • Macroeconomic crisis 	CEN FY18–19 and IDA18 investments focus on basic services, food security and livelihoods
Stabilization and Recovery	<ul style="list-style-type: none"> • Cessation of hostilities • Security arrangements • Inclusive power-sharing • Economic reforms • Improved access 	Consolidation of services, increased jobs/reintegration of ex-combatants, potential scale-up of economic recovery and private sector development.

Box 5: Humanitarian Principles, Working in Active Conflicts, and the World Bank Group

During the 20th century, a number of laws and principles were developed to govern the role of international organizations working in armed conflict.⁶⁶ These built off international humanitarian law and provided guidance to those providing relief in the complexity of warfare. There are four basic principles that govern humanitarian aid: humanity, neutrality, impartiality, and independence.

- Humanity refers to the provision of aid to all who are in need, wherever the need exists, with the purpose to protect and respect all human beings.
- Neutrality is the responsibility of aid organizations not to choose sides in conflict or to favor a political, religious, or ideological doctrine.
- Impartiality demands that aid be given based on need alone and not be based on any other distinctions including gender, race, nationality, ethnicity, class, political party, or religious belief.
- Finally, independence refers to the requirement that aid organizations are autonomous from any political or military objectives or with those goals in mind.

These principles have been formally established by the UN General Assembly and reiterated by the International Committee for the Red Cross.⁶⁷ The World Bank Group is not a humanitarian organization, and is not bound by these principles. It is an international financial institution that grants or lends finance to governments for development purposes. However, over time it has increasingly intervened in active-conflict countries such as in South Sudan, and this is recognized in its operational policies, such as OP 2.30.⁶⁸ Under such guidance, particularly those relating to social safeguards, the World Bank Group must take care that its programs and investments do not cause harm and this is particularly fundamental in conflict settings. Further, as part of the design of this country engagement and the ongoing policy dialogue with the Government of South Sudan, the World Bank Group ensures its assistance is provided to all groups and communities across the country, avoiding discrimination. Other principles relate to the need to strengthen resilience in a society beset by shocks and build social accountability systems.

⁶⁶ These include The Hague and Geneva Conventions comprising international humanitarian law.

⁶⁷ United Nations, *Strengthening of the Coordination of Humanitarian Emergency Assistance of the United Nations*, UN resolution 46/182, 1991; United Nations, *Strengthening of the Coordination of Humanitarian Emergency Assistance of the United Nations*, UN resolution 58/114, 2004; and ICRC Resolutions 1996.

⁶⁸ For example, see OP 2.30 Development Cooperation and Conflict.

Guiding Principles for the CEN

46. **The World Bank Group is working in a high-risk operating environment. South Sudan has now overtaken Afghanistan as the most dangerous place to work for aid workers.**⁶⁹ For these reasons, it will be important to have a set of principles to guide key strategic and operational decisions for World Bank Group engagement in South Sudan (see Box 5).

47. **The application of these principles can be used in different circumstances.** At the strategic level, they relate to such decisions as evacuation of staff and reduction in programming as circumstances dictate, or scaling-up programming when the trajectory is more positive. For operations, they can inform the targeting criteria. At the portfolio level, the World Bank Group engages with populations in government and nongovernment areas, particularly with the Health Project covering Upper Nile and Jonglei populations. Project teams apply different targeting criteria (see Table 1) including: poverty and humanitarian data; how communities define those who are vulnerable, including the displaced; as well as access and security. Consistent with applicable World Bank rules, some projects may use alternate procurement or implementation arrangements that involve the use of UN agencies or international NGOs.

Table 1: Targeting Criteria of the Portfolio

Factors Affecting Targeting of Interventions	Consultations: Communities, National/ Local Government Structures	Population and Poverty Data	Access To People	UN Data, for example, World Food Program (WFP) Beneficiary Lists, UNICEF Surveys	Qualification Criteria of Counterpart Structures	Non-duplication with Other Investments	Coordination with Partners
Projects							
Local Development	X	X	X		X	X	
Social Protection	X	X	X	X		X	X
Food Security			X	X			
Health			X	X			X
Agriculture Development	X	X	X			X	

The CEN Program

48. **The projects in support of the CEN objectives are outlined in the Table 2 as investment projects, indicating undisbursed allocations and the proposed pipeline for IDA18.** The team has been highly selective, with most of the IDA18 financing building off existing operations that have shown the potential to achieve results. The only new financing is for early recovery in agriculture, as well as the project to support the provision of basic services through building capacity.

⁶⁹ Aid Worker Security Report, 2016.

https://aidworkersecurity.org/sites/default/files/HO_AidWorkerSecPreview_1015_G.PDF_.pdf.

Table 2: Proposed World Bank Group Program with Active and Pipeline Lending (all in US\$, millions)

CEN Objective	Program	Active Portfolio IDA (undisbursed)	Tentative IDA18 Pipeline FY18/19	Donor Partners
Support basic services for vulnerable populations	Health Rapid Results	33	40	US/UK/Canada
	Local Government and Service Delivery Project (LGSDP)	15	65	
	Institutional Development Project		20	UNOPS
	Statistical Support	6	8	Norway, UK
Support to food security livelihoods and basic economic recovery	Safety Nets/Jobs	18	40	WFP
	Crisis Response Food Security	17		WFP, UNICEF, Food and Agriculture Organization of the UN (FAO)
	Agriculture Development		70	FAO
	Regional Roads	78 ^a		China EXIM
Totals		167	243	

Note. a. From regional IDA funds.

49. **The lending program will be informed by ongoing Advisory Services and Analytics (ASA) work to underpin these investments as well as support institutional development.** The National Bureau of Statistics (NBS) has been critical in providing household poverty data and analysis for the Government and World Bank Group programs. An additional financing (AF) will continue to finance activities already launched under the original Statistical Capacity Building Project and support additional activities. The AF will update the current sampling frame to conduct representative surveys, including data collection activities in the current project, and will respond to new data needs that are critical to inform programs and policies by establishing an innovative data collection system.

50. **Going forward, the World Bank Group will use its ASA program to take a leading role in the dialogue around the humanitarian-peace-development nexus.** This will include ensuring that data and analytics are produced more in real time for the benefit of national and international decision makers. Beyond strengthening current operations, the ASA program will cover areas in preparation for a possible pathway toward peace and recovery (see Table 3).

Table 3: Proposed Analytical Program

Poverty Assessments/Household Surveys	Impact of Conflict on Adolescent Girls Impact of Cash Program Cancellations Informing Durable Solutions for Displaced Populations Poverty Dynamics from 2009–2017 Impact of High Inflation on Livelihoods
Macroeconomic Analysis	Monitoring, War-Economy Study, Updates
Gender	Gender Analysis and Portfolio Review
Education	Country Assessment of Education Sector
Risk Analysis and Targeting	Risk Monitoring, Targeting Analysis, Conflict Sensitivity and Do-No-Harm Analysis
Environment/Natural Resources	Country Environmental Assessment

51. **Gender is an important aspect of CEN programming to contend with power relations, agency, and voice in South Sudan.** All programs comprise gender components, for example, in relation to participation in local development planning, support to livelihoods, focused on women-headed households, and health services for survivors of gender based violence. However, more work is required to help address the socioeconomic distortions related to a highly patriarchal and martial society as well as incorporate programming lessons from other conflict settings.

Objective I: Support Basic Service Provision for Vulnerable Populations

52. **Access to services is extremely restricted. Most services are far away for the average household, with a return trip to a hospital or clinic taking almost five hours and children needing over two hours for their commute to school.** One operation will support the delivery of health services in two of the most conflict-affected states, Jonglei and Upper Nile. The local government program will build institutional capacity for service delivery at the county level in four other states, and the institutional strengthening project will provide a more centralized support to strengthening national institutions for service provision, such as in health.

53. **The Health Rapid Results Project, which was approved in April 2012, has had two extensions and one AF with total project financing of US\$63 million.** The project aims to improve the delivery of high-impact primary health care in the states of Upper Nile and Jonglei as well as strengthen the coordination, monitoring, and evaluation capacity of the Ministry of Health (MOH). This project is closely coordinated with a number of donor partners who have created the Health Pooled Fund (HPF) which, along with the U.S. Agency for International Development (USAID), covers basic health provision throughout the country. An AF (US\$40 million) approved in April 2017 extends the project to December 2018, continuing support to the two states, increasing support to institutional development, and funding the purchase of urgently required pharmaceuticals. A new project is being designed for US\$40 m for FY18.

54. **Under the LGSDP, the project has completed 222 subprojects in the health, water, community roads and education sectors which have been handed over to communities and are in use.** An additional 117 subprojects are expected to be completed by December 2017. The implementation of another 779 subprojects are expected to commence in January 2018. The project has reached approximately 187,000 beneficiaries to date. In turn, 447 staff at the local government level have been trained and 10 county governments can better perform their functions in PFM, planning and budgeting, procurement, and infrastructure delivery. Three counties have already been audited with the first unqualified audit reports in the country's history while ten others are currently undergoing an audit. The first Local Government Performance Assessment has also been conducted and the second assessment is ongoing. The project has also supported the formation of 716 community institutions and empowered them to engage with their local government, identify their own service delivery needs, play a role in supervising contractors and holding them accountable, and manage conflict at the community level.

55. **This objective will also be reinforced by a proposed Institutional Development Project, if the conditions are present in which impact can be achieved.** This operation will seek to underpin the existing basic service delivery objective and help build the qualifications of institutions and personnel working in the basic services sectors.

Objective II: Support to Livelihoods, Food Security, and Basic Economic Recovery

56. **This objective will be central to bridging the humanitarian-development gap in interventions by focusing on emergency relief as well as providing opportunities for sustainable recovery and livelihoods.**

This will contribute to supporting the 6 million persons who are severely food insecure. In more stable areas, the proposed Agricultural Project will seek to increase yields where national-level data show that total production has been on the decline since 2005 and that production generally lags consumption by an average of 30 percent, making it vital to move away from general food relief. To support livelihoods and generate early economic recovery, social protection investments will be scaled-up to focus on increasing temporary job creation, particularly in urban areas. Further, given the lack of access to local and regional markets, a regional roads operation will strengthen transport and ICT links with the East Africa region. Finally, support to the private sector will be strengthened through technical assistance and analytical work of the IFC.

Food Security

57. **The objective of the Emergency Food Security and Nutrition Project (P113586), which became effective in June 2017** is to (a) provide food and nutrition support for the protection of lives and human capital of eligible beneficiaries and (b) help farmers reengage in agricultural production. The project will directly benefit a section of the population that is affected by the deteriorating food and nutrition security, resulting from factors including drought. This will include about (a) 300,000 people benefiting from direct food assistance; (b) 141,000 children and pregnant/lactating mothers benefiting from nutrition support; (c) 10,000 able-bodied people benefiting from food for assets (cash/food-for-work activities) assistance; and (d) 30,000 households that will be supported to resume agricultural production.

58. **This operation will be complemented by an Agriculture Development Project (US\$70 million).** The objective of the project is to lay the foundations for the recovery of agriculture and contribute to increasing crop production and productivity of participating households in selected areas. It is envisaged that the project would help improve the livelihoods and food security of vulnerable segments of the population. The project will be organized into two phases, where the first phase would aim to increase production and help close the large food deficit gap in the country and the second phase would focus on more sustainable recovery and lay the foundation for sector development. Approximately 34,220 farming households will directly benefit, focusing on those who rely mostly on subsistence agriculture cultivating about 1.1 ha of land per household, will directly benefit. The project is expected to benefit 194,000 households by the end of the second phase including greater access to markets.

Livelihoods and Social Protection

59. **The Safety Net and Skills Development Project (SNSDP) (P143915) aims to provide access to income opportunities and temporary employment to the poor and vulnerable and put in place building blocks for a social protection system.** It is a US\$21-million IDA credit, which became effective in November 2014. It includes two components, namely (a) Systems Building and Project Management and (b) Public Works. The SNSDP intends to benefit an estimated 25,000 poor and vulnerable households (21,500 through public works and 3,500 through skills development) in Bor and Ayod counties in Jonglei state, Gogrial West, and Tonj South Counties in Warrap State, Torit and Kapoeta East Counties in Eastern Equatoria State, and Juba City in Central Equatoria State. Implementation of public works will restart in Juba City, scaling up to 6,000 beneficiaries. Further scaling-up of the public works activities will be undertaken by the United Nations Office for Project Services on behalf of the Government in Torit and the remaining counties. The total number of beneficiaries to be reached in the seven locations is expected to be 35,000 households, working for 90 days a year at US\$3 a day. An AF of US\$40 million is planned for FY18/19.

