



Sudan and South Sudan: developments over the last six months

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By the time the date for the secession of the Republic of South Sudan came around on 9 July 2011, the relationship between North and South was once again at breaking-point. The fact that southern independence went ahead without incident confirmed only that the North had reluctantly come to accept it as a *fait accompli*. But this left many other potentially combustible issues between the 'two Sudans' unresolved, including Abyei, border demarcation, oil revenue sharing, debt liabilities and citizenship/residency arrangements.

Southern independence arrived with vast tracts of the 2005 Comprehensive Peace Agreement (CPA) unimplemented. Both countries, in their different ways, still face enormous challenges of political and economic viability. The challenge to the North's territorial integrity is now found in the 'Three Areas' of Blue Nile, South Kordofan and Abyei – along with Darfur. The North's economic viability, now that it no longer controls the oil-rich south, is also now in question. For its part, South Sudan, despite the euphoria that has accompanied independence, has now to show that it can create meaningful and credible statehood through the establishment of security and the promotion of equitable economic development.

Since 9 July there has been a major escalation of conflict and insecurity on both sides of the North-South border, accompanied by a mounting humanitarian crisis. However, it would be unwise to rush to assume that the two Sudans are sliding back into 'all-out war'. An important indicator is that neither has rushed to use oil as a weapon; on the face of it, both have too much to lose from doing so, given their mutual dependence on this count (the South has most of the oil, the North the pipeline to the Red Sea terminal in Port Sudan). Nonetheless, the possibility of things spiralling completely out of control is real. On 29 November, it was reported that Khartoum had [suspended oil exports](#) from the south due to a dispute over transit fees. The significance of this move is, for now, unclear.

For further background, see:

[In brief: Sudan – another rocky period as southern independence approaches](#) (SN05843, 18 May 2011)

[Sudan: war or peace, unity or secession?](#) (RP 10/40, June 2010)

[Sudan, 2003-09](#) (SN05555, 1 June 2010)

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MAP OF THE THREE AREAS



Our source: [World Bank](#)

1 Political and security developments

1.1 Conflict in the 'Three Areas'

The 'Three Areas' are Abyei, Blue Nile state and South Kordofan state, all on the North-South border, over which both had asserted claims of sovereignty during the civil war. Under the Comprehensive Peace Agreement (CPA), it was agreed that a referendum would be held in Abyei, in which voters there could decide to join the North (official title: The Republic of Sudan) or the South (official title: the Republic of South Sudan). The CPA established northern sovereignty over Blue Nile and South Kordofan, despite the opposition of substantial parts of the population who saw themselves as southerners, permitting only "popular consultations" in those states about future governance arrangements as part the North.

The referendum in Abyei did not take place. Nor, in any meaningful sense, did the "popular consultations" in Blue Nile or South Kordofan. Today, in the aftermath of southern independence and the outbreak of renewed conflict in all of the Three Areas, northern opponents of the ruling National Congress Party (NCP) are calling them the 'New South'.

Abyei

The day after the Library's last briefing paper was published, the Sudanese Armed Forces (SAF) seized control of Abyei, causing at least 100,000 people to be internally displaced, most of them Ngok Dinka, in what some have described as a form of ethnic cleansing. The South said that, while it considered this to be an 'act of war', with just over a month to go until it achieved the prize of independence, it would not retaliate. On 20 June Presidents al-Bashir and Salva Kiir signed an agreement in Addis Ababa under which all northern troops would withdraw by the date of independence and be replaced by an Ethiopian-led UN Interim Security Force for Abyei (UNISFA), approved by the UN Security Council. With the disbanding, at northern insistence, of the UN Mission in Sudan (UNMIS), on 9 July, the Ethiopian force became the sole force standing between the two antagonists.

The situation in Abyei has changed little since then. Although the Ethiopians have arrived, the North's troops have not yet withdrawn. Nor have those of the Sudanese People's Liberation Army (SPLA). Few IDPs have returned. Conflict could easily flare up again and there currently appears no prospect of the referendum promised under the CPA ever taking place. As *Africa Confidential* puts it, Abyei is "in limbo".¹

Blue Nile and South Kordofan

More attention has been focused in recent months on Blue Nile state and South Kordofan state, the other two of the 'Three Areas', where violence has erupted on a scale that dwarfs that seen in Abyei.

