

**Testimony by U.S. Agency for International Development
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U.S. House Committee on Foreign Affairs
Subcommittee on Africa, Global Health, and Human Rights
“Africa's Newest Nation: The Republic of South Sudan”
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Good afternoon Chairman Smith, Ranking Member Payne, and members of the subcommittee. Thank you for inviting me to speak with you about foreign assistance support to Sudan. I want to also thank Ambassador Princeton Lyman for his dedicated efforts in serving as the current Special Envoy for Sudan, and in particular for helping to facilitate ongoing discussions between both CPA parties on critical outstanding issues. He has been an important advocate and partner for USAID in Sudan. We have worked to ensure that diplomatic and development efforts are coordinated to best accomplish U.S. foreign policy goals.

Sudan is a priority for the Obama Administration—a country where we need to provide humanitarian, development, and stabilization assistance all at the same time. While we respond to the needs of those displaced by conflict in places including Abyei, Southern Kordofan, and Darfur, we must also work with the authorities to consolidate peace throughout Sudan, and lay the foundations for long-term development of both north and south. As members of this Subcommittee are aware, it is critical for the stability of the East Africa region that the United States continues its strong commitment and reinforces our efforts to stabilize all parts of Sudan. Helping to bring stability and economic growth to Sudan is vital to our own national security. Our continued assistance to Sudan helps to stabilize the region, and that is needed now more than ever.

Supporting Implementation of the Comprehensive Peace Agreement

In my role as USAID Deputy Assistant Administrator for Africa, I was in Sudan last month along with USAID Administrator Rajiv Shah. With a momentous event approaching—the separation of Sudan into two nations on July 9—the development ministers of the United Kingdom and Norway joined Administrator Shah in a joint visit to Juba and Khartoum to stress the continuing commitment of our three countries to all the people of Sudan, and to the peaceful co-existence of Sudan and South Sudan.

The United States, United Kingdom, and Norway are known as the Sudan “Troika” because of our longstanding humanitarian and development partnership with Sudan and our shared role in brokering the 2005 Comprehensive Peace Agreement (CPA). Our development leaders emphasized our shared support for the development of two economically viable and peaceful states that adhere to principles of good governance, respect for human rights, and assistance to those affected by conflict, natural disaster, and displacement.

One of the messages the Troika development ministers conveyed to both the Government of Sudan and the Government of Southern Sudan (GOSS) was our concern about the lack of resolution over the post-CPA status of Abyei and the destabilizing impact of this uncertainty just weeks before the South's formal secession. Tragically, less than two weeks after our visit, violence erupted in Abyei, leading to the displacement of more than 100,000 people. We also saw serious fighting erupt in the fragile Northern border state of Southern Kordofan a week and a half ago, with continued clashes resulting in displacement of over 53,000 people, though this number is unconfirmed. There are also unsettling security developments emerging on both sides of the North-South border.

Special Focus on the Volatile Three Areas

For years, the “Three Areas”—Abyei, Southern Kordofan, and Blue Nile—have been an area of special focus for USAID. They are the subject of special protocols and political processes under the CPA that remain incomplete—even as we approach the end of the CPA on July 9. We knew that these areas were flashpoints, as the current crises in Abyei and Southern Kordofan demonstrate, and as such USAID has worked to reduce conflict and build the capacity of local authorities, while monitoring and responding to humanitarian needs in them. Ultimately, the decision to choose peace or conflict lies in the hands of Sudanese actors and we continue to urge them to resolve differences through negotiations rather than violence.

We have sought to prevent and mitigate community-level conflict in the Three Areas and southern Sudan, in part by strengthening local governing authorities, and building their ability to respond to community needs. In Abyei, our partner in this effort has been the Abyei Area Administration. To help strengthen rule of law in the Abyei Area, for example, we provided support for the Abyei Area Judiciary and Legal Council, which previously had to operate remotely from Khartoum. However, the Abyei Area Administration was dissolved by the Government of Sudan last month when the fighting noted above erupted. The parties are currently discussing the status and composition of the Abyei Area Administration as part of wider negotiations meant to resolve the current crisis.

USAID has stood ready for many months to provide support to an Abyei Area referendum that would decide, according to the CPA, whether Abyei will be part of the north or south—but that process requires an Abyei Area Referendum Commission that the CPA parties must select to oversee the process. It also clearly requires that the Sudanese Armed Forces withdraw from Abyei, and that conditions are put in place for the safe return of displaced civilians. We continue to stand ready to provide such assistance, or provide support to whatever political solution may be reached in negotiations between the CPA parties. Northern and Southern leaders need to resolve Abyei's future status peacefully and expeditiously. The Abyei crisis should be resolved through peaceful negotiations and the mutual agreement of the parties, not by the use of force.