Regional Roads

60. **The South Sudan-East Africa Regional Road Trade and Development Facilitation Project (P131426) is a US\$255 million regional project with US\$80 million of IDA financing supporting the upgrading to asphalt standard of the Juba-Nadapal road (350 km) linking South Sudan to Kenya.** The project includes institutional strengthening and construction of a fiber optic cable alongside part of the road. The China EXIM Bank has recently signed a loan of US\$169 million that will provide parallel co-financing for the regional link road. Project implementation has been interrupted on a number of occasions. A restart will be conditional on a full financial and operational risk assessment.

Private Sector Development

61. **IFC has had numerous business lines that have been on hold, focused on advisory services.** For example, IFC worked with local banks to support small and medium enterprises (SMEs), agriculture, and access to finance for women. In 2015, IFC started an advisory engagement with Buffalo Commercial Bank and has since completed the implementation of the first phase entailing the development of an SME banking strategy, an analysis of SME staff skills-gap, as well as a review of credit policies and risk management procedures. A second phase will follow, subject to security conditions. IFC is also exploring support for Alpha Commercial Bank and may conduct a bank appraisal to identify gaps in key functions, support the bank in the selection of a new core banking system, and conduct market scoping of opportunities in banking SMEs, women's entrepreneurship, and agribusinesses.

62. **IFC has also worked on the health sector.** IFC facilitated an effective public-private dialogue between the Government and non-state actors, which enabled the MoH to develop a framework for contracting with non-state providers and approve a number of critical reforms needed for effective management of the sector. The project further helped organize the non-state actors into a private health association with the capacity to effectively dialogue with the Government. Trust funds have been extended to FY21 so that these services on a small scale can continue.

63. **IFC continues to receive inquiries for financing from private sector investors** such as Prime Investments (airport parking development), Home & Away (shopping mall), and SINCO (pharmaceutical, medical equipment warehousing, and distribution). Subject to conducive conditions, the introduction of the Private Sector Window (PSW) under IDA18 may allow some of these projects to be considered.

64. **South Sudan became a member of MIGA in 2012.** MIGA has a long history of fostering private sector development in countries that have experienced conflict and fragility, which is one of the strategic objectives of the agency. The IDA18 PSW will enable MIGA to support fragile states such as South Sudan with the MIGA Guarantee Facility, which became effective on July 1, 2017. MIGA has been discussing potential projects with various investors, including in the renewable energy space, oil and gas value chain, and in the transport sector. MIGA remains committed to supporting South Sudan, and subject to conducive conditions, the introduction of the PSW under IDA18 may allow some of these projects to be considered. MIGA strives to attract investors to achieve its development priorities through insurance of foreign direct investment and/or lenders against political risks such as currency inconvertibility and transfer restriction, expropriation, breach of contract, and war and civil disturbance in the country.

Working Across the Portfolio

65. **A number of critical issues are addressed by individual projects but they must also be addressed across the portfolio.** These include (a) displacement; (b) social accountability and citizen engagement; (c)

youth; and (d) gender. Steps will be taken in the regular quarterly portfolio review to better monitor activities and outcomes and explore how the ASA and small grant program can augment operations to address these challenges. For example, a small Japanese Trust Fund grant has been secured to work on vocational training; lessons from this activity will feed into the larger World Bank Group program.

Recovery and Development

66. **The timeframe for this CEN is two years and it is not possible to predict what will follow (another CEN or a Country Partnership Framework).** A phased approach continues to be useful in outlining an indicative context that could allow the World Bank Group to pursue a more development-oriented program. Such steps of the Government could include consolidation of any political settlement, implementation of security arrangements, a track record of sound economic and financial governance, support to local peacebuilding, and consensus on devolving subnational governance.

67. **Under such circumstances, the World Bank Group could formulate a more developmental approach.** This could include, subject to resources, infrastructure, energy, education, and fiscal support. Alternative financing could be secured from establishing an MDTF and by making applications to the private sector and turn around windows under IDA18, contingent on changes in the country context.

Figure 6: Phased Engagement – Peace Recovery and Development

Context Phases	Indicative Context	Potential World Bank Group Engagement
Peace, Recovery, and Early Development	<ul style="list-style-type: none"> • Consolidation of a peace agreement • Devolved power relations at subnational levels • Track record of economic governance reform • Reconciliation at the local level 	Scale-up of basic service provision nationwide including strategy for education, increase in livelihoods and temporary jobs, infrastructure programme, and macrofiscal support

Indicative Financing Envelope and Implementation Arrangements

68. **The World Bank Group has an overall envelope of US\$410 million including the active undisbursed portfolio (about US\$167 million) and the tentative IDA18 pipeline (US\$243 million).** Further, South Sudan's IDA allocation has leveraged other resources such as more than US\$12 million in various grants, including the State and Peacebuilding Fund (SPF). In the months that followed the Agreement, there were initial discussions with donors about the possibility of establishing a new MDTF for South Sudan. Given the absence of recovery and lack of development financing, this dialogue is on hold, but could continue subject to changes in the context. Further, discussions are taking place about better coordinated financing for the health sector, including the creation of a programmatic multi-partner fund.

69. **Given emergency conditions, the CEN program will deploy rapidly, addressing vulnerability through either AF of existing operations or new projects in a ready state of preparation.** New operations

under the strategy will be deployed under the emergency provisions⁷⁰ of the World Bank Group's Operational Manual and Guidelines and processed through condensed procedures. The CEN has been designed to prepare for any potential contingency, from the evacuation of staff who would then work remotely to supporting a legitimate peace process and scaling up our engagement. However, such flexibility calls upon a number of interrelated factors being (a) different implementation arrangements; (b) additional administrative costs; (c) staffing footprint; and (d) a risk-management framework.

Typology of Implementation Arrangements

70. **World Bank Group projects use different implementation modalities, contingent on the type of program.** Increasingly, Third-Party Execution is being used, whereby the project is primarily managed and implemented by a third party, such as a NGO or UN agency, with a limited degree of Government oversight. Third-Party Execution is now the primary means of program delivery in South Sudan, with the exception of the Local Government and Statistical Capacity Projects (Table 4).

71. **TPM by an independent agent (Third-Party Monitoring agent [TPMA]) is being piloted on two projects.** Unless the primary means of execution is a UN agency, TPM is important to allow an independent agent to verify that World Bank Group financed assets and services are being used for their intended purposes. Subject to availability of resources, this will be extended to the whole portfolio. An organization with extensive access will be recruited to verify that activities are being executed by implementing partners per grant agreements and that monies are being used for their intended purposes. This will start on a pilot basis: only two projects have been selected due to the associated cost (the World Bank team has a US\$2 million State and Peacebuilding Grant for a pilot phase) and these two projects have the largest geographical scope (and therefore the highest exposure) in South Sudan.

Table 4: Implementation Modalities

Project	Government/Project Implementation Units (PIUs)	Third-Party Execution	Third-Party Monitoring (TPM)
Health Rapid Results	MoH - limited oversight	Interchurch Medical Association, for health services in Jonglei and Upper Nile; UNICEF, for procurement of medicines	In place
LGSDP	Local Government Board - primary modality of project management	Cowater, for institutional development/capacity building/community participation	In place
Statistical Support	PIU, NBS	—	—
Safety Nets/Jobs	Ministry of Agriculture - limited oversight (in coordination with Ministries of Gender and Labor)	A UN agency is to be contracted to manage cash-for-work in six locations and one international nongovernmental organization (INGO) is in place for Juba.	—
Crisis Response Food Security	Ministry of Agriculture - limited oversight	WFP, UNICEF, and FAO	—
East Africa Transport Trade Development	Ministry of Transport - limited oversight	UNOPS for institutional development and monitoring with proposal to take on project management	—

⁷⁰ World Bank Group Directive, "Investment Project Financing" paragraph 12, August 2017

Project	Government/Project Implementation Units (PIUs)	Third-Party Execution	Third-Party Monitoring (TPM)
Institutional Development Project	In design	—	—
Agriculture Development	In design	—	—

Definitions Note: Third-Party Execution is where the Government is the recipient of the credit/ grant and it contracts a third party to implement. Third-Party Monitoring (TPM) is where the World Bank Group contracts an independent agent to supervise and verify project implementation undertaken by the recipient of a credit/grant, as well as to confirm that the credit/grant is being used for its intended purposes.

Costs of Doing Business in South Sudan

72. **Given the high level of insecurity (related not only to armed conflict but also to local crime and violence), the costs of doing business in South Sudan are significant.** This is most apparent with the costs associated with a large humanitarian relief program that relies on airlift in a country with very little road infrastructure and variable security. The costs for World Bank Group engagement are high. About US\$4.6 million is being expended in relation to the evacuation and return of staff, improvement of compound facilities and procurement of armed vehicles. Another US\$4-5 million would be required to ensure Third-Party Monitoring for the entire portfolio. At the project level, implementation costs have significantly increased given the high logistical and security expenses, particularly if executed through third parties.

Staffing

73. Staffing has returned to adequate levels to oversee the portfolio managed through a combination of staff based in Juba and staff based in the region making frequent visits. Staff deployment is being undertaken in a phased approach so that the World Bank Group remains flexible and can respond to events (either progress or deterioration) accordingly. Staff numbers are driven by (a) the political-security context; (b) the policy dialogue with the counterpart and development partner; (c) portfolio developments; and (d) safety measures for resident/visiting staff (including accommodation and transport/armored vehicles). For the moment, given two evacuations in three years, the staffing footprint has been reduced and remains modest but adequate given the portfolio size. Staff safety, training and footprint measures are equally applied to consultants, who were also evacuated on both occasions.

Risk-Management Framework

74. **Given these factors that impact World Bank Group engagement including (a) implementation modality; (b) cost; and (c) staffing presence, the CEN proposes a risk-management framework to facilitate key decisions on the portfolio if and when the context changes.** Each project will be assessed on a case-by-case basis weighing these features, the risks to the program, and the benefits of the intervention. The framework is based on a set of basic scenarios and aims to reduce the stop-go nature of the program that characterized past engagement, albeit risks of interruption and insecurity can never be completely addressed.

Table 5: Decision Making and Potential Scenarios

Changes in Context	Early Recovery, Credible Peace Process, and Reform-oriented Government	Crisis Response - Varying Degrees of Stability in-Country	Crisis Response - Deterioration in More Than 70% of Project Areas	Crisis Response - Evacuation of Some Third Parties and/ or Absence of World Bank Group Staff
Decision-Making Factors				
Portfolio prioritization	Consider more institutional development, recurrent cost financing, expanding some projects to national coverage, potential IDA turnaround and PSW	Status quo	Shift to more basic service provision/food security; consider cancellation of development projects (such as transport or institutional development)	Shift to more basic service provision/food security; consider cancellation of development projects (such as transport or institutional development)
Project implementation	Restructure/new design - shift to national systems	Status quo	Potential suspension/pause and consider restructuring to narrow project focus	Restructuring to UN execution (akin to the engagement in Yemen whereby waivers permitted direct IDA grants to UNICEF)
Analytical tools - including remote sensing and TPM	TPM becomes less important	Status quo: monthly risk monitor and quarterly portfolio review (QPR)	Consider TPM for all projects, assess equity of access to services/projects	UN execution removes need for TPMA
Staffing	Consider expanding technical staff footprint	Status quo	Status quo	Potential evacuation

75. **As outlined above, the current portfolio has a mix of ‘implementation modalities,’ allowing for Third-Party Execution to respond in more insecure areas, as well as continuing to use national systems (such as the local development project) where there is a demonstration of results in more stable areas.** New projects will be subject to the same set of scenarios to ensure tasks teams are embedding flexibility in design. Under the umbrella of the UN-World Bank Group Framework Agreement, there will also be discussions about strengthening the partnership, including thinking through contingencies such as greater use of UN implementation. Such contingency planning will be required for each project to avoid unnecessary delays with restructuring, while projects respond to changes in context, and therefore avoid as much as possible programmatic interruptions.

76. **This ‘risk-management framework’ forms a bridge between the CEN objectives, the investment program, and addressing the risks identified in the final section.** Given that the World Bank team has been contending with heightened risk during the delivery of the 2013/2014 ISN, a number of other steps have been taken (along with deployment of a TPMA and mixed implementation modalities) including:

- (a) **Geo-enabling of projects:** World Bank Group expertise has been deployed for training in the use of Global Positioning System technology and web-based mapping to aid project supervision. The use of ICT applications allows for geo-tagged subproject outputs to be accurately located on a map, enabling the virtual monitoring and evaluation of progress and reducing the need for physical site visits.
- (b) **Social audits:** The team introduced formal processes of social audits whereby communities, implementing partners, and local governments are engaged in examining project activities and funds disbursed.
- (c) **Risk monitoring:** GSURR,⁷¹ FCV, and Corporate Security have started a monthly 'risk monitor' using open access data to provide the country team with an overview of conflict and humanitarian dynamics. This will need to be strengthened over time as staff return to Juba and have access to more data along the lines of a rolling 'risk and resilience assessment'.

77. **The July 2016 evacuation also focused the country team on the fiduciary risks to the portfolio.** In August 2016 and in May 2017, two papers were presented to Management providing a detailed outline of the operational arrangements and risk-mitigation measures that have been put in place. These steps have included (a) use of direct payments; (b) switching to a transaction-based statement of expenses (SOE) disbursement system; (c) reclassifying all contracts as prior review, maintaining an up-to-date contract register, and delaying procurement of all non-emergency goods and services; and (d) fast-tracking to the new procurement system (Systematic Tracking Exchange of Procurement, STEP) to ensure open-data practice, thus promoting transparency. These measures are constantly reviewed and a portfolio and fiduciary review is undertaken every quarter.

VI. RISK MANAGEMENT AND MITIGATION

78. **The proposed World Bank Group engagement with South Sudan carries significant risk primarily because of the country's underlying fragility and the current crisis.** (See Table 6). The context section highlights that the overall CEN is one of risk management. Yet, there is consensus that the primary risk in South Sudan is a failure to act and prevent further deterioration and spillover in the region. The ambitious program outlined above entails considerable risk in a difficult environment. However, such risk taking is necessary to enable a stabilization process to improve the political, economic, and security situation, and create the potential prerequisites for a successful transition to recovery and development.

79. **The overall risk strategy of the World Bank Group comprises the following:** (a) putting in place a rigorous portfolio and risk-management platform to enable country management to assess the context and adjust accordingly; (b) ensure that the platform will include ongoing risk, fragility, and conflict analysis; and (c) acting in concert with key multilaterals (such as the UN, AU, and European Union [EU]), and bilateral partners.

⁷¹ The Social Urban Rural and Resilience Global Practice

Table 6: Systematic Operational Risk-Rating Tool

Risk Categories	Risk Ratings
Political and Governance - security, violent conflict, unconstitutional changes in the Government	High
Macroeconomic - currency devaluation, hyperinflation, fiscal crisis	High
Sector Strategies and Policies - changes in Government policies	Substantial
Technical Design - inappropriate instruments for current context	Substantial
Capacity for Implementation - poorly qualified personnel, changing personnel	Substantial
Fiduciary - corruption	High
Environmental and Social - labor influx and social impacts	Substantial
Stakeholders —different expectations	High
Overall	High

80. The main risks to the World Bank Group's program are as follows:

- (a) **Security and political risk.** Armed conflict is widespread throughout the country, and rising crime and local violence is associated with the macroeconomic crisis and high food prices. Juba is currently secure but could be at risk for internal political instability. Proposed mitigation includes acting in concert with partners, including the UN mission; ensuring a rigorous spatial conflict monitoring that allows for projects to adapt and work in more stable areas; and strengthening conflict sensitivity.⁷²
- (b) **Macroeconomic and public sector reform.** The legitimacy, capacity, and authority of the state remain weak. Historically, there have been significant challenges relating to financial management. The Government faces significant fiscal stress given the very weak economic base which could, in turn, have significant impacts on the CEN, particularly those supporting the public sector. The proposed mitigation measure is to work jointly with other development partners, including the International Monetary Fund (IMF), to coordinate the creation of a joint architecture that focuses on the short-, medium-, and long-term actions to be undertaken by the Government to address the broader fiscal problems, as well as rebuild the country's PFM system. Other measures need to be taken, for example, greater project contingency financing, to account for significant variations in currency exchange and price inflation that affects project contracts.
- (c) **Technical Design.** The challenge of working in South Sudan is as much around the how as the what. The correct choice of appropriate instruments, procedures and implementation modalities is at a premium. The risk-management framework outlined in the CEN will be used to support project teams in more detailed processing that will allow the most innovative and flexible project designs can be used in this fluid context.
- (d) **Capacity for implementation and sustainability.** Implementation support and supervision outside the capital entails unique challenges given security constraints as well as the potential for another evacuation in the future. As noted in the Portfolio Learning Review (Annex 3), a significant amount has been spent in the past on capacity building with little to

⁷² Even during the optimistic period, following independence, South Sudan faced three insurgencies and conflict on the northern border with Sudan.

show in terms of results. Hence, many projects rely on expensive PIUs. Some of the risk mitigation lies in moving to third-party execution, but this carries significant costs. Where and when possible, the World Bank Group will encourage the use of country systems and, if necessary, the ‘pooling’ of certain functions across the portfolio, such as financial management and procurement expertise.

- (e) **Fiduciary and safeguards.** The risks of corruption are high regarding leakage of domestic resources as well as for development partner-funded programs including World Bank Group operations. While the legal and policy safeguards framework is in place, knowledge and practice remain weak. In addition to the steps taken since evacuation in July 2016 (outlined above) the following measures are being taken: (a) a private audit firm will be hired to strengthen the level of fiduciary assurance and provide capacity support to the National Audit Chamber (NAC); (b) a private audit firm will work closely with the Internal Audit Directorate (IAD) based in the Ministry of Finance and Planning; (c) in addition to regular financial management (FM) supervision reviews, proactive risk mitigation measures will also be implemented; and (d) for procurement, a number of measures, including the Hands-On Expanded Implementation Support,⁷³ will be implemented. Environmental and social safeguarding of risk is also a significant part of the program in such a context. For example, a new risk assessment will be undertaken for the Regional Roads Project in light of the conflict onset as well as the internal changes within the World Bank Group on contending with social risks.
- (f) **Stakeholders.** The World Bank Group is working in a context in which there is very little trust between the traditional donors and the Government. There is also little confidence between citizens and public authority. Poor communication and misunderstanding can threaten program implementation and hold up project processing. The World Bank Group is in a position to take a leadership role in the policy dialogue around recovery and in fostering connections between the diplomatic/security dialogue and development. A clear communications strategy will need to accompany the CEN and portfolio implementation, along with mechanisms to ensure stronger beneficiary feedback and community participation.

⁷³ World Bank, May 2017. “South Sudan Portfolio Risk and Mitigations Measures Note.”.

VII. ANNEXES

Annex 1: Monitoring Framework

Strategic Area	Issues and Challenges	Milestones for FY18-FY19 CEN Period	Proposed Instruments
Objective I: Support basic service provision for vulnerable populations			
Local and central government	Weak governance institutions at the national and local levels	There are 265 functioning payam development committees across 27 participating counties, all trained in conflict management. 27 participating counties have annual budgets that incorporate payam priorities under the project and have prepared county development plans while they can better perform their mandates in delivery primary services. 400 successful subprojects in basic infrastructure have been completed 10 County Legislative Councils have been trained on governance and oversight	Local Government and Service Delivery Project (P127079)
Health services for the poor	Poor socioeconomic conditions generally and extremely limited access to health services	70 percent of health centers in project areas stocking essential drugs 60 percent of health centers in project areas having at least two skilled health service personnel 60,000 immunized infants 60,000 pregnant women who have received antenatal care	Health Rapid Results Project (P127187)
Objective II: Support to livelihoods, food security, and basic economic recovery			
Social protection and job creation	Subsistence livelihoods and 30 percent of the population inactive. 70 percent of population with livelihoods in agriculture, 23 percent in urban areas, and 5 percent in rural husbandry	Support to 35,000 households through temporary job creation and social protection support	Safety Net and Skills Development Project (P143915)
Food Security and Agriculture	Crisis to catastrophic levels of food insecurity Subsistence farming with low yields and 4 percent of fertile land is exploited	A total of 580,000 beneficiaries receive food security and supplementary nutrition support. Increase productivity including crop yields, crop area and crop production project areas. Benefit 200,000 households with extension, seeds, and tools	Emergency Food Security Project (P113586) Agricultural Development Project (P130119)
Transport and roads	Construction costs are high. Huge financing needs to upgrade the core road network	40 km of the Kapoeta-Narus road section of the Juba-Nadapal-Eldoret Corridor and road repairs of approximately 190 km of road sections between Torit and Kapoeta, and Narus and Nadapal. Construction of a fiber optic cable, alongside the part of the road located in the recipient's territory, from Juba to Lokichoggio	South Sudan-East Africa Regional Road Trade and Development Facilitation Project

Annex 2: Macroeconomic Outlook - South Sudan

	2012/13	2013/14	2014/15	2015/16	2016/17f	2017/18f	2018/19f	2019/20f
GDP, at constant market prices	-46.1	13.1	3.4	-10.8	-11.2	-5.6	1.2	2.3
Private consumption	4.5	4.2	-6.5	-25.3	-15.8	-12.8	-0.7	1.1
Government consumption	-6.8	10.9	13.0	0.4	3.0	3.0	4.0	4.0
Gross fixed capital investment	-53.2	17.6	-2.5	0.0	0.0	3.0	4.0	5.0
Change in inventories, % contribution	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Exports, goods and services	-91.9	99.5	52.8	-40.0	-44.0	-20.0	0.0	5.0
Imports, goods and services	-35.3	10.7	5.1	-41.0	-17.0	-10.0	3.2	5.1
GDP, at constant factor prices	-46.1	13.1	3.4	-10.8	-11.2	-5.6	1.2	2.3
Agriculture	8.4	15.5	5.0	2.5	-15.0	0.0	2.5	2.5
Manufacturing	-81.2	45.7	26.9	-23.3	-20.5	-5.9	1.1	3.0
Services	4.8	18.2	-6.2	-6.1	-6.1	-6.1	0.0	2.0
Inflation (CPI)	42.5	2.0	61.2	187.0	426.9	85.4	27.3	20.0
Current account balance, % of GDP	-20.6	8.7	-4.8	-6.1	-1.6	2.8	-10.2	0.0
Fiscal balance, % of GDP	-16.3	-3.3	-12.0	-12.9	-14.2	-13.8	-10.7	-12.5
Poverty rate (US\$1.90 a day, PPP terms)	50.1		55.1	65.9				
Poverty rate (US\$3.10 a day, PPP terms)	71.0		74.6	85.9				

Source: World Bank Macro Poverty Projections 2017.

Note: f = forecast, PPP = purchasing power parity.

Annex 3: Portfolio Learning Review for South Sudan

Summary

1. **This annex outlines a ‘portfolio learning review’ of World Bank Group engagement in South Sudan from FY13 to FY17, including the period of the last country strategy, an ISN (FY13–14).** Under World Bank guidelines, a formal ‘Completion and Learning Review’ is not a requirement as the ISN did not have a Results Framework to measure success. Further, because of insecurity, resulting in two staff evacuations, each lasting more than six months (one in 2013 and one in 2016), and a significantly reduced staff footprint, the World Bank team has not had access to sufficient data and evidence to undertake a formal review. Yet, measuring outcomes in fragile contexts (even in the most insecure) is critical for the World Bank Group and its international partners to learn, adjust, and maximize impact. Hence, this learning review, however partial, is an important aspect of that process.

2. **The annex describes a self-assessment** of (a) the extent to which the ISN can be considered successful; (b) World Bank Group performance in design and implementation of the country program; (c) the contribution to the World Bank Group’s twin goals; and (d) lessons learned that should be considered in the design of the upcoming CEN.

Background and Methodology

3. **Levels of development funding for South Sudan have been concomitant with the fluid political-security context.** International partners committed some US\$4.2 billion to South Sudan between 2005 and 2013. Actual expenditures have been less, averaging about 80 percent for the most recent years. Most recorded aid has been through Development Assistance Committee donors; in 2010, 84 percent of funding was provided by 12 donors.⁷⁴ Since the resumption of conflict in 2013, there has been a significant shift toward humanitarian relief and a reduction in development financing. Some US\$1.8 billion was committed by donors since 2013 for relief, largely in response to the UNOCHA Humanitarian Response Plans.

4. **The World Bank Group has been engaged in South Sudan since 2005.** Upon conclusion of the CPA,⁷⁵ an MDTF (MDTF-South Sudan) was established to be managed by the World Bank Group. After independence, in April 2012, South Sudan became a member of the World Bank Group⁷⁶ and an ISN was approved by the Board to cover the years FY13–14. The resumption of conflict in December 2013, however, was a critical disruption of the country program and South Sudan’s development in general, hence the delay in preparing a new country strategy and set of programs.

