

**USAID/Sudan**

**Annual Report**

**FY 2004**

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## Sudan

### Performance:

Background. This is an exciting time for Sudan and for USAID's programs. Among the Sudanese people there is a new-found optimism that the prospects for peace are nearer than ever. Month after month, the state of the Sudan peace process has been 'critical' as the negotiations inch closer to a broad peace agreement. A shift to higher-level negotiations in September 2003 between Dr. John Garang, leader of the Sudan Peoples Liberation Movement and Vice President of Sudan, Ali Osman Mohamed Taha, yielded a landmark security agreement that makes the peace process almost irreversible. Sudan is closer to peace than at any point in the last 20 years.

The transition to peace, recovery, and development will be fraught with continuing problems if the Sudanese and the international community do not move quickly to address the fundamental challenges to maintaining a peace settlement. The long-term impact of the civil war and other local conflicts is profound and will not be completed by a signed peace agreement. Slavery, denial of access for humanitarian assistance, repression of basic rights, and ethnic, regional, and religious divisions have created a climate of deep mistrust among Sudanese and limited confidence in governments and authorities. The exclusion from the peace talks of political forces outside the Government of Sudan (GOS) and Sudanese Peoples Liberation Movement (SPLM) means further reconciliation processes must be undertaken. The potential remains for political fragmentation in the North and the South.

Regardless of any peace agreement, a wide variety of actors in Sudan have vested interests in continued violence and predation. Regional actors, cross-border actors, militias, and those benefiting from the war economy could act as spoilers of peace. If the peace fails, combatants will likely return quickly to war against civilian targets, causing further death and displacement, and to committing war crimes with impunity. A peace agreement may offer an opportunity for increasing political space and transparency and moving towards democratic governance. The political challenge will be to "operationalize peacebuilding" at the grassroots level so that communities and civil society organizations throughout the country see the benefits of a peace agreement and seek ways to reinforce it.

Sudan remains one of the poorest countries in the world, facing massive development challenges. Communities outside the northern states immediately surrounding Khartoum remain marginalized from economic opportunity and from political decision-making. After twenty years of the current civil war, destruction, (especially in the South) and neglect (throughout the country) have left little physical and institutional infrastructure. In many war-affected areas, communities are beginning to restore education services by constructing basic schools, and the international community has started rebuilding the health care system. Outside of the northern cities, communities are largely dependent on nearby natural resources for food, fuel, and shelter. Some markets continued to exist throughout the war, and markets in stable areas of southern Sudan have begun to thrive as the wartime economy slowly recovers links to East Africa. But trade within much of Sudan remains limited by the lack of infrastructure, lack of financial systems for savings, investment, and credit; lack of economic law and policy in opposition areas or misplaced policy priorities in government areas; and an overall low level of business skills among entrepreneurs. The low skills level will severely constrain access to and improvement of education, health care, water and sanitation services for Sudanese in isolated communities.

The cessation of hostilities and unimpeded access agreements signed by the GOS and SPLM reduced the necessity of humanitarian assistance in some areas and has given a taste of what life would be like under a peace agreement to many Sudanese communities. Expectations will be high following a peace agreement, and large-scale movements of people returning to their home communities are likely, although it is not clear if these movements would be immediate or after a period of reassurance and

confidence-building. Currently, more than 4 million people are displaced within Sudan, about half of whom live around Khartoum. Most others live with host communities in southern Sudan. Some 420,000 refugees reside in formal refugee camps in Uganda, Kenya, Ethiopia, Eritrea and the Democratic Republic of Congo.

**U.S. Interests and Goals.** The United States Government is the largest donor of humanitarian assistance to Sudan over the last two decades, having provided \$1.4 billion in humanitarian and development assistance since 1990. The USG remains committed to helping Sudan through this transition. The relationship between the United States and the Government of Sudan changed considerably since the start of the U.S.-led war on terrorism, with the emergence of the United States as a leading supporter in the IGAD peace process, and the policy change in 2001 allowing assistance to drought-stricken northerners despite terrorism-related sanctions on the government in Khartoum.