In Southern Kordofan, USAID provided comprehensive support for state elections last month and processes leading up to the elections, including the 2010 Southern Kordofan census, electoral administration, voter education, political party participation, and election observation by international and domestic observers. The elections fulfill a requirement of the CPA, and are a prerequisite for popular consultations in the state. Ultimately, Ahmed Haroun was elected governor. As you know, in 2007, the International Criminal Court issued a warrant for his arrest for crimes against humanity and war crimes in Darfur. Our assistance to the Southern Kordofan elections was focused on providing citizens the opportunity to participate in processes that are critical for the development of democratic governance; it supported the election process and not a particular outcome. We continue to call for accountability for atrocities committed in Darfur, and to urge the Sudanese government to cooperate fully with the ICC, as required by UN Security Council Resolution 1593.

In addition, USAID has been helping Blue Nile and Southern Kordofan prepare for the popular consultations since 2008. Popular consultation is a political process that gives the people of Southern Kordofan and Blue Nile States the right to express their opinions about whether the CPA has met their aspirations, and empowers their democratically elected state legislatures to negotiate with the central government in Khartoum on any shortcomings in the constitutional, political, and administrative arrangements of the CPA. Under the popular consultations, commissions in each state were to submit reports to their respective legislatures by January 2009; however, these processes have been significantly delayed in Blue Nile and stalled in Southern Kordofan.

USAID has been providing a broad range of technical and logistical support, including civic education campaigns to inform citizens about the process and their rights. Earlier this year, in one of the most impressive displays of democratic participation ever seen in Blue Nile state, more than 70,000 citizens attended public hearings in communities across the state to voice their opinions about the CPA as part of the popular consultation process, and many aired grievances. We are now at the point of compiling comments from citizens in a database, but there have repeatedly been delays in the process and disagreements between the CPA parties about next steps. Successful implementation of the popular consultation process is critical to building stability in Southern Kordofan and Blue Nile. Continued attention and encouragement from the international community is essential to keep the process moving forward.

Most significantly, our work with the Government of Sudan, the Government of Southern Sudan, Sudanese civil society, and international partners including the UN resulted in a peaceful and on-time referendum on self-determination for southern Sudan in January. Many Sudan watchers feared it was not possible to achieve this considering the logistical and time constraints we faced. The collaboration of U.S. Government development and diplomatic experts with Sudanese and international partners resulted in a major accomplishment for U.S. foreign policy. The referendum not only fulfilled a landmark provision of the CPA, it also gave the people of southern Sudan the right to express their will at the ballot box, usually for the first time in their lives—an opportunity they used to overwhelmingly express their collective wish to secede and form their own nation.

Humanitarian Contingency Planning and Response

As part of our effort to prepare for potential humanitarian crises that could emerge in the lead-up to or during the course of the referendum in January, USAID collaborated with the United Nations and other humanitarian organizations on an emergency contingency plan. That plan was activated when the Abyei crisis began, and it is working. USAID partners are now utilizing prepositioned humanitarian resources to respond to the needs of the thousands displaced by the current conflict.

After fighting erupted last month in Abyei, our implementing partner the International Organization for Migration began registering tens of thousands of the displaced who had fled to four states in southern Sudan and within the Abyei Area, and other USAID partner organizations began distributing food aid and relief kits containing cooking utensils, water containers, plastic sheeting, mosquito nets, blankets, and soap. When fighting then erupted in Southern Kordofan state last week, we were also ready to provide food and other humanitarian assistance to Sudanese displaced by conflict in that state.

Coordination among the humanitarian community is facilitating speedy and comprehensive assistance to people in need, but the displacement comes when the rainy season is setting in and roads and airstrips in the affected area will require continuous maintenance to ensure access to the needy population.

While we are responding to this latest emergency, we are still focused on the enormous task of shaping the path of the emerging nation of South Sudan as it approaches independence on July 9.

USAID's New South Sudan Mission

Last month, USAID notified Congress of our intent to re-designate our Sudan field office at Juba as a fully delegated mission upon South Sudan's independence. The new Mission will enable the U.S. Government to build on longstanding relationships to carry out programs to support conflict mitigation efforts; expand economic opportunities; strengthen governance and democracy efforts; and promote the delivery of essential services such as health and education. The new Mission will act as a reform catalyst, actively engaging USAID-funded institutions and U.S. Government partners to advocate for vigorous, effective reforms. The Mission will advise the U.S. Ambassador, when the first ambassador to South Sudan is appointed, and the Government of South Sudan (GOSS) on development issues; integrate overall U.S. policy with development initiatives; advocate the U.S. agenda with the GOSS, donors, regional institutions, private and non-profit institutions; and enhance overall regional cooperation.

The following sections summarize USAID's current activities to support good governance, peace and security, and broad-based economic growth in southern Sudan.

Oil Revenues and Development

Southern Sudan is unusual among our development partners. In the short term, it will be financially vulnerable as it puts in place macroeconomic systems and reaches agreement with the Government of Sudan on sharing of oil revenues, or more likely, user fee arrangements. In the medium- to long-term, it will have national revenue from oil that exceeds development resources, as the foreign assistance funding levels for the United States and other major donors are under significant pressure. Considering this new economic dynamic, our role is to use our leadership, political capital, and experience to help both the Government of Sudan and the emerging Government of South Sudan to make sound choices in the public interest with the resources they have, and to help facilitate investments from others, particularly the private sector. Although South Sudan will have resources to invest in its own development, its development needs are immense. South Sudan has little infrastructure, a fledgling economy that provides few jobs, nascent and weak governance institutions, and woefully inadequate health and education systems. Coordinated effort among all international partners and the government will be essential to have a significant impact on peoples' daily lives.

Laying a Foundation for Economic and Agricultural Growth

A major focus of our visit to Sudan last month was promoting private sector-led economic growth in southern Sudan, particularly in the promising agriculture sector. Southern Sudan has vast arable land, of which less than 10 percent is currently cultivated. It is critical that southern Sudan diversify its economy, which is almost entirely reliant on its limited supply of oil, and provide economic opportunities and employment to its conflict-fatigued people.

Last month, in alignment with the principles of USAID's Feed the Future initiative, we created a partnership with the GOSS, the Alliance for a Green Revolution in Africa, the International Fertilizer Development Center, and the Kingdom of the Netherlands to develop southern Sudan's commercial agriculture sector by increasing agricultural productivity, supporting agribusinesses, and improving agricultural research and technology. Agricultural development will not only help diversify the economy and improve food security in southern Sudan, it can also become the engine for economic growth, creating jobs, raising the household incomes of southern Sudanese—the vast majority of whom are subsistence farmers—and reducing poverty.

We are focusing on broader aspects of economic development as well, helping the GOSS to create an enabling environment for the promotion of private investment by establishing legal and regulatory frameworks, helping the GOSS to streamline and harmonize taxation policies, helping the GOSS Ministry of Investment to attract private capital and investors in key sectors, and helping the Bank of Southern Sudan—which will soon transform from

a branch of Khartoum's central bank to the central bank of South Sudan—to develop policies and supervision responsibilities.

During our visit to Sudan last month, we announced Troika support for an international engagement conference for South Sudan, to take place in Washington following South Sudan's independence. This will provide an international platform for leaders of the new country to present their vision for South Sudan going forward, and will be an opportunity for development partners and the private sector to engage with South Sudan's leaders on priority areas for support and collaboration.

To help assess the business environment in southern Sudan, we collaborated with the World Bank and International Finance Corporation by funding the report *Doing Business in Juba 2011*, which compares Juba to 183 economies around the world measured in the World Bank's *Doing Business* report series. Released last month, this report provides an important baseline in key areas such as starting a business, registering property, obtaining credit, and trading across borders—and shows where policy-level improvements need to be made.

Managing Land and Natural Resources

One of southern Sudan's most important resources is undeveloped land, yet until now, southern Sudan has had no comprehensive land policy, which has led to questions over land rights and has hindered investment. USAID provided technical advice to the GOSS Land Commission to draft southern Sudan's first land policy and supported community consultations across the south's 10 states for public input on what the policy should include. Creation and enforcement of a comprehensive land policy is important to provide equal opportunity and access to land in southern Sudan by strengthening land tenure security, land use planning, and land administration and management. It will help prevent land grabbing by influential individuals or companies and reduce disputes over land that can lead to conflict, and can enhance the business climate in southern Sudan by addressing questions over land rights. It will also improve equitable access to land for agricultural production, and encourage farmers to use land for long-term, environmentally sustainable investments, which is important in protecting southern Sudan's natural resources and improving food security in a region where most people are subsistence farmers. The consultations included special sessions on women's rights to land, and property rights challenges that affect private sector investment.

A related important area of our assistance is focused on sustainable management of southern Sudan's wildlife and natural habitat in the pristine Boma-Jonglei Landscape. We have provided training in forest and wildlife management and environmental compliance, and worked with local governments and communities on sustainable use of natural resources.

Building Infrastructure to Spur Growth and Investment

To help provide the environment needed for investment as Sudan continues to recover from war, we have built and improved key infrastructure in southern Sudan, including the Juba-Nimule road, which connects southern Sudan to Uganda, one of its main trading partners, and connects southern Sudan through Uganda to the port of Mombasa, Kenya. The 120-mile-long Juba-Nimule road will become southern Sudan's first highway, and the only paved road outside major towns. After decades of war, we had to begin this road improvement project by demining the road and replacing several dangerous bridges. In February, we began tarmacking the road, the final stage of this important road project, which will be completed next year. Already, numerous small businesses have sprung up along the road to capitalize on passing traffic and some 20 buses per day travel between Juba and Kampala. Travel time between Juba and Nimule has been reduced from eight hours at the beginning of the project to three-and-a-half hours.