5. **The primary financing vehicle for the World Bank Group program in South Sudan was the MDTF-SS, which closed on December 31, 2012.** Total receipts at closure stood at US\$728 million, of which the Government contributed 25 percent. During its seven years of operation, the MDTF-SS delivered a portfolio of 21 projects in five priority areas. Project activities were implemented over the full geographic

⁷⁴ ISN, FY13–16, World Bank. Data for donors is approximate as actual commitments and expenditures have been difficult to determine. The South Sudan Donor Book (2011, Ministry of Finance and Economic Planning) does not include all donor funding and relies on reporting by donors, many of whom did not geographically demarcate their assistance or certain categories of assistance until 2010 and 2011. In addition, most reporting is by DAC donors. Non-DAC countries, particularly China, provide considerable assistance as an adjunct to trade and extractive industries activities.

⁷⁵ The CPA, May 2005, between North and South Sudan.

⁷⁶ The three institutions of the World Bank most relevant for South Sudan are IDA, IFC, and MIGA.

territory of South Sudan, primarily through state institutions, and with implementation support from UN agencies and NGOs and INGOs. Upon closure, the MDTF-SS was extensively evaluated.⁷⁷

6. **World Bank Group financing since independence in 2011 has been supported by a blend of trust funds and IDA. Net commitments financed by the South Sudan Trust Fund and IDA increased from US\$71 million in FY12 to US\$296 million in FY16.** These resources financed eight Investment Project Financing operations and were supplemented by two Institutional Development Fund (IDF) grant operations, one SPF operation, and an ASA portfolio. The program also included three pipeline operations with disbursing Project Preparation Facilities totaling US\$5.4 million. Trust fund resources have included the legacy projects of the MDTF-SS (to the end of 2012) and some US\$75 million from a newly created South Sudan Transition Trust Fund (2011–2015). Under IDA16, the final allocation for the country US\$144.7 million and under IDA17 US\$48.3 million.

Table 3.1: South Sudan: IDA Allocations by Replenishment Round (equivalent US\$, millions)^a

DA Round	IDA 16	IDA 17
Total Allocation	144.7	48.3

7. **This learning review seeks to assess some of the results of these trust fund/IDA investments and knowledge projects since FY13.** The ISN for FY13–14 outlined an indicative program framed within two overarching clusters of activity: (a) economic management and governance for effective local service delivery and (b) support for productive employment and livelihood opportunities. However, the ISN did not outline a Results Framework with baseline indicators. Consequently, a rigorous quantitative evaluation and rating of target achievements has not been possible and this review is designed primarily to draw out general lessons learned from the implementation experience.

8. **Different methodologies were used for the exercise.** A part of the evaluation was based on a review of available literature, including Implementation Status and Results Reports, evaluations, and assessments, as well as portfolio reviews, to gather and evaluate data on project performance, achievements, and challenges. In addition, interviews were conducted with World Bank Group project teams, PIUs, and other stakeholders. In April 2016, a workshop was held with the Government and PIU heads to review project performance to date and to reach a consensus on emerging issues and lessons.

ISN Outcomes

Overall Portfolio

9. **The South Sudan portfolio comprises seven active and two completed lending projects with an average disbursement rate of 52.2 percent (70.2 percent when excluding the regional roads project).** The number of lending projects in the portfolio grew from two to eight between 2012 and 2015. Implementation progress for six of the eight IDA projects is rated ‘Satisfactory’ or ‘Moderately Satisfactory’, while two projects are of ‘problem status’ and rated ‘Moderately Unsatisfactory.’ Most projects are in safeguards categories B and C with potential for minimal or no adverse effects to the environment and human populations. The program has not experienced any serious safeguards issues. Table 3.2 provides an overview on the current state of the portfolio including the latest Implementation Progress ratings.

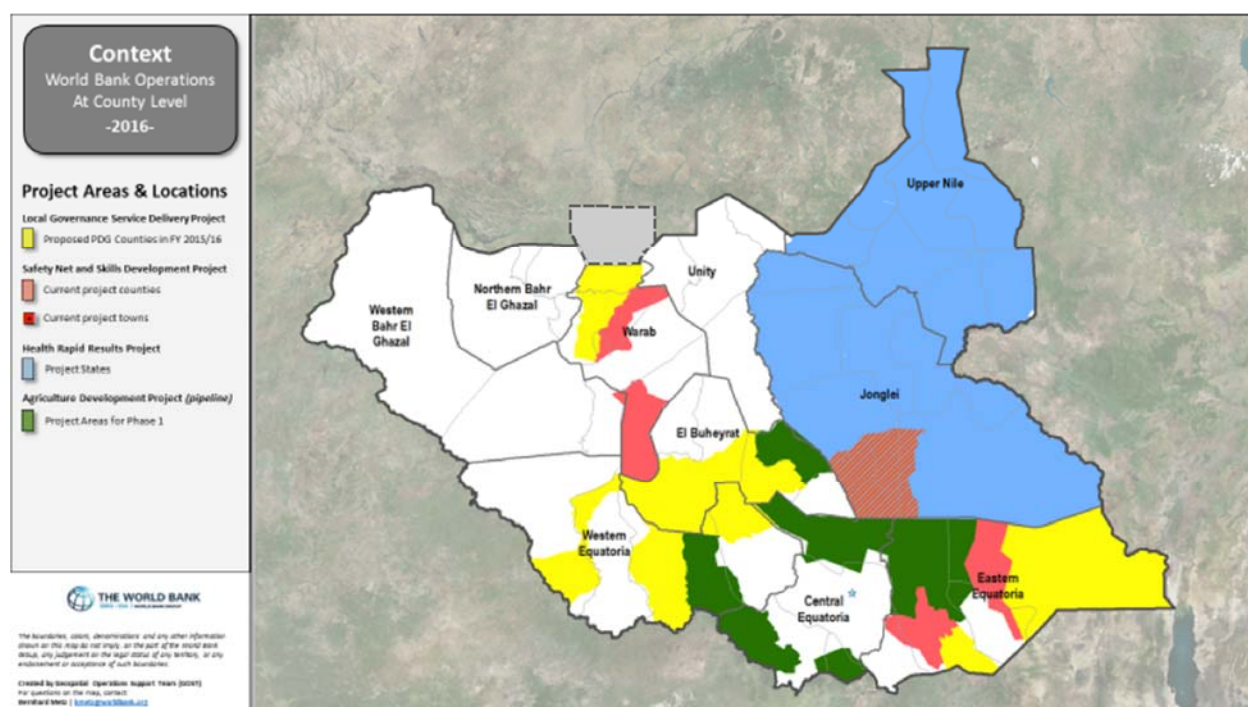
⁷⁷ See, for example, an internal World Bank Implementation Completion Memorandum, December 2013 as well as an independent assessment, *Independent Evaluation of the MDTF South Sudan*, FAFO, July 2013.

Table 3.2: Active and Recently Completed Lending Projects in the South Sudan Portfolio

Project ID	Project Name	Date of Board Approval	Revised Closing	Age in Years	Status	Net Commitment (US\$, millions)	Total Disbursement (US\$, millions)	Disbursement Rate (%)	Latest Implementation Progress Rating
P128239	Private Sector Development	January 10, 2012	June 1, 2016	5.6	C	9.00	9.00	100.00	MS
P127187	Health Rapid Results	April 13, 2012	September 30, 2017	5.3	A	103.00	70.60	69.60	MU
P144139	Statistical Capacity Building	July 16, 2014	June 30, 2020	3.0	A	9.00	2.70	33.0	S
P143915	Safety Net and Skills Development	June 21, 2013	December 31, 2017	4.2	A	21.00	2.70	13.80	MU
P127079	Local Governance and Service Delivery	March 28, 2013	December 31, 2018	4.5	A	56.98	42.20	79.40	MS
P129000	Rural Roads	April 26, 2012	October 31, 2016	4.6	C	38.00	38.00	100.00	S
P113586	Emergency Food Crisis Response	October 3, 2008	December 31, 2017	7.6	A	29.43	28.94	99.30	MU
P131426	East Africa Regional Transport, Trade and Development Facilitation	May 20, 2014	December 30, 2019	3.2	A	80.00	1.77	2.40	MU
P163559	Emergency Food and Nutrition Security	May 4, 2017	July 31, 2019	0.3	A	50.00	33.24	63.65	S
9					7A/2C	396.41	229.15	58.00	

Note: MS = moderately satisfactory; MU = moderately unsatisfactory; S = satisfactory.

Figure 3.1: Geographic Focus of Projects in South Sudan



Small Grants Portfolio

10. The portfolio funded by IDA and trust funds was complemented by several small grants financed from different sources. Two active IDF grants and one SPF grant focused on capacity building, PFM, oversight, and good governance. In addition, one Japanese Policy and Human Resources Development (PHRD) grant supported the Emergency Food Crisis Response Project through an AF and a Japan Social Development Fund (JSDF) grant has been approved that will provide business support to youth.

Table 3.3: Small Grants

Project ID	Project Name	TF/IDA Number	Funding Source	Grant Amount	(Planned) Approval/ Effectiveness	Expected/Planned Closing Date	Key Update/ Remarks
P144038	Procurement Capacity Development Support	TF 14718	IDF Grant	0.75	March 28, 2013	September 10, 2016	—
P144916	Strengthening the Capacity of South Sudan Audit Chamber	TF 17310	IDF Grant	0.30	May 8, 2014	July 10, 2017	—
P127107	Strengthening Core Functions SPF Project		SPF Grant	3.27	August 13, 2013	May 30, 2017	—
P151031	Emergency Food Crisis Response Project AF		PHRD	2.70	April 15, 2016	—	Active
P152798	Youth Business Support Program		JSDF	3.00	—	—	Approved

Advisory Services and Analytics

11. **The World Bank Group's lending activities have been supported by a range of ASAs knowledge activities.** The number of ASAs have increased over the years and help inform the World Bank Group's core programmatic work. Most of the analytical tasks planned under the ISN have been delivered and the current ones were completed by end of FY17.

Table 3.4: Analytical Portfolio

Product Line	Project ID	Project Name	#	AIS Sign-Off	Final Delivery
Finance and Markets					
TA	P151881	South Sudan Financial Sector Dialogue	1	October 22, 2014	June 5, 2017
FCV					
TA	P130589	South Sudan: Enhancing, Understanding and Informing Programming	2	February 10, 2012	October 31, 2016
Governance					
EW	P156685	South Sudan Governance Analysis: What can work for capacity	3	July 27, 2015	December 16, 2016
KP	P146738	PFM Policy Notes	4	August 28, 2013	June 30, 2016
PA	P152604	Strengthening PFM and Procurement Capacity in South Sudan	5	September 22, 2014	June 30, 2017
TA	P148268	South Sudan #A015 Strengthening Accounting and Auditing	6	October 15, 2013	June 30, 2016
TE	P144118	Open Budgeting: South Sudan - Parliament	7	December 11, 2012	June 9, 2016
Health, Nutrition, and Population					
EW	P147622	South Sudan Health PER	8	September 4, 2013	June 24, 2016
Macro-Economic and Fiscal Management					
EW	P147234	Inclusive Growth Country Economic Memorandum	9	November 8, 2013	October 19, 2016
TA	P158623	South Sudan Policy Dialogue	10	December 18, 2015	May 31, 2017
Poverty and Equity					
TA	P145898	High Frequency South Sudan Survey	11	May 30, 2013	December 30, 2016
Social Protection and Labor					
IE	P151755	South Sudan Startup Business Grant	12	July 25, 2014	December 21, 2016
Social Urban, Rural, and Resilience					
EW	P148353	Indigenous Peoples in South Sudan	13	October 18, 2013	June 29, 2016
EW	P156913	Alternative Service Delivery Options in South Sudan	14	August 8, 2015	April 17, 2017

Note: TA = Technical Assistance; EW = Economic Sector Work; TE = Technical Coordination; KP = Knowledge Product; IE = Impact Evaluation.

Development Outcomes

12. The overall ISN Development Outcome is rated Moderately Satisfactory per the aggregated operational ratings by cluster in Table 3.5.

Table 3.5: Outcome Ratings by Pillar

Cluster 1: Economic management and governance for effective local service delivery	Cluster 2: Support for productive employment and livelihoods opportunities	Development Outcome Rating
Moderately Satisfactory	Moderately Satisfactory	Moderately Satisfactory

Cluster 1: Economic management and governance for effective local service delivery

13. This cluster aimed to improve economic management and governance for effective local service delivery. The ISN activities focused on the following areas within this cluster:

- (a) Macroeconomic and budget management and poverty analysis;
- (b) PFM and anticorruption activities;
- (c) Capacity building and decentralized service delivery; and
- (d) Oversight institutions and demand for good governance.

14. The cluster was supported by the following operations.

15. The Statistical Capacity Building Project is still active and aims to strengthen Government capacity to produce and disseminate official statistics. The project builds upon the premise that improvements in the relevance, timeliness, availability, and accuracy of priority statistics strengthen governance and accountability and help build the foundation for evidence-based decision making. The project is implemented by the NBS of South Sudan and comprises the following five components with their respective goals.

- (a) Legal Reforms and Institutional Development: Strengthen the recipient's legal and institutional framework for statistics;
- (b) Human Resource Development and Training: Support the recipient in building capacity in data producing agencies;
- (c) ICT and Statistical Infrastructure Development;
- (d) Data Development and Dissemination: Support in generating, processing, and disseminating data products and services; and
- (e) Project Management: Strengthen capacity for project planning and budgeting, management, coordination, and monitoring and evaluation activities.

16. Despite identified shortcomings and increased risks related to the conflict and economic crisis, the project has led to some intermediate results. The overall Statistical Capacity Score, which rates the

country's statistical capacity based on methodology, source data, and periodicity has increased from 29 in 2014 to 34.4 in 2015. Moreover, the Survey and Census Capacity Score—which measures institutional capacity, census/survey planning and management, mapping, sampling, questionnaire design and testing, field operations, data processing, data analysis and evaluation, and data dissemination—is expected to increase by 10 percent by the end of the project in 2020.

17. **The South Sudan LGSDP is still active and has been a flagship operation specifically focusing on capacity building and decentralized service delivery.** The project aims to support improvements in local governance and service delivery by strengthening community engagement and local government capacities in planning, implementation, and oversight of local development activities. It responds to the unique imperatives in South Sudan, the need to deliver early benefits to communities in the context of weak Government capacity, while strengthening Government institutions and legitimacy, by combining features of typical local government and community-driven development operations. Below is an overview of the project components:

- (a) Block Grants to Counties and Communities;
- (b) Community Engagement;
- (c) Institutional Strengthening; and
- (d) Project Management Support.

18. To date, the project has completed 222 subprojects in seven states covering 23 counties⁷⁸ in the health, water, community roads and education sectors which have been handed over to communities and are in use, with approximately 187,246 community beneficiaries. An additional 117 subprojects are expected to be completed by December 2017. The implementation of another 779 subprojects are expected to commence in January 2018. A total of 447 staff at the local government level have been trained and 10 county governments have been equipped to better perform their functions in PFM, planning and budgeting, procurement, and infrastructure delivery. The project has supported the country's first audit of local government institutions and three counties have been audited to date with an unqualified audit report. Auditing in nine other counties is ongoing. The project has also formed 716 community institutions and empowered them to engage with their local government, identify their own service delivery needs, play a role in supervising contractors and hold them accountable, and manage conflict at the community level. A grievance redress mechanism has been put in place, providing a platform for obtaining beneficiary feedback as well as addressing any project-related grievances.

19. **Several other lending projects as well as small grants have contributed to capacity building and good governance. These include:**

- **The South Sudan Private Sector Development Project**, completed by June 1, 2016, provided Mobile Payments and Trade Integration Policy Support and led to the adoption of mobile money regulations by the Central Bank of South Sudan in December 2015. It strengthened the South Sudan Business Forum (SSBF) that played a critical role in fostering dialogue between public and private sector amid the ongoing conflict and has led to the passage of some essential legislation.

⁷⁸ Under the pre-October 2015 decentralization system.

- **The South Sudan Health Rapid Results Project** led to tangible outcomes in terms of capacities among supported client agencies. The project strengthened coordination, monitoring, and evaluation capacities of the MOH and improved the delivery of high-impact primary health care services in the states of Jonglei and Upper Nile.
- **The Procurement Capacity Development Support Project** assisted the Government in building capacity in public procurement institutions. The specific focus of this IDF grant-financed project included (a) assisting the Government in implementation of the procurement law, when it is enacted, by strengthening of the regulatory and institutional framework for public procurement and (b) assisting the Government in capacity development by means of establishing in-country modalities for training in procurement and providing training to selected Government officials in procurement management. Moreover, the project provides training to the local private sector for effective participation in public procurement opportunities. By December 2015, 12 Government procurement officials had been trained in international institutions.
- **The Strengthening the Capacity of South Sudan Audit Chamber Project.** This small grant helps to promote accountability in the use of public resources. This is achieved by South-South learning through support from regional Supreme Audit Institutions (SAIs), and face-to-face and on-the-job training for the staff. The project aimed to ensure effective leverage of limited financial and human resources, sharing experience, building sustainable capacity, and improving audit quality. By August 2015, the project led to an update of the draft of the Audit Chamber Bill, the development of an Institutional Strengthening Plan for the Auditor General, the creation of training materials and guidelines that are currently in use, and eight audits undertaken by the Audit Chamber with support from staff deployed from regional SAIs.
- **The Social Safety Net and Skills Development Project** has strengthened Government capacity for implementation through effective twinning arrangements such that the PIU went from being all international consultants to nearly all South Sudanese staff. It also increased institutional capacity for coordination and oversight functions in the targeted local governments and communities by establishing core development committees and appeals committees for grievance redress at all levels staffed by community members and Government personnel.

Cluster 2: Support for productive employment and livelihood opportunities

20. **This cluster includes the following areas:**
 - (a) Economic diversification and regional integration;
 - (b) Jobs and livelihoods;
 - (c) Roads and ICT; and
 - (d) Mainstreaming of gender sensitivity across the portfolio.
21. **The cluster was supported by the following operations.**

22. **The Social Safety Net and Skills Development Project** provided income opportunities for poor and vulnerable South Sudanese and put in place building blocks for a social protection system. The project is aligned with the SSDP 2011–2013, which identifies the importance of social protection in the achievement of the country’s development objectives. Moreover, it directly contributes to the objectives of both ISN clusters, by providing capacity-building support to the Government for developing the building blocks of a Safety Net program and creating livelihood opportunities through labor-intensive public works and skills development. While the Skills Development component has been delayed because of the prevailing crisis, early achievements have been recorded in the components focusing on Social Protection Systems and Project Management, as well as Public Works. Labor activities have started in Juba and about SSP 12.6 million in wages have been transferred for a little over 205,000 total person-days worked. This has directly supported the livelihoods of nearly 5,000 poor and vulnerable beneficiaries, more than 50 percent of whom are women, and led to the improvement of community assets.

23. **The South Sudan Health Rapid Results Project** led to improved health indicators in two of the most conflict-affected states, Jonglei and Upper Nile. The project, which began in August 2012 with a US\$28 million grant from the Transitional Trust Fund for South Sudan, focuses on maternal and child care as well as treatment for preventable diseases such as malaria, respiratory tract infections, and diarrheal diseases. The project has helped improve the delivery of high-impact primary health care services in the states of Jonglei and Upper Nile. Despite the ongoing conflict and related challenges for implementation, four of the five Project Development Objective indicators were met by August 2017 and the project has led to significant achievements in the target areas. For instance, the proportion of women attending health clinics has increased from 18 percent to 33 percent during the project period; visits of under-five children have increased from 40 percent to 52–69 percent; child immunization rates have increased from 23 percent to 35 percent; and the number of health facilities with essential drugs has increased from 48 percent to 73–86 percent.

24. **The South Sudan Private Sector Development Project supported livelihoods by promoting micro-entrepreneurship.** In addition to the capacity-building achievements discussed above, the project contributed to the improvement of livelihoods and available jobs. Business plan competitions have been successfully completed that led to the selection of 1,301 winners and some 7,000 persons, 65 percent of whom were women, have gained access to finance. Moreover, the project disbursed US\$1.2 million in lines of credit and provided technical assistance to five eligible microfinance institutions. It has also supported the training of 75 ministry personnel on the EAC integration policy and in trade negotiations, directly supporting negotiators in South Sudan’s accession into the EAC.

25. **The Southern Sudan Emergency Food Crisis Response Project increased access to food for consumption for the most vulnerable.** The project, which became effective in 2008, was restructured, with the revised objective to support the adoption of improved technologies for food production and storage, and provide cash or food to eligible beneficiaries. Despite the difficult security situation, project implementation has continued apace in areas where it is relatively safe to operate. Implementing NGOs could mobilize and organize farmers; procure, deliver, and distribute agricultural inputs to farmers; and conduct training field visits and supervision in the relatively secure enclaves where the project operates. By March 2016, the project reached almost 300,000 farmers with improved crop production, post-harvest management, and processing technologies. Over 45,000 vulnerable persons received cash transfers in exchange for construction of grain storage facilities, repairing roads and bridges, and the construction of solid waste management facilities and latrines in public markets. A total of 58,680 persons benefited from unconditional food transfers provided through the WFP. In addition, through project support for labor saving associated with cropping operations, approximately 37,000 ha of fallow and formerly idle land were

reopened and cropped to several staple food crops. Over 110,000 farmers supported by the project adopted new practices and initiatives for post-harvest handling and management and about 7,000 metric tons of storage capacity have been built.

26. **The SSRRP helped over 40,000 rural people gain access to all-season roads.** The project aims to enhance all-season road connectivity to agricultural services for rural communities in high agricultural potential areas. Its three components focused on (a) Upgrading and Rehabilitation of Selected Rural Roads (approximately 175 km of roads); (b) Maintenance and Spot Improvement of Selected Rural Roads (approximately 290 km of roads); and (c) Institutional Development for Rural Infrastructure Management.

27. **Ongoing insecurity in Mundri and Maridi counties because of localized conflicts directly affected the progress of some of the road works.** Nonetheless, all the planned 465 km of road network under the project were improved by June 2015. The average travel time on the roads targeted by the project has been cut from 3 minutes per kilometer to 1 minute per kilometer, and 39 agricultural production centers have been connected to all-season roads, which has a direct impact on jobs and livelihoods. The project involved over 70,000 direct beneficiaries, of whom 30 percent are women. Moreover, employment for 600 people has been generated under labor-based spot improvement and maintenance contracts and 205 people have been employed on rehabilitation contracts. The project also contributed to capacity building by providing procurement training for 51 state officials and 10 staff from the Ministry of Roads and Bridges.

28. **The South Sudan-Eastern Africa Regional Transport, Trade and Development Facilitation Project should boost regional integration.** The program has remained on hold because of the ongoing crisis and issues with partner co-financing. The China EXIM Bank signed their co-financing agreement in early FY18. The expected outcomes for the first project phase covering South Sudan includes a reduction in travel time between Juba and the Kenyan port of Mombasa, a reduction in transport cost, improvement of the road conditions of the Juba-Mombasa corridor, and jobs and livelihoods support for the direct project beneficiaries. The overall program should, as a result of road improvement and trade and development facilitation initiatives, lead to an increase in trade volume between South Sudan and Kenya as well as a reduction in ICT access costs.

Major ASA Products Complementing the Clusters

29. **An example of the impact of the World Bank Group's analytical work has been the High Frequency South Sudan Survey, a flagship technical assistance activity that significantly contributed to poverty analysis and informed economic management.** The program includes a set of surveys that are implemented by the South Sudan NBS. Their main objective is to provide policy makers and stakeholders with a more complete picture of the economic, social, and security conditions in South Sudan. The project comprises the following three components:

- (a) Market price surveys to produce a high-frequency price index and inform macroeconomic policy.
- (b) Exchange rate surveys that monitor the exchange rates between the South Sudanese pound and U.S. dollars on near real-time basis and publishing of results in an open source online dashboard.
- (c) Household consumption surveys that collect major socioeconomic indicators, allowing to build a poverty line and analyze the incidence and depth on poverty in the country.

30. While insecurity has not allowed for full geographic representation, seven states are currently covered (eight in the case of the market surveys) and all surveys are intended to be scaled up to a national level. The household consumption survey provides the only geographically comprehensive and statistically representative poverty analysis in South Sudan. It measures household consumption through four modules: (a) food; (b) non-food items (including services); (c) durable goods; and (d) livestock. Leveraging state-of-the-art survey technologies for handheld mobile devices, this critical data can now be collected and made available quickly to inform analysis and policy making. The survey program has also strengthened the NBS' capacity in new and innovative data collection methods, data analysis techniques, and data dissemination strategies and provided dedicated hands-on training for public servants. Pilot rounds were conducted from 2012 to 2014 and yielded valuable welfare perception data and descriptive narratives on the livelihoods of the selected households that have been published through the World Bank Group Microdata Library. Moreover, the outcomes from the first phase of the survey, carried out across six states in 2015, led to the production of a poverty note on the current context in the country. The household survey has been scaled up to seven states in 2016 and data collection is ongoing.

World Bank Group Performance

31. **Along with other international partners, the World Bank Group began planning in 2012 for an optimistic development trajectory post-independence; conflict; however, suddenly erupted in 2013.** The ISN stated that the World Bank Group will "focus on contributing to the longer-term institutional building agenda, while seeking to capture strategic opportunities for managing risks and achieving quick improvements in livelihoods and service delivery...the Bank program will help the Government lay the foundations for effective and accountable institutions." The ISN was therefore designed for a scenario that did not envisage four more years of civil conflict, but under the circumstances the portfolio performed relatively well.