There was a delayed election for the governorship of South Kordofan state in mid May. The NCP was accused by the Sudan People's' Liberation Movement (SPLM) of rigging the result in its favour. In June the North moved SAF troops into the capital, Kadugli, and launched bombing raids on the SPLA – and on the people of the Nuba mountains, who make up the bulk of the SPLM's support in the state. Fighting also broke out in Blue Nile state. A 'Two Areas Framework Agreement' was quickly signed in Addis Ababa on 28 June by main parties

¹ "Abyei in limbo", *Africa Confidential*, 8 July 2011

to the conflict. However, its sole achievement appears to have been to reduce the level of conflict until southern independence had been completed. After 9 July, conflict resumed and, indeed, escalated.

The part of the SPLA that is doing the fighting in Blue Nile and South Kordofan is officially known as the 'Northern Sector' because it is composed of fighters whose origin is in the North. However, the North finds such distinctions less than convincing and accuses the South of fomenting aggression within its territory. Some sources claim that the SPLM/A expected that the NCP would launch aggression in the 'Three Areas' sooner or later and hid away weapons several years ago that would sustain a military response for over a year.² The SPLA-N is believed to have over 40,000 fighters and reports suggest that, overall, it is more than holding its own against the much better equipped SAF. It claims to control most of South Kordofan and significant parts of Blue Nile, although there are some reports to the contrary regarding its fortunes in Blue Nile.³ There has been mass displacement and the siege of civilians. The SAF has been bombing civilians indiscriminately and allied paramilitary bodies are engaging in a campaign of violence and fear in towns like Kadugli. The provision of humanitarian aid is being blocked. Some even claim that chemical weapons are being used, although there is no independent confirmation of this to date.

There have also been SAF bombing raids on Unity state and the South has also accused the North of supporting anti-SPLM rebel militias in Unity, Jonglei and Upper Nile states; all are oil-producing states on the southern side of the border. In late November, Oxfam announced that it was withdrawing its staff from the border area in South Sudan because of rising insecurity.

A new military alliance has recently been formed, known as the Sudanese Revolutionary Front, which includes the SPLM-N, JEM and a couple of other Darfuri rebel groups. It has come out clearly in favour of regime change in Khartoum.⁴ JEM has sent fighters to fight the SAF in South Kordofan.⁵ The SPLM-N is calling on the international community to endorse the creation of humanitarian corridors there and, more broadly, the commissioning of investigations into alleged war crimes and crimes against humanity by Khartoum.⁶ To date, Western countries, keen to portray the CPA process as a success, appear reluctant to interpret what is happening in South Kordofan as wholly the responsibility of the NCP and are calling on both Sudan and South Sudan to stop supporting proxies, ensure civilians are protected and to resolve their disputes peacefully in a way that is in line with the CPA.

1.2 Sudan – reconfigurations in the North

Notwithstanding southern independence, the fortunes of North and South Sudan clearly remain inextricably intertwined for now. *Africa Confidential* has stated:

Northern democrats have long argued that the CPA's 'unfinished business' would return to haunt Sudan. With independence assured, many Southerners are now also saying regime change is needed in Khartoum if the South is to find peace.⁷

² "Questions facing the new regime", *Africa Confidential*, 9 September 2011

³ "Sudanese army seize new rebel position in Blue Nile", *Sudan Tribune*, 23 November 2011

⁴ "Darfur group joins Sudan rebel alliance", *AFP*, 12 November 2011

⁵ Some of its fighters also fought on Colonel Gadhafi's side in Libya. He was one of the group's main sponsors.

⁶ "Opposition on the march", *Africa Confidential*, 21 October 2011

⁷ "Questions facing the new regime", *Africa Confidential*, 9 September 2011

The SPLM always had a constituency in the North, based on John Garang's original 'New Sudan' agenda, and as described above, created a SPLM-Northern Sector to participate in politics there. Its leader is Yasir Saeed Arman. As already stated, the NCP views it as a 'fifth column', and with the fighting intensifying in Blue Nile and South Kordofan, banned the SPLM-N, arresting a large number of its activists at the beginning of September. Arman went into exile.⁸ In October, it appeared that the Northern opposition might be coalescing into a new alliance whose objective is regime change. Ostensibly in the alliance were the SPLM-N, the National Umma Party, the Democratic Unionist Party (although the last two remain deeply divided internally) and JEM. There is also talk that the Popular Congress Party, led by former regime founder and leader Hassan al-Turabi, might join.⁹