This week, we inaugurated the first engineered all-weather gravel roads in Western Equatoria State, some 262 kilometers, which will boost trade and transportation between southern Sudan and the Central African Republic and the Democratic Republic of the Congo. These roads are already increasing trade of locally grown agricultural goods and increasing the ability of security forces to move quickly to combat the Lord's Resistance Army.

Earlier this year, we inaugurated the electrification of two key market towns in Eastern Equatoria (Kapoeta) and Western Equatoria (Maridi), which—like most of southern Sudan—had never had electric power. This has already helped boost economic activity in these towns, enabling merchants to extend their hours, improving community security, and helping schoolchildren to study after dark.

Strengthening Effective, Participatory Governance

In addition to these many efforts to promote economic development in southern Sudan, we are working closely with the GOSS in building the capacity of critical national, regional and local institutions. For example, we are strengthening capacity for financial oversight and transparency, including through a public financial management system USAID has implemented in the GOSS and the 10 southern state governments to plan and track expenditures. We have also provided anti-corruption training to dozens of southern Sudan government officials and helped the Southern Sudan Anti-Corruption Commission to develop an anti-corruption strategy for southern Sudan.

Yet even as we help build and strengthen government institutions, southern Sudan is challenged by a lack of human capital and centralized political structures because of the legacy of war. Only about one-fourth of southern Sudan's population is literate, and there are simply not enough trained civil servants available to fill the needs of government. One way we have addressed this challenge is by providing technical experts to various ministries to serve in an advisory capacity. At the Ministry of Finance and Economic Planning, this assistance is helping to strengthen budget management and

revenue generation. In coordination with Norway, we are providing expertise to the Ministry of Energy and Mining to strengthen the Ministry's capacity to manage the petroleum sector. We have provided education advisors to the state governments. The needs are similar in the private sector. Human capital will also drive the economy. We plan to work with the African Union, African Development Bank, and others to develop a medium-term human capital plan to support public administration. Finally, we are supporting the GOSS to develop its new constitution with public participation and transparency.

Expectations for the new state of South Sudan will be very high—not least from the southern Sudanese people, who will finally realize an independent state many have fought and longed for. The government of the new nation will need to manage those high expectations and communicate openly with citizens about what is possible in the short-term, increasingly engaging them in the governance process as the country establishes its footing.

We will in all of our activities continue to insist that the Government of South Sudan be inclusive of all peoples in southern Sudan, and that the exclusionary practices that have so often led to conflict in Sudan not be repeated in this new nation.

An Evolving Relationship with Northern Sudan

As you are aware, our relationship with the North is much more complicated. With the CPA coming to an end in July, a new era of engagement with the north begins. The north remains tied to various obligations and expectations that will continue to shape our posture. In the meantime, USAID can play an important role in the international dialogue on Sudan's development; in helping Sudan consider the consequences of significantly reduced oil revenue and diversification of its economy; and in engaging communities and local leaders outside Khartoum to help Sudan become a more inclusive, pluralistic society. We need to continue to deepen our relationships with state and local leaders outside Khartoum—in Sudan's periphery, where feelings of marginalization have long fueled conflict. It is at the local level where most citizens directly engage with and demand performance from their authorities.

During our visit to Khartoum last month, Administrator Shah stressed the importance not only of ensuring that humanitarian organizations providing assistance to those in need have unfettered access, but also of pursuing early recovery opportunities, where conditions permit, to build the resilience of communities and support sustainable livelihoods. In Darfur, for example, USAID is assisting West Darfurians who had been displaced by conflict and began returning in January to their home locality of Nyoro. We are providing these returnees with building materials and training in skills such as masonry, so that they can not only rebuild their homes, but also enhance their livelihood skills. Yet despite this positive development, an estimated 1.9 million Darfuris are still displaced within Darfur as a result of the conflict that began in 2003, more than 250,000 Darfuris live as refugees in eastern Chad, and many areas of Darfur remain unsafe for humanitarian workers to travel.

Conclusion

We are committed to help bring stability to Sudan, north and south, and to promoting the peaceful co-existence of what will soon be two countries. We will utilize our expertise and many years on the ground in Sudan to leverage partnerships and facilitate investments, particularly from the private sector, to boost economic growth, which can greatly improve the lives of millions of Sudanese.

Thank you again for inviting me to speak to you today about Sudan. I welcome any additional inquiries you may have.