



FAQs: The World Bank and Sudan and Southern Sudan

Q1: What kind of assistance does the World Bank provide to Sudan?

A1: Since Sudan's 2005 Comprehensive Peace Agreement (CPA), the World Bank has managed two multi-donor trust funds in Sudan: one for the North (MDTF-N), administered from Khartoum, and one for the South (MDTF-SS), administered from Juba. Both are funded by a total of 14 donors including the Bank. The World Bank also has an expanding program of advisory and analytical activities.

As of January 2011, the MDTF-N had spent US\$161 million of just over US\$265 million paid in by donors by the end of December 2010. Of this, US\$68 million was spent on social sectors, US\$30 million on transport, \$29 million on economic management, US\$18 million on the Census, US\$10 million on capacity building and US\$6 million on agriculture.

The MDTF-SS spent US\$400 million of just over US\$545 million paid in by donors by the end of December 2010. This includes funding for road rehabilitation (US\$81 million); health services (US\$69 million), education (US\$13 million,) agriculture (US\$27 million), and capacity building (US\$43 million). This is in addition to US\$117 million implemented by UN agencies.

We expect money in both trust funds to be spent by the end of the extended implementation period of June 2012.

Q2: What results have been achieved through these trust funds?

A2: Major accomplishments on the ground, include:

Northern Sudan

- The setting up of a new currency and the conduct of a general population census (two key milestone provisions of the CPA) were successfully completed.
- The rehabilitation of 446 kilometers of rail line between Babanusa and Wau reestablished a vital rail link between Northern and Southern Sudan that had been disrupted for more than 25 years.
- Almost 400 kilometers of road are under construction or rehabilitation, increasing access to communities and significantly reducing travel time and costs.
- Enrollment in basic education in targeted communities increased 27 percent following the construction or rehabilitation of 246 schools and the training of more than 2,300 teachers.
- There was a significant increase in the percentage of births attended by skilled health staff, thanks to the construction of 180 health facilities and the training of more than 1,900 health care professionals.
- Rehabilitation of 332 water points has improved access to safe drinking water for nearly 500,000 people across war-affected areas.

- More than 1,100 technical and managerial staff have been trained at the federal, state, and local levels of government.
- More than 1,000 community-driven projects are at different stages of implementation, with strong community participation in design, implementation, evaluation and overall ownership.

Southern Sudan

- Rehabilitation of over 510km of roads linking Juba to state capitals;
- Sinking of 597 new boreholes and rehabilitation of 528 old ones;
- Supply of pharmaceuticals to 200 health facilities and distribution of one million bed nets to children and pregnant women through the Ministry of Health;
- Training of 1,220 public servants;
- Support to the drafting of laws and the design of development policies;
- Rehabilitation of GOSS office buildings, the Juba Teaching Hospital and vocational training centers in Juba, Wau and Malakal;
- Demobilization and reintegration of 2,300 former combatants.

In the education sector, the MDTF-SS has funded the construction of 25 primary schools and 10 County Education Centers across Southern Sudan. More than 300 teachers have also been trained in school management and 917 others have been trained in English under the same program. The MDTF-SS has also recruited 1,228 teachers and 30 trainers besides supplying 127,000 Primary Education Teachers' Guides and 3,647 text books.

In the agricultural sector, the fund has supplied 12 mobile veterinary clinics and disbursed US\$1.9 million to 24,800 farming groups to improve food production.

In addition, the World Bank provided a grant to Southern Sudan in 2008 in the amount of US\$5 million as part of the Bank's Global Food Crisis Response Program. The Southern Sudan Emergency Food Crisis Response Project provided immediate relief to and timely mitigation of the negative impact of high and volatile food prices on the lives of the Southern Sudanese.

Q3: How will the results of the referendum change the Bank's relationship with Sudan?

A3: The referendum may change the country's political framework and governance arrangements, but the enormous development agenda facing the people of Sudan will remain the same, especially the people of Southern Sudan. The country faces high levels of poverty and many challenges, particularly those of inclusion. The World Bank looks forward to helping all parts of Sudan implement this agenda.

The World Bank is prepared to be a close partner in working towards a plan for comprehensive development, and will bring its vast technical expertise and convening power to the table. This includes a strong staff presence on the ground in both Juba and Khartoum, and the critical experience and valuable lessons learned from the Bank's work in post-conflict and fragile countries (including Afghanistan and Iraq) as well as in newly-independent states and autonomous territories (e.g. Timor-Leste, Bosnia and Herzegovina, Gaza, etc.).

Q4: How is the World Bank helping Sudan with its external debt situation?

A4: Sudan currently has a large external debt burden and significant arrears to international creditors. Total external debt in nominal terms stood at US\$35.7 billion at end-2009, with over US\$30 billion in arrears. This external debt includes arrears of US\$600 million to IDA (the World Bank's fund for the world's 79 poorest countries) and around US\$1.6 billion to the International Monetary Fund.

Clearing debt arrears requires international political support and financing, suitable domestic economic and social policies, and the building of competent institutions to maximize dividends from debt relief. The World Bank plays a role in helping analyze domestic policies and technical aspects of debt and debt arrears, which help guide the first two aspects of the process.

The World Bank and International Monetary Fund (IMF) have also invited representatives of key creditors to join a technical expertise group to advise the Sudanese authorities on technical issues concerning debt. The World Bank and IMF also recently organized a workshop in Khartoum to provide Sudanese authorities from both the Government of National Unity (GoNU) and the Government of Southern Sudan (GoSS) with important information on issues related to Sudan's external debt. The workshop helped national policymakers understand the complex issues surrounding Sudan's external debt and the debt relief process, as well as past experience in the treatment of large and longstanding arrears.

The first meeting of the technical expertise group is scheduled for February 3, 2011.

Q5: What will happen to Sudan's debt after the referendum?

A5: Since almost two-thirds of Sudan's debt is held by bilateral creditors, the bulk of Sudan's debt relief will likely come from the Paris Club and other bilateral creditors. Moreover, given the large volume of arrears, securing arrangements for clearance of arrears will be a key prerequisite for securing debt relief.

Q6: Will Sudan become eligible for HIPC debt relief?

A6: The current Sudan is eligible for debt relief under the HIPC Initiative. However, should the referendum result in the birth of a new nation, the issue of HIPC eligibility will need to be revisited. As the list of countries potentially eligible for HIPC is formally closed, the two countries that could result as an outcome of the Referendum would not be automatically eligible for HIPC debt relief. Both countries would need to be members of the International Monetary Fund (IMF) and the International Development Association (IDA) in order to be potentially eligible for HIPC debt relief. In addition, they would both need to meet the Initiative's income and eligibility criteria post any debt apportionment exercise that may result due to the division.

However, it is important to note that HIPC debt relief would not result in a total cancellation of Sudan's external debt. The objective of HIPC is to reduce a country's debt burden to a level deemed sustainable (e.g. 150 percent of the present value of exports). HIPC relief is provided after traditional debt relief from bilateral and commercial creditors.

Q7: Are there examples of World Bank member countries that split into two or more independent states?

A7: Some examples include the following: In 1947, India divided into the two independent states of India and Pakistan and then in 1971, East Pakistan became the independent state of Bangladesh. Egypt and Syria formed the United Arab Republic in 1958 but dissolved the union in 1961. In 1992, the SFRY (Socialist Federal Republic of Yugoslavia) became five independent republics: Bosnia and Herzegovina, Croatia, the Federal Republic of Yugoslavia (FRY, comprising Serbia and Montenegro), Macedonia and Slovenia. Subsequent to this, Montenegro separated from Serbia in 2007 to become an independent republic, and the province of Kosovo did the same in 2009. The Czech and Slovak Federal Republic dissolved into the independent Czech and Slovak Republics in 1992. In 1993 Eritrea separated from

Ethiopia to become an independent republic and in 2002, the island of Timor-Leste became independent from Indonesia.

Q8: Apart from managing the MTDF-SS, what other types of work has the World Bank carried out in Southern Sudan?

A8: The Bank has an expanding program of analytic and advisory services, including an on-going, country-wide infrastructure diagnostic, conducting education and health status reports, as well as developing a Public Expenditure Review and a Country Economic Memorandum that charts a “Road towards Sustainable and Broad-Based Growth.” These services aim to provide technical expertise and support, and share vital information and knowledge with national policymakers.

Q9: What are some development challenges Southern Sudan will face if it becomes independent?

A9: The new country will need to embark on the long road to nation building by reducing poverty, increasing access to basic services, building critical infrastructure, and maintaining peace and stability, which is essential for long-term, inclusive and sustainable development.

The economic challenges for the people of Southern Sudan are profound. They are among the poorest in the world. Over half the population live below the poverty line. More than 90 percent of women can neither read nor write. Less than two percent of children complete primary school. Three quarters of the population has no access to health care. There is a desperate need for schools, health clinics, and clean water. Decades of war also prevented any significant investment in infrastructure in Southern Sudan and destroyed much of whatever existed. It will be a country starting essentially from scratch.

Q10: What role can the World Bank play to help Southern Sudan manage oil resources?

A10: The Bank stands ready to help but believes it is premature to speculate on any role for the Bank at this time. Southern Sudan is starting from a point of near complete reliance on oil wealth. Annual oil production from known reserves has plateaued and is expected to decline. The region’s central economic issue in the years ahead is use of oil wealth to develop a much more diversified, inclusive, and sustainable economy.

Q11: There are concerns about a return to violence following the referendum. What is the Bank’s role in helping to maintain security in Sudan?

A11: Security is an area in which the United Nations and some bilateral donors have taken the lead. Nevertheless, coordination between their efforts and development efforts must be complementary to be effective. As a long-term development strategy is formulated, considering the security impact of development is essential.

Q12: What is the World Bank's role in the border disputes between Northern and Southern Sudan?

A12: The Bank does not comment on or play a role in the internal politics of its client countries. However, we hope that both Northern and Southern Sudan will engage peacefully and constructively when resolving border issues.

Q13: What is the World Bank's role in re-integrating ex-combatants into society following the civil war?

A13: The current agreement amongst development partners working in Sudan is that the UNDP will take the lead in the disarmament, demobilization and reintegration work that is much needed in Sudan.

Q14: How will the World Bank's relationship change with Northern Sudan post Referendum?

A14: Ever since the CPA was signed in 2005, the Bank has been working in all parts of Sudan to promote reconstruction and sustainable development, including areas in the North most seriously affected by the

conflict. The Bank expects to continue working with the government in Khartoum on this development agenda.

Q15: How and when will Southern Sudan become a member of the World Bank Group?

A15: Assuming the people of Southern Sudan vote for independence, and the international community recognizes that independence, both the IMF and World Bank Group have fairly standard processes that need to be completed. Membership of the World Bank Group requires membership of the IMF, and then a simple majority of the votes of members. In previous cases the amount of time taken to complete these processes has varied from a few months to several years.

Q16: When will Southern Sudan become eligible for World Bank lending?

A16: For any country to access a regular International Development Association (IDA) allocation it must first become a member, and resolve any arrears it may have or may have inherited.

Q17: How much will Southern Sudan get from IDA?

A17: It is too early to determine. The amount depends both on the size of future IDA replenishments and on the allocation process. IDA is allocated through a performance-based allocation system, with additional, transitional compensation for post-conflict countries.

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