32. **World Bank Group operations have had relatively positive outcomes consolidating some of the development gains achieved in the pre-independence period.** The focus of activities in the first year of implementation was mainly on setting up of controls, systems, and human resources within the implementation units. Project activities increased during 2013, until conflict resumed at the end of the year, when the country office was closed and staff members were evacuated to Nairobi. Implementation began picking up again in late 2014, with a focus on areas that were not significantly affected by the conflict. The review of the portfolio's health shows that its proactivity has been above average. 'Problem projects' only appeared in the portfolio in 2015, caused by external factors or factors beyond the control of the World Bank Group. Moreover, the speed of preparation and implementation has accelerated over time, as Government staff understood IDA processes. Time lags between Project Concept Notes and Board decisions decreased, while the disbursement ratio has been above average.

33. **The proactivity of the World Bank Group and the Government in addressing obstacles resulted in several changes to portfolio management.** The causes of delayed implementation have been analyzed extensively by the country team as well as by other donors and the Government. In 2012, the World Bank Group initiated quarterly meetings with the PIUs to monitor progress of the portfolio and discuss challenges, both PIU-specific and crosscutting. QPRs brought together project coordination heads and their technical teams to discuss project challenges.

34. **Through the interface of the QPRs and between senior management and the Government, the portfolio underwent some radical changes.** These included (a) reallocations of IDA reducing the overall

envelope for South Sudan; (b) three projects being restructured; (c) one project of US\$20 million being cancelled; and (d) four pipeline projects designed for more stable conditions being put on hold.

35. **Portfolio indicators have varied.** Two projects have been restructured and granted extensions. The overall disbursement ratio of the portfolio increased from 19.2 percent in FY13 to 23 percent in FY14. The FY15 disbursement ratio was projected to reach 24 percent by June 2016, above the regional average, and reached a 58 percent rate as at end-FY17.

36. **The Independent Evaluation Group (IEG) had recommended simplicity in project design.** It urged the World Bank Group to adjust to the South Sudanese operating environment with designs characterized by “a few, well-defined objectives, realistic implementation schedules,⁷⁹ and simple procedures, administrative requirements, and project implementation arrangements.” This was the case with most of the projects in the ISN portfolio, hence the ability for them to continue operating even during the conflict years, albeit with restructuring. The exception that underlined the prescience of the recommendation was the ambitious regional roads and ICT project that has not progressed.

37. **World Bank Group performance needed strengthening in terms of preparing for a crisis after the first evacuation in late 2013.** Two and half years later, in July 2016, the country office was again evacuated because of fighting in Juba. However, at the time security logistics were weak (for example, there were no armored vehicles) and contingencies had not been put in place for the absence of World Bank Group staff. Only upon the second evacuation were measures put in place to account for more remote supervision through, for example, a ‘fiduciary action plan’, securing resources for a TPMA, and the openness to using third-party implementation, particularly through the UN agencies.

Leveraging of Partnerships

38. **Coordinated interventions were developed early on to help a fledgling Government post-independence and later to contend with an armed conflict in which the Government was a major protagonist.** Key examples include (a) across state coordinated health funding with the World Bank Group, covering Jonglei and Upper Nile States; (b) co-financing of IDA projects by using the Trust Funds of the Government of Denmark for the LGSDP; and (c) the three-way financing of the South Sudan East Africa Regional Road Project in partnership with the China EXIM Bank and the African Development Bank. The World Bank Group also continued its more strategic coordination role within the donors group together with the ‘G6-plus’ framework, actively facilitating various donor fora such as the Investors Forum and donor round tables.

39. **Cooperation with partners and project co-financing did prove challenging in some cases.** For example, a large funding gap was created when donor trust funds were withdrawn from the LGSDP because of the political crisis in South Sudan. With the Eastern Africa Regional Transport, Trade and Development Facilitation Project, the China EXIM Bank, responsible for parallel financing of the project, has seriously delayed implementation by withholding financing.

Alignment with the World Bank Group Corporate Goals

40. **Despite operating in an extremely challenging environment, World Bank Group operations have continued functioning and in doing so, contributed to reaching the World Bank Group’s twin goals.** As outlined above, project by project, World Bank Group investments have had impacts on the country’s

⁷⁹ *World Bank Group Engagement in South Sudan: Lessons from Evaluation*, IEG Brief, September 12, 2011.

development in all the sectors that the World Bank Group has engaged in since 2012. However, given the resumption of armed conflict in late 2013, the focus of the partners in South Sudan has been on trying to minimize vulnerability and support resilience among the general population that has confronted the shocks of the ongoing conflict, forced displacement, as well as a breakdown in macroeconomic stability and increase in food prices. In these conditions, the World Bank Group has focused on trying to prevent conditions from deteriorating and supporting those working on the diplomatic and peace process to create a context in which achievement of the twin goals is more realistic.

Lessons and Suggestions for FY18–20 CEN

41. **In the context of IDA18, South Sudan represents a real test for World Bank Group engagement in FCV countries in terms of staffing footprints and safety; strategic direction and nature of the policy dialogue with the counterpart; and type of investments and implementation arrangements.** In such a setting, there is a premium on learning, adjusting, and adapting to an ever-changing context; in other words, doing development differently. Some of the lessons from the World Bank Group's past engagement were discussed in detail with Project Units and Government officials in April 2016 just before the breakdown in the peace process. The outcomes of these discussions are outlined in Box 3.1.

Box 3.1: Learning Event with PIUs and Government

In late April 2016, a two-day 'learning workshop' was held with PIU staff, Government officials, and World Bank teams. The purpose of this learning event was to take stock of achievements to date, as well as set out key areas for improvement. Key points raised included:

Results have been achieved in extraordinary circumstances; this story needs to be better communicated: for the roads project some 40,000 beneficiaries have access to rehabilitated and maintained feeder roads and 44 agriculture centers were built; in the local government project, 28 out of 32 subprojects in the health, water, and education sectors were completed and a further 249 subprojects were implemented with approximately 80,000 beneficiaries; and in the health project 5 out of 13 counties in the most war-affected states satisfied the criteria to be contracted to deliver health services to vulnerable populations.

Given the enormous needs in South Sudan, taking interventions to scale is a massive challenge. While results have been achieved during the conflict years, conditions have deteriorated and the needs among populations are great across the country. Going to scale is extremely challenging, particularly given access restrictions. One example is job creation: the roads project created just over 600 jobs and the social projection project has created some 3,000 jobs in Juba. These will need to increase significantly in the medium to long term.

Capacity building remains a key constraint and there is no easy solution. Many, but not all, of the PIUs rely on external and expensive specialists, particularly in FM and procurement, to meet World Bank Group standards for project implementation. This is an issue that needs a systemic analysis and approach. Aside from project-specific capacity building, project teams requested more training on World Bank Group procedures and operations. Potential solutions include greater use of cost-sharing of specialists across projects, skills transfer, and training.

Projects have started to experiment with citizen engagement, but such accountability approaches remain ad hoc and embryonic. All the PIUs have started to roll out grievance redress mechanisms as part of the World Bank Group corporate requirements. Some of these, such as the Rural Roads and Local Governance Projects, provide examples of how to embed such mechanisms into local governance institutions, but more support is required.

42. **The analysis of the implementation of the FY13–14 ISN together with the key findings of portfolio reviews with counterparts and the SCD suggest that there are a number of important lessons that should be used to help inform the design and implementation of the upcoming CEN.**

- (a) **Strategic coordination.** Given the interrelated social/political/economic nature of the crisis in South Sudan, there is a need for strengthened coordination between diplomatic humanitarian and development actors. Particularly opportunities lie in stronger collaboration with the UN system, such as the creation of data and analytical networks that enhance international understanding of context.
- (b) **Operational flexibility.** Those projects that have performed best are those that have restructured, taken out components that have not been relevant to the current context, and used existing implementation arrangements to enhance supervision in areas of no-access. For example, the Local Government Project contracted a third-party, an international organization, to be responsible for institutional development and training. This organization has increasingly assumed quasi-supervision responsibilities to ensure that the payam grants have been used for their intended purposes. Particular care will be needed during operational design to ensure that projects have the flexibility to respond to deterioration in the crisis (for example, implementation through UN agencies) or positive progress to include a greater Government role. Further, greater contingency should be embedded in projects to allow for exigencies such as the sharp devaluation of the currency that had serious implications for project and contract financing.
- (c) **The need for an ASA program that is relevant for the context.** Many of the products under the previous ISN were programmed during more optimistic conditions. Their relevance decreased over time as the conflict resumed. Key areas such as analysis of the war economy, the impact of the conflict on gender, and conflict sensitivity of operations, need to be part of an ongoing analytical program that can help identify key priorities going forward.
- (d) **Sustaining the capacity of implementation units.** Despite nearly 10 years of building capacity and training, PIUs have still relied on costly international expertise in key areas such as FM and procurement. New arrangements will have to be secured to potentially cost-share project management and processing expertise, provision of on-job training, and links across the portfolio, particularly with the planned Institutional Development Project.
- (e) **Accountability and citizen engagement:** The emphasis in the ISN was on helping build Government institutions and yet the crisis has represented a fundamental breakdown between citizens and the state. The portfolio comprises good practice examples of how to strengthen community engagement, such as the Local Government and Social Protection Projects; however, these approaches will need to become central to engagement going forward.

Annex 4: An Overview of Displacement

Introduction

1. This annex provides a summary of displacement figures and trends for South Sudan, as well as an overview of the impact of forced displacement for South Sudan and the Horn of Africa (HoA). The displacement data are based on United Nations High Commissioner for Refugees (UNHCR) and UNOCHA reports. The section on the impact of forced displacement is based on different literature, including the World Bank Refugee Strategy Notes,⁸⁰ the Forced Displacement and Mixed Migration in the Horn of Africa Study, and UNHCR, and Internal Displacement Monitoring Center (IDMC) reports.

Displacement Overview

2. By December 2016, one in four people in South Sudan had been forced to flee their homes since the outbreak of hostilities in December 2013.⁸¹ Further, food and livelihood insecurity (a result of drought, violent disruptions to farming, and a collapsing economy) in addition to the violence is a significant driver of displacement. As of December 2015, about 50 percent of the harvest had been lost in areas affected by violence and in February 2017, the UN declared famine in Greater Unity State, an area that has since seen a rise in displacement.⁸²

Overview of Internal Displacement Figures

3. By July 30, 2017, the number of Internally Displaced Persons (IDPs) was estimated at 1,893,109. The majority of IDPs are located in Unity, Jonglei, and Upper Nile States. By the end of 2016, internal displacement reached 158,000 in Eastern Equatoria, while in Central Equatoria, the number increased to 143,000. Elsewhere, civilians who had already been displaced multiple times were forced yet again to flee their homes, including in counties such as Leer, Koch, Mayendit, and Rubkona in Unity. By December 2016, some 212,000 IDPs had sought refuge in UN Protection of Civilians (PoC) sites, the highest number since the conflict began.⁸³ Figure 4.1 shows the number of forcibly displaced by location and Figure 4.2 shows the uneven distribution of internal displacement.

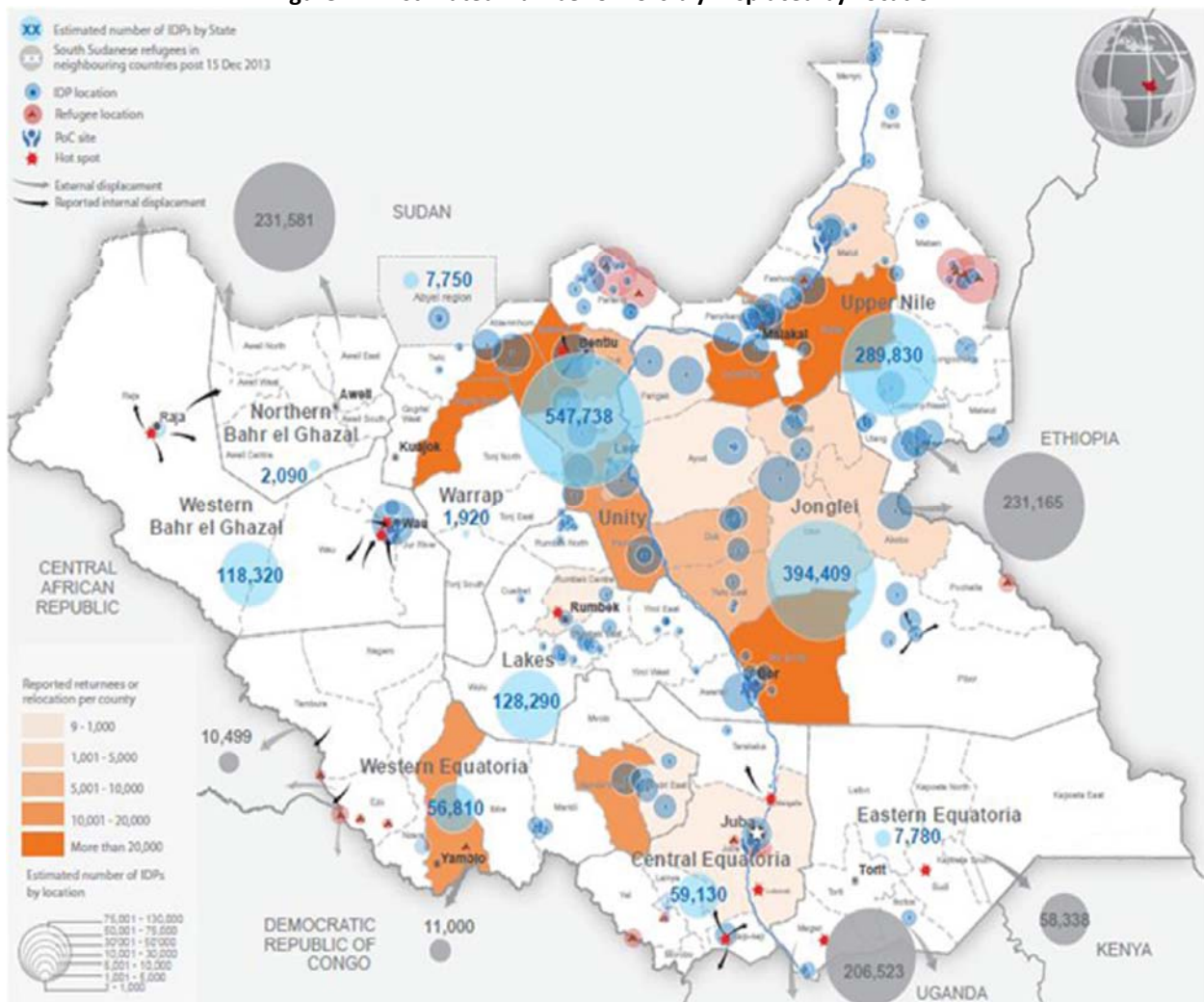
⁸⁰ World Bank Group Board Consultation Notes on Eligibility for IDA18 Regional Sub-Window for Refugees and Host Communities, September 2017.

⁸¹ IDMC, South Sudan, Displacement Context, 2017.

⁸² IDMC, South Sudan, Displacement Context, 2017.

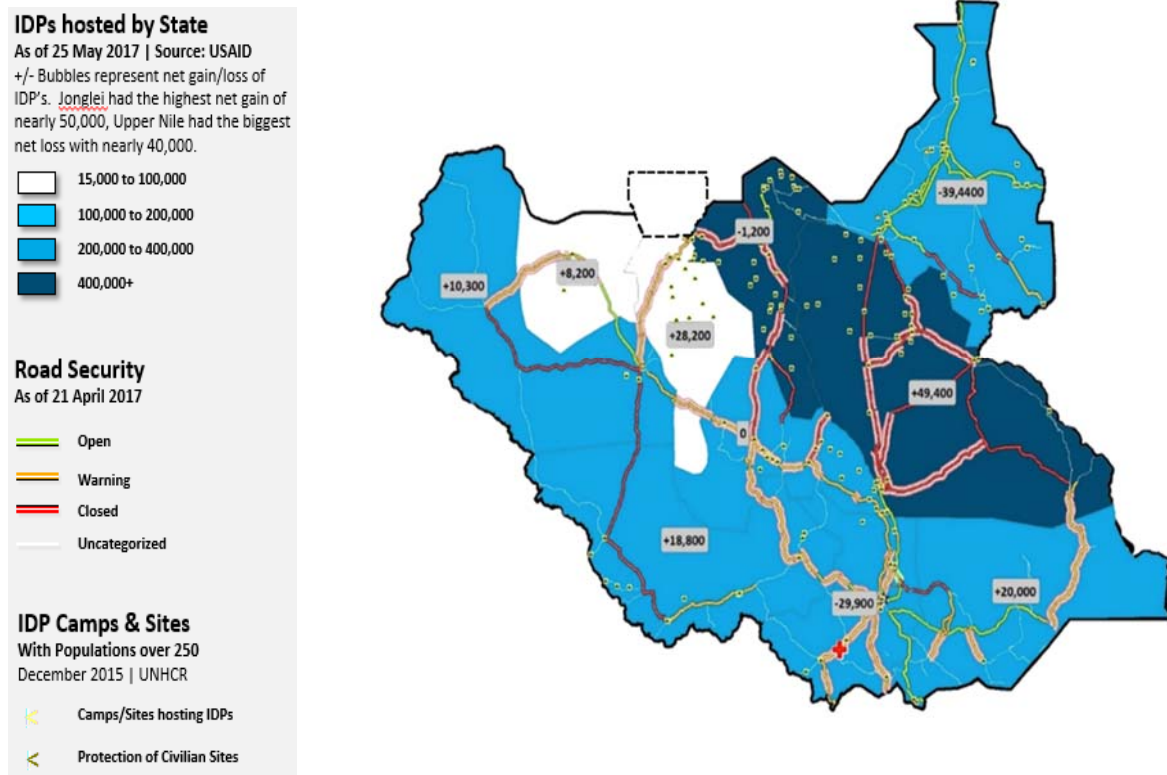
⁸³ UNOCHA. 2016. "Humanitarian Needs Overview, 2016."

Figure 4.1: Estimated Number of Forcibly Displaced by Location



Source: UNOCHA 2016.

Figure 4.2: Net Gain/Loss of IDPs by State



Source: USAID, May 25, 2017.

4. Because of the numerous drivers of displacement in South Sudan,⁸⁴ many IDPs are in a situation of protracted displacement with little prospect of finding a durable solution (Figure 4.3 provides trends). In parallel, the recurring nature of main displacement triggers also means that many people have been displaced multiple times, particularly in Unity and more recently in the Equatorias.⁸⁵ Porous borders and a lack of coordination between countries have also enabled circular cross-border displacement, with people moving back and forth between South Sudan and neighboring countries when they are unable to find safety.

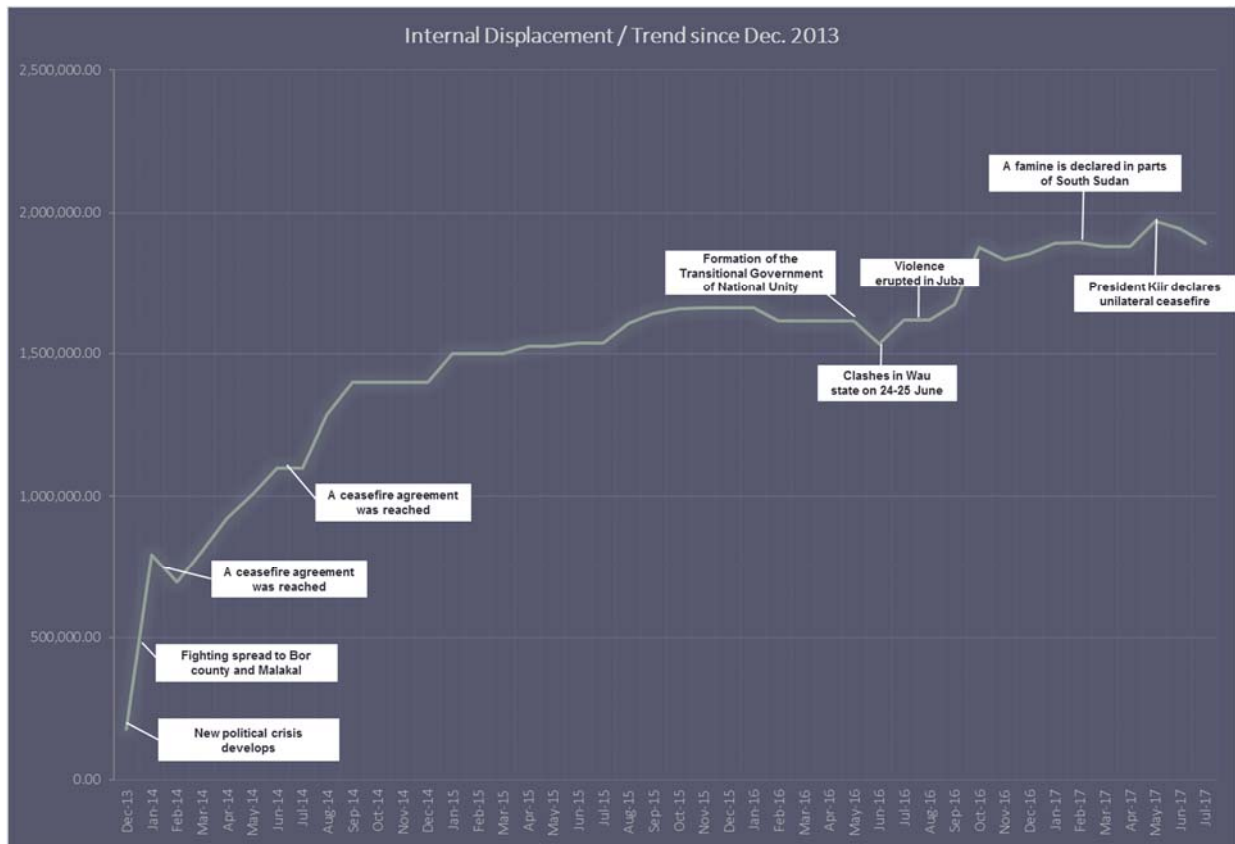
5. The majority of IDPs live outside of displacement camps, wherever they can find safe shelter. Many live alongside PoCs, in churches or in small villages isolated from the fighting. In more violent areas, IDPs hide in swamplands or in the bush, where they often survive on grass, roots, and water lilies, heightening the risk of malnourishment.⁸⁶

⁸⁴ A combination of conflict, economic crisis, and inadequate access to food and livelihoods.

⁸⁵ IDMC, South Sudan, Displacement Context, 2017.

⁸⁶ IDMC, South Sudan, Displacement Context, 2017.

Figure 4.3: Overview of Internal Displacement Trends

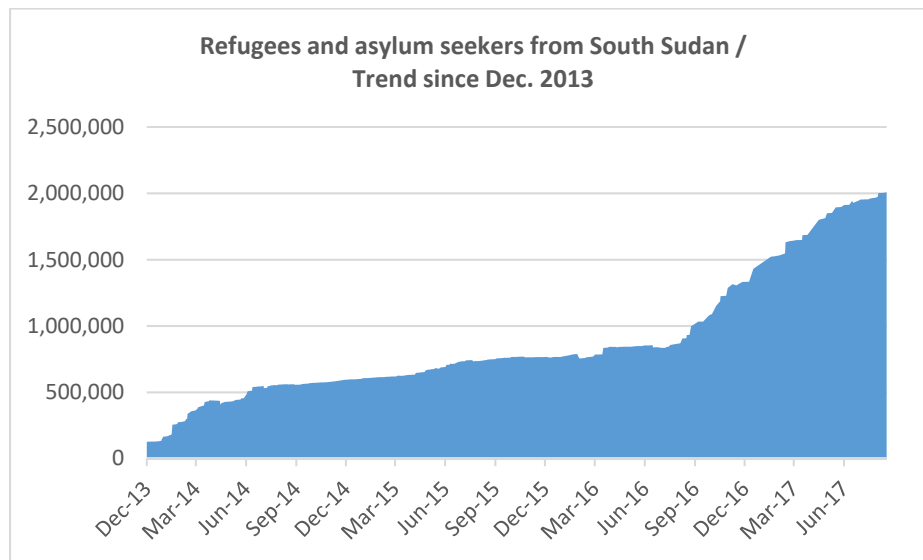


Source: Staff Estimates.

Overview of Refugee Figures

6. By September 1, 2017, the number of South Sudanese refugees and asylum seekers reached 2,007,841 (Figure 4.4). The male to female ratio is 48:52 and 62.9 percent are under 18 years.

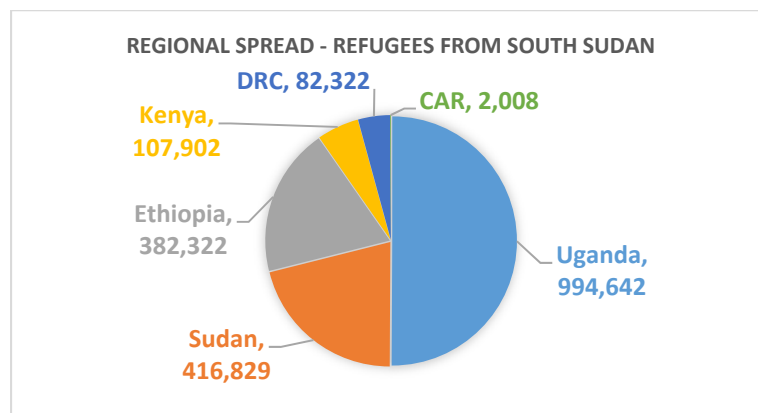
Figure 4.4: Refugee Numbers - Trend Since December 2013



Source: UNHCR.

7. South Sudanese refugees continue to move to neighboring countries. Each country, excluding the Central African Republic, experienced an increase in refugees over the last 12 months.⁸⁷ The numbers of South Sudanese refugees are as follows⁸⁸ (Figure 4.5): about 1 million in Uganda, about 415,000 in Sudan, 380,000 in Ethiopia, 105,000 in Kenya, 80,000 in Democratic Republic of Congo, and 2000 in Central African Republic.

Figure 4.5: Regional Spread of South Sudanese Refugees as of July 2017



Source: UNHCR, July 2017.

Impact of Forced Displacement

Socioeconomic Impact of Internal Displacement

8. Internal displacement has a significant impact on access to basic social services, livelihoods, assets, and employment, and access to water and land for both the forcibly displaced and their hosting communities. Other key sectors where socioeconomic impacts can be significant include gender relations

⁸⁷ UNHCR, May 2017.

⁸⁸ UNHCR, as of July 31, 2017.

and gendered dynamics, demography, fertility and reproductive health, education, identity and governance, human security, violence, and economic impacts.⁸⁹ In South Sudan, IDPs live in overcrowded camps and as such place a severe strain on the food, water, health care, shelter, and sanitation services.

9. **Food and livelihoods.** The conflict took a devastating toll on livelihoods. Farmers reduced their plantings, especially on land distant from their homes; access to markets and social facilities was disrupted; and diversified livelihood activities, such as fishing and hunting, were constrained. In some areas, about 50 percent of harvests have been destroyed and severe drought has intensified an already fragile situation.⁹⁰ With IDPs putting a severe strain on available food, hunger is an increasingly pressing concern for IDPs and IDP-hosting communities. As for food insecurity, acute malnutrition and, in some areas, famine have reached unprecedented levels, and negative coping measures have been observed across the country; for example, 89 percent of the people have reduced the number of meals consumed, 70 percent rely on wild food, and 58 percent are without food for the entire day.⁹¹

10. **Income-generating activities.** Internal displacement has a significant impact on income-generating activities: positive and negative effects as it was found in Uganda, where the high likelihood to engage in certain activities among IDP camp residents was a result of the number and character of available opportunities within or around these settlements.⁹² Another study from Uganda found the first causal quantitative evidence of the effect of displacement on income: “displaced households experienced an initial decrease in consumption of between 28 percent and 35 percent, as well as a 1/2 standard deviation decrease in the value of assets compared to nondisplaced households. Two years after households returned home, displaced households still lag behind nondisplaced households with 20 percent lower consumption, and a 1/5 standard deviation less assets. However, as predicted by a heterogeneous neoclassical growth model, displaced households in the top three quartiles of pre-displacement assets appear to have recovered a portion of their consumption, though with significantly reduced education and wealth levels. There is no recovery for the bottom quartile households, who appear to be trapped in a lower equilibrium.”⁹³ Building on the findings from this study, a similar economic development can be expected in South Sudan. Most of the IDPs, in particular, the bottom quartile households according to pre-displacement assets could be trapped and would lag behind nondisplaced households for the next two or more years to come.

11. **Sociopolitical structures and relations.** The century-long conflict in South Sudan, war-induced poverty, displacement, and trauma has weakened kinship and community ties and negatively affected social support mechanisms and intra-communal collaboration.⁹⁴ As the large IDP population stretches the absorption capacity of host communities, host-displaced relations are significantly affected and can often become violent.

⁸⁹ University of Oxford and World Bank. 2011. “Study on Impacts and Costs of Forced Displacement, 2011.”

⁹⁰ International Rescue Committee, *Famine in South Sudan*, March 2017.

⁹¹ IDMC, *Priority Needs and Vulnerabilities*, 2017.

⁹² Bozzoli et al. 2011. “Activity Choices of Internally Displaced Persons and Returnees: Quantitative Survey Evidence from Post-War Northern Uganda.”

⁹³ Fiala. 2012. “The Economic Consequences of Forced Displacement.”

⁹⁴ Deng. 2010. “Social Capital and Civil War: The Dinka Communities in Sudan’s Civil War.”

Regional Impact of South Sudan Crisis

12. With a population of over 230 million people,⁹⁵ the HoA hosts over 9.7 million forcibly displaced persons,⁹⁶ including over 5.6 million IDPs and over 3 million refugees.⁹⁷ With Ethiopia, Kenya, and Uganda being among the world's top 10 refugee-hosting countries, displacement is currently one of the most complex and pressing regional challenges to reduce poverty and achieve sustainable development with peace and security. As of July 2017, South Sudanese account for approximately 4 million of the total forcibly displaced in the HoA (about 40 percent).

13. **Uganda.** Uganda is currently experiencing the fastest growing refugee crisis in the world. The violence in South Sudan has driven almost 1 million arrivals over the last 12 months. The country has received an average of 1,800 South Sudanese refugees daily since July 2016 and with a total refugee population of more than 1.34 million in August 2017, Uganda is currently the largest host of refugees in Africa and the third largest host in the world. Approximately 75 percent of the total number of refugees in Uganda originate from South Sudan. Most refugees are accommodated in the West Nile region, which is among the poorest areas in the country, with the remaining settled in the western and southwestern parts of the country. About 90 percent of the refugees who arrive in Uganda, are women and children (about 70 percent children). They are largely illiterate, have a background of subsistence agro-pastoralism, exhibit high incidence of trauma, and depend heavily on humanitarian assistance. Some 19 percent of South Sudanese refugees are unaccompanied minors, typically cared for by foster families. There is a comparatively small urban refugee population predominantly in the capital Kampala. Living conditions for hosts and refugees are likely to deteriorate resulting from continued large inflows of refugees and increased pressure on land and services, the environment and natural resources, and limited infrastructure. Although this rapid and substantial shock to the socioeconomic and environmental carrying capacities of local communities has stretched Uganda's notable generosity, the Government has maintained its progressive refugee policies. Tensions, however, may potentially increase between host and refugee populations. While the Government of Uganda remains committed to its open-door policy, it is struggling with a crisis of a magnitude that could be disruptive for existing policies in the longer run.

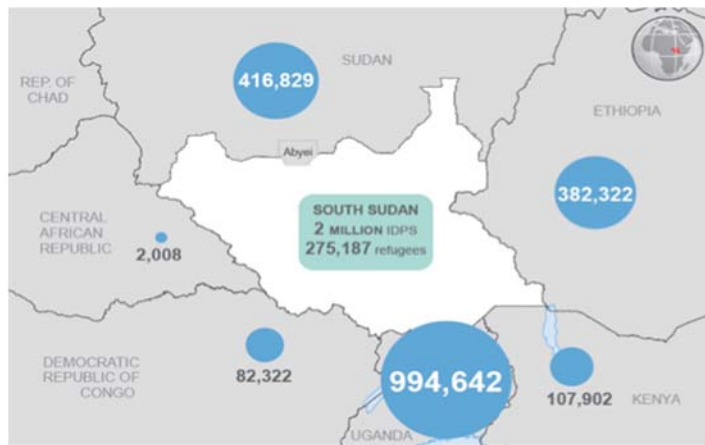


Figure 4.6 Refugee Spillover map

Source: UNOCHA 2016.

14. **Ethiopia.** With 792,000 refugees as of end-2016,⁹⁸ Ethiopia is hosting the sixth-largest refugee population in the world and the second-largest in Africa, after Uganda. About 40 percent) of the total

⁹⁵ IGAD, The IGAD Region, online resource, 2017.

⁹⁶ Defined as 'people of concern' to UNHCR; number as of December 2016.

⁹⁷ UNHCR 2016; as of December 2016. The term 'refugees' also includes asylum seekers. The other categories, which are returned refugees, returned IDPs, stateless, and others of concern, stand at over 1 million.

⁹⁸ UNHCR. 2016. "Global Trends: Forced Displacement in 2016." Refugee numbers are constantly changing: As of end-May 2017, there were about 839,000 refugees in Ethiopia.

number of refugees in Ethiopia are from South Sudan. The majority live along the southwestern border (Gambela Region). This situation represents an ongoing and growing crisis, with weekly arrivals ranging from several hundreds to thousands and concerns that the number of refugees could grow by an additional 125,000 by end-2017. Refugees outnumber the host population in the Gambela Region, a poor and fragile region. Their presence has exacerbated long-standing historical tensions between ethnic groups over grazing land and water, while their mere number makes prospects for integration difficult. The host population lives in poverty with very limited access to basic services and refugees are often better served through humanitarian assistance. As there may be limited prospects for economic integration of the South Sudanese in the short to medium term, a major effort is needed to support host communities and build human capital in Ethiopia.

15. **Sudan.** As of July 2017, 416,829 South Sudanese are registered or seeking asylum in Sudan. Sudan also hosts an estimated 350,000 South Sudanese refugees who remained in Sudan following South Sudan's independence in July 2011. Almost half of the refugee population are residing in eight designated sites in two localities in White Nile States and two newly established sites in East Darfur. The remaining South Sudanese refugee population is highly mobile, living mainly in South Darfur, West and South Kordofan, and Khartoum. Maintaining adequate reception facilities in many areas remains a critical challenge and humanitarian access is often constrained by administrative procedures, security considerations, and impassable roads during the rainy season. Access to basic services in some areas is also very poor. From the onset of the emergency, the Government of Sudan has maintained an open border policy, allowing safe and unrestricted access to its territory for those fleeing the conflict, and ensuring their immediate protection and safety within its borders.⁹⁹

16. **Kenya.** As of December 2016, Kenya hosted the third largest number of refugees in Africa, after Ethiopia and Uganda.¹⁰⁰ Some 494,863 refugees and asylum seekers from Somalia, South Sudan, Ethiopia, and other countries in the region are hosted in Kenya with 272,764 in the Dadaab refugee camps, 154,947 in Kakuma, and 69,261 in Nairobi. The majority of the total South Sudanese refugees in Kenya are located in Kakuma (in Turkana West sub-county of Turkana County), which is located close to the international borders. The host communities around Kakuma are underdeveloped and face poverty and unemployment, deficits in human capital development and social service delivery, and limited access to basic infrastructure—a situation that is aggravated by a significant increase in new arrivals, in particular since April 2016.¹⁰¹

The World Bank Group's Current Portfolio and Opportunities

17. The portfolio outlined in the CEN includes a number of instruments that are specifically designed to support internal displacement, either in areas of location or in areas of return. These interventions include provision of basic social services through the local development project, provision of food security and nutrition through UNICEF, as well as longer-term support to livelihoods through the Social Protection and Agriculture Development Projects.

18. The World Bank Group is currently supporting the implementation of a regional operation in the HoA—the Development Response to Displacement Impacts Project (DRDIP P161067) in Djibouti, Ethiopia, Uganda (Phase 1), and Kenya (Phase 2) through a series of projects (SOP) approach. These four credits—Djibouti US\$20 million, Uganda US\$50 million, and Ethiopia and Kenya US\$100 million—and two grants

⁹⁹ UNHCR, Reporting, Refugees and Asylum-Seekers in Sudan, 2016.

¹⁰⁰ UNHCR Factsheet December 2016.

¹⁰¹ UNHCR, South Sudan Situation, 2017.

of US\$8 million to IGAD, stand at a total amount of US\$278 million. The current pipeline of the SOP includes an AF of US\$250 million for Uganda and an AF of US\$100 million for Ethiopia.

19. This SOP allows for other countries in the HoA to opt into the program at a later date, according to their needs and specific requirements. South Sudan is a potential country to join this project because it hosts over 275,000 refugees. The DRDIP seeks to enhance the coping capacity of host community and safeguard the refugee asylum space in the project countries with a development objective to “improve access to social services, expand economic opportunities, and enhance environmental management for the host communities impacted by refugee presence in the targeted areas.”

20. Under the IDA18 refugee sub-window, South Sudan could potentially access resources because it is hosting 275,000 refugees. However, the dialogue to date has been limited because of country circumstances.

Annex 5: Map of South Sudan