The NCP has undoubtedly been seriously weakened by the independence of the South, which has meant an estimated loss of over 50% of its oil revenues. Inflation is also rampant, eating rapidly into the already fragile livelihoods of the majority of the population. Internal divisions have widened and it is open to question what influence al-Bashir, who has said that he will not stand again for the presidency, still exercises within the regime. While he remains defiant in response to the International Criminal Court's warrant for his arrest, his freedom of movement around Africa may be receding. On 28 November, a Kenyan court ordered the Kenyan government to arrest him should he visit the country again. In retaliation, al-Bashir expelled Kenya's ambassador to Sudan.¹⁰

The spectre of what happened to former military leader Jaafar Nimeiri, who was overthrown in 1985 as economic crisis deepened, hovers over the NCP. Youth groups are mobilizing in an echo of the wider 'Arab Spring'. The authorities have been responding with greater repression of critics, including human rights activists and the independent media. The NCP also continues to try and lure other parties, including the Umma Party and the DUP, into a broader-based government – in the case of the latter, with apparent recent success.¹¹ Opposition divisions have often been one of the NCP's greatest assets in the past and look set to remain so.

1.3 South Sudan's challenges

President al-Bashir attended South Sudan's independence ceremony on 9 July and was received with respect. The ruling SPLM, which dominates the current transitional government in the South, which will be in place until agreement of a final Constitution in 2013, is in some ways better equipped to handle the many vagaries of relations with the North than it is the domestic challenges of the South, whether they be service delivery, economic development, governance or combating corruption. Oil production, on which South Sudan depends for 98% of its revenue, has fallen by a quarter since independence, largely due to skills shortages as a result of losing Northern expertise.¹² The greatest challenge will be managing the "sense of exclusion felt by many individuals, ethnic groups, political parties or people who did not join the liberation struggle".¹³ Exacerbating the problem, the SPLM has to cope with dissatisfied senior figures within its ranks who feel that they have not got their 'just desserts' in terms of government positions.¹⁴ The main example of this is George Athor, who refused to accept his defeat in the electoral race for the governorship of Jonglei and has taken up arms, fuelling

⁸ "Questions facing the new regime", *Africa Confidential*, 9 September 2011

⁹ "Opposition on the march", *Africa Confidential*, 21 October 2011

¹⁰ "Sudan to expel ambassador after Kenya's Bashir warrant", *BBC News Online*, 29 November 2011

¹¹ "Mirghani's son rejects any position in government, criticizes DUP stance", *Sudan Tribune*, 28 November 2011

¹² "South Sudan oil production slumps since independence", *BBC News Online*, 9 November 2011

¹³ "Questions facing the new regime", *Africa Confidential*, 9 September 2011

¹⁴ "From autonomy to sovereignty", *Africa Confidential*, 22 July 2011

ethnic conflicts in the state. Critics accuse him of having joined forces with the NCP, which is using him to destabilize the South. Peace talks between Athor and the government recently collapsed.¹⁵ Another is the leadership of the South Sudan Liberation Army, which mostly composed of former SAF fighters, whose leader, Peter Gadet, signed a peace deal with the government, which other senior commanders then rejected. A number of other militias also took up an offer amnesty at the time of independence.

In terms of intercommunal conflict, Jonglei state has been particularly turbulent, with clashes between (and within) rival Dinka, Nuer and Murle pastoral groups.¹⁶ Overall, levels of violence in South Sudan this year have been at their highest since 2005. The Lord's Resistance Army also remains active in parts of South Sudan, above all, those that adjoin the Central African Republic and the Democratic Republic of Congo.

On 26 August, the composition of the first post-independence government was announced. It reflected a genuine attempt to improve regional inclusiveness (thereby weakening the representation of Dinka, who have always predominated within the SPLM) and 25% of the posts went to women. President Salva Kiir promised that under the new administration there would be a crack-down on corruption. At least \$1.2 billion is estimated to have been stolen over the last three years. The government has created a new currency, the South Sudanese Pound, and plans to peg it to the US dollar by the end of 2011. It has also been decided to move the national administrative capital from Juba to Ramciel, in Lakes state. Ramciel is currently largely undeveloped. However, it is in the middle of the country, unlike Juba, which is in the south. South Sudan has begun the process of joining international organisations and quickly became a full member of the UN and the African Union. It has also joined the [Inter-Governmental Authority on Development](#) (IGAD). 14 countries have formally established embassies in South Sudan.¹⁷ The UK, along with the rest of the Commonwealth, supports South Sudan's request to become a full member, which, it is hoped, will be agreed at the next Heads of State/Government summit in late 2013.

While UNMIS's mandate in the North ended on 9 July, South Sudan welcomed a UN monitoring mission, the UN Mission for South Sudan (UNMISS), which began work on the same day. While personnel and resources were transferred from UNMIS to UNMISS, it is considered by the UN to be a new, significantly scaled down, mission by comparison with UNMIS. The Secretary-General has also appointed a Special Representative for South Sudan, Hilde Frafjord Johnson.

1.4 Darfur

On 14 July the NCP and one of the rebel factions, the Liberation and Justice Movement, signed a peace deal in Qatar, adopting 'the Doha Document for Peace'. Amongst other things, the deal gives the LJM political and military appointments at the national, regional and state-level, including a state governorship. Its forces will be integrated into the SAF. Several other small splinter groups have subsequently pledged to end their rebellions. However, the rebel groups outside the Darfur peace process are larger than those than inside. JEM expressed a willingness to return to talks in August, provided the Doha Document was open for negotiation. The NCP said that only the issue of political and military appointments could be discussed.¹⁸ As already stated, the SPLM-N has been cultivating its relationships with

¹⁵ "George Athor vows more violence after failure of talks", *Sudan Tribune*, 21 November 2011

¹⁶ Report of the Secretary-General on South Sudan, S/2011/678, 2 November 2011

¹⁷ Ibid

¹⁸ Report of the Secretary-General on the African Union-United Nations Hybrid Operation in Darfur, S/2011/643, 12 October 2011

Darfuri rebel groups such as JEM and the two main factions of the Sudan Liberation Army (Abdul Wahid and Minni Minawi, the latter of whom has abandoned participation on an earlier peace process) outside the current peace process around a clear agenda of regime change.

In September, Al-Haj Adam Youssef of the LJM was appointed a second vice-president of the Republic of Sudan. The current parties to the Darfur peace process have been trying to develop a new ‘road map’ for the next stage of the peace process. It is expected to be finalised by the end of 2011. It seems clear that it will be based on the Doha Document. However, it is still unclear how much flexibility there will be to amend or add to this Document in the course of future negotiations.

According to the UN Secretary-General’s most recent report on Darfur, the “prevailing security situation in Darfur, including military activity and criminality, remains volatile”, although current levels of fighting is “sporadic”. The level of violence could rise again once the rainy season ends. There are reports that some commanders within JEM are uncomfortable with its shift in recent months towards an ‘all-Sudan’ agenda and would prefer to join the Doha negotiations, which are limited to Darfur.¹⁹

2 Economy and development²⁰

2.1 Overview and context

Two decades of civil war have left Sudan among the poorest areas in the world, painfully deprived of economic infrastructure in the South, and saddled with high levels of foreign debt in the North.

In the South, underdevelopment is particularly severe: paved roads did not exist outside the capital, Juba, in the immediate post-secession period; there is no manufacturing or organised agricultural production; availability of professional healthcare is extremely limited, meaning maternal mortality is among the highest in the world; and access to education, too, is low: illiteracy rates exceed 75%, and fewer than half of children enrol in primary school. Short-term success will depend critically on the government’s management and distribution of oil revenues (the country has the potential to be richer than the North on the back of these alone): with 98% of government revenues coming from this source, it is the most oil-dependent nation on earth, and will remain so until it can establish a fiscal base.

Selected indicators for South and North Sudan

	South	North
Population (m)	8.3 (disputed)	30.9 (disputed)
GDP (\$bn)	13.2	55
GDP per capita (\$)	1546	1270
Child mortality (per 1,000)	135.3	103
Maternal mortality (per 100,000 live births)	2,054	1,100
Primary school enrolment	48%	74%
Literacy	27%	70%
Access to improved drinking water	55%	52%
Area (000s sq km)	644.3	1,886

Note: figures for South Sudan are in many cases rough estimates, since the country has not yet provided, for example, a full year’s national accounts

Sources: World Bank; Fund for Peace

In the North, which surpasses the South in terms of health and education indicators, the loss of oil revenue following secession poses severe challenges to economic stability. The country is not as oil-dependent as the South: it has a limited industrial base, some non-subsistence agriculture, a much-improved energy infrastructure following the construction of a \$2bn hydroelectric plant, the Merowe Dam, and the government is able to raise revenue

¹⁹ Ibid

²⁰ Information in this section is taken from, among other sources, IMF (2011) *World Economic Outlook*; World Bank (2011) *World Development Indicators*; Europa World Plus *Sudan – economy* ; African Development Bank/OECD (2010) *African Economic Outlook* ; and various reports from the FT [Beyondbrics](#) blog

through import duties. Nonetheless, with 75% of oil production now controlled by the South, North Sudan will have to diversify its revenue base and find new sources of foreign exchange if it is to avoid a fiscal crisis, the escalation of inflation and the threat of currency collapse.

2.2 Selected issues

Oil

Even before the secession of the South, Sudan was one of the poorest countries in the world. Over the past decade, its economy has benefited from increased oil production and high prices (the country started exporting oil at the end of 1999), but this avenue of development has been closed off in the North, at least partly, now that South Sudan has assumed control of around 75% of oil production. The North still, however, controls the pipeline infrastructure necessary to bring the South's oil to global markets. Much is therefore at stake for both countries on an agreement over transit fees, which is still under negotiation: a proposal from the North of \$22.80 per barrel in August 2011 was described by the authorities of the South as "broad daylight robbery"; more recent reports, however, suggest an agreement may be reached by the end of the year.²¹

External assistance

Even with a generous settlement over oil transit, the North will still have to diversify its revenue base and find new sources of foreign exchange if it is to avoid a fiscal crisis and the escalation of inflation, which had reached 19.8% in the year to October 2011. The North Sudanese pound²² depreciated rapidly against the dollar in anticipation of secession, and a gap has now opened-up between the official exchange rate and the market value (the official rate is stronger than market-determined one)

The economic health of the two Sudans will strongly depend on the largesse of other countries. China, in particular, heavily involved in both. The state-owned China National Petroleum Corporation is active in the oil industry, and has been Sudan's principal export (58%) and import (22%) destination. The US has been Sudan's most significant bilateral donor (aid in 2009 was \$950m): however, relations with the North remain strained over its conduct, including in Darfur, and economic sanctions restricting US trade and investment were recently renewed for another year.²³

The UK has been Sudan's second most significant donor, providing \$290m in 2009. Following the bilateral aid review, DFID's level of support to the two Sudans is expected to remain broadly unchanged, in cash terms, over 2011/12 to 2014/15, as compared with the previous four-year period, when Sudan was one country. North and South will share an annual budget of £140m, with roughly a third going to the North. The vast majority of UK aid in the past has been directed towards strengthening government and civil society, and providing humanitarian relief.

Remittances are also an important source of income and foreign exchange: Sudanese nationals abroad (North and South) sent around \$3bn home in 2009, around 5.5% of the country's GDP (this figure is not exceptional for the region).

²¹ "[South Sudan says oil output down 20,000bpd since July](#)", *Reuters*, 22 November 2011

²² A new currency was issued on 24 July 2011, although old notes and coins remain legal tender

²³ "[US extends long-standing sanctions on Sudan](#)", *Reuters*, 1 November 2011

Debt and access to concessional finance

Sudan's \$38bn debt to foreign creditors has been in arrears for many years, meaning its access to concessional financing from the 'official sector' has been limited. Sudan engaged in some open market borrowing, although the Islamic economic system in place since 1983, which prohibits *riba* (interest or usury), means securities issued by the government did not pay interest in the usual way (though they did in fact generate a rate of return, averaging around 16% over 2007-09).²⁴ This economic system is remaining in place in the North.

An agreement on the division of debt between the North and the South has not yet been reached. In exchange for assuming full liability for the \$38bn, the North is currently lobbying to be permitted to go through the Heavily Indebted Poor Countries initiative within the next few years (at the end of which it will likely be granted debt relief on the vast majority of this sum).²⁵ Should this agreement not work out, debt may be apportioned according to a formula that has yet to be determined.

Humanitarian issues

The violence, famine and disease resulting from Sudan's 20-year civil war is estimated to have killed 2m and displaced a further 5m and rendered the country in constant and desperate need of humanitarian aid. Since the 2005 CPA, the UN estimates that 2m displaced people have returned to southern Sudan, and further North-South movements have occurred following the South's secession. There are concerns that limited structures exist to accommodate returnees, with the government failing to use oil revenues to date to put in place the infrastructure and service provision necessary for returnees to have a livelihood. For up-to-date briefs on the humanitarian situation, particularly in the context of the current violence and conflict on both sides of the North-South border, see the UN OCHA's [Weekly Humanitarian Bulletin \(Sudan\)](#).

²⁴ African Development Bank, *African fixed income and derivatives guidebook 2010*, p.154

²⁵ IMF Survey Magazine: [South Sudan faces hurdles as world's newest country](#)