Since President Bush's appointment in 2001 of USAID Administrator Andrew Natsios as Special Humanitarian Coordinator and of former Senator Jack Danforth as Special Envoy for Peace in Sudan, the USG role has significantly increased. The United States leads international efforts to increase humanitarian access, reinvigorate the Kenya-led IGAD negotiations, protect civilians, and establish and monitor the ceasefire and cessation of hostilities agreements. The U.S. approach is to use humanitarian access to build trust between the Sudanese parties, leading to broader political agreements. This was successful in the Nuba Mountains, where the U.S. approach transformed an intense war and threat of famine in 2001 into a regional cease-fire with international monitors, vastly improved humanitarian access, freer movement of populations across political lines, and the beginnings of economic recovery. Heightened U.S. involvement in the peace process, led by the State Department, is matched by major new development programs in opposition administered areas to prepare Sudan for peace. To support its increased U.S. engagement with the Government of Sudan, the United States has placed more senior diplomatic and humanitarian staff in Khartoum, and upgraded its facilities there.

**Donor Relations.** Bilateral and multilateral donors work through the IGAD Partners Forum Working Group (IGAD IPF-WG), Donor Coordination Khartoum, and the Sudan Donor Coordination Nairobi (SDCN) to improve strategic coordination and integrate humanitarian assistance levels. The IGAD Forum Working Group includes a number of European countries, Canada, and the United States. The SDCN includes the Australian, British, and Canadian High Commissions; Embassies of Denmark, Finland, France, Germany, Italy, Japan, Netherlands, Norway, Sweden, Switzerland, and the United States; USAID; and ECHO.

The United States is currently the only donor providing funds for development in opposition-administered areas. Donor planning is underway for post-war assistance to Sudan, when development assistance is expected to increase. Based on several donor meetings in Norway and the Netherlands, it can be expected that major post-war donors in Sudan will be the United States, the European Union, the Arab League, Great Britain, the Netherlands and Norway. The World Bank and the International Monetary Fund may play a major role if debt arrears can be resolved. Coordination of assistance after a peace agreement is currently under negotiation. The United Nations established an informal role in donor coordination and contingency planning in 2002 with representation from Department of Political Affairs, Department of Peacekeeping Operations, Office of the Coordinator of Humanitarian Affairs, UN Development Program, and the UN Children's Fund. With a new Resident Representative in Khartoum, the UN hopes to strengthen coordination among all UN agencies and among donors for the entire country.

**Key Achievements.** FY 2003 programs achieved substantial results towards the Strategic Goal - A Less Vulnerable, More Self-Reliant Population Better Prepared for a Transition to Peace through three strategic objectives: conflict mitigation, food security, and primary health care. These objectives are directly linked to the current programs in the new Strategic Plan for FY 2004 - 2006, which are: expanded support to the Sudan peace process; more responsive and participatory governance; improved equitable access to quality education; increased use of health, water and sanitation services; and, foundation established for economic recovery. All programs contain an element of capacity-building to increase the skills and abilities of Sudanese people and institutions and thereby increase their self-reliance.

Numerous funding sources are used, as appropriate, including international disaster assistance, food aid, development assistance, transitional funding, and economic support funds. Funding levels are evolving away from short-term relief expenditures towards longer-term rehabilitation and development investments. USAID's assistance programs are designed to operate with flexibility - changing methods and locations as necessary due to conflict - and scalability - so that programs can be expanded if the peace process succeeds.

1. Conflict Reduction. Under this objective USAID programs performed quite well as significant progress in negotiating a comprehensive settlement made between the GOS and SPLM generated progress in grassroots peacebuilding, local governance, and information education and communication efforts. USAID's programs and, increasingly, other donors' efforts continued to foster transition from military rule to civilian government in all five regions of the opposition-administered south. People-to-people and southern political reconciliations expanded stability in critical, and previously inaccessible, transition zones; and, county-level civil society-civil administration partnerships expanded from thirteen to fifteen.

Access to information, education and communication moderately increased. 24 communities in three regions of southern Sudan were selected for girls' school rehabilitation using criteria developed by partners, stakeholders and USAID. Nine communities elected Parent Teacher Associations and received training and capacity building on managing a school with an emphasis on girls' education. USAID rehabilitated three schools with support from the community such as volunteer labor, contribution of bricks, stones, sand, wood, and supervision skills. USAID supported over 1,000 people to participate in workshops on community mobilization, PTA development, and financial management. Fifteen communities completed their community action plans in preparation for managing community based girls' schools. Much of the 'software' (such as curriculum) for a unified education system was completed this year. Based on the slow rate of implementation for this program, the Sudan Field Office is now reviewing the design, and is likely to bring in new partners to implement the distance education, policy advice, and school financing aspects of the program, as well as undertake a geographical expansion into the Transition Zone.

2. Economic Recovery. In food insecure areas, USAID humanitarian assistance programs succeeded in sustaining communities that were displaced due to conflict or natural disaster (including drought and floods), or were still vulnerable following drought or conflict in prior years. In FY 2003, USAID met critical food needs of vulnerable populations in both northern and southern Sudan by providing 124,180 metric tons of P.L. 480 Title II emergency food commodities, worth over \$113 million. Food aid programs were quite effective in meeting needs when access was possible and a basic level of security was present. FFP continues to work with Norwegian People's Aid, a non-OLS organization, to provide food aid to Western Upper Nile, an oil-rich, particularly strife-torn area, where access was often denied to OLS organizations.

In much of southern Sudan, the recovery of markets continued apace, apparently boosted by a cautious optimism about the prospects for a peace agreement. However, it is clear that wide disparities exist in the level of recovery of different regions of southern Sudan. A market survey carried out under the Southern Sudan Agricultural Revitalization Program (SSARP), Agriculture Enterprise Finance Component (AEFC), found numerous microenterprises in the towns of western Equatoria involved in services and trade with Uganda and Congo. Recovery in Bahr el Ghazal is focused on the town of Rumbek, where the economy is boosted by the presence of the UN and several international NGOs. By contrast, few enterprises exist in the isolated areas of Upper Nile and eastern Equatoria. The SSARP AEFC component established a southern Sudanese microfinance institution that began lending operations in Yei, aiming for a 97% repayment rate by offering a group loan product to existing microenterprises in this busy market town. The new MFI is likely to expand in the coming year to Yambio, Maridi, and Rumbek, and later to smaller markets, in a bid to reach operational self-sufficiency by the end of FY 2007. USAID continues to support a Sudanese-led dialogue with indigenous and external stakeholders in a number of sectors that will lead to formulation of agriculture and natural resource management policies, laws and regulations, which should support sustainable growth in southern Sudan during the six-year interim period of autonomy envisioned in the peace process.

3. Health. The emergency relief program, managed by USAID/DCHA/OFDA, continued to meet the needs of the most vulnerable people through timely delivery of basic primary health care services. In this context, basic primary health care is defined as meeting basic needs that were disrupted by conflicts and disasters, such as treatment of diarrhea, communicable diseases and malaria; expanded program for immunization; nutritional assistance (micro-nutrient supplements); and health education. An estimated 256,000 people (in southern and eastern Sudan) newly accessed health services because of USAID-funded programs that rehabilitated health clinics and increased the geographic coverage of primary health care services.

In 2003, USAID established 96 water points serving a population of approximately 64,000 in Bahr el Ghazal, Nuba Mountains and Upper Nile, regions. USAID funding contributes to the Presidential Water for the Poor Initiative.

The HIV/AIDS Pilot project in Yei and Rumbek administered by ARC and IRC with technical assistance from CDC (Intern Emergency and Refugee Health Branch) conducted a survey of the prevalence of HIV, syphilis, herpes simplex virus 2 (HSV-2) and knowledge, attitudes and behavioral practices regarding HIV transmission in Yei, Equatoria. Preliminary results showed an overall HIV/AIDS prevalence of 2.7%, with higher prevalence found in Yei town (4.3%) and STI patients (5.8%), and lower prevalence in pregnant women (2.3%). Results raise concerns that HIV epidemic may be concentrated in specific high risk groups such as commercial sex workers or truck drivers, and may be in the process of generalizing in the population.

Challenges. USAID faces several unusual challenges in Sudan. The most basic challenge is access to communities and beneficiaries. The transport infrastructure across this vast country was largely destroyed by civil war in the south or by neglect and under-investment in much of the north. Access is also limited by the Government of Sudan, which uses its leverage over Operation Lifeline Sudan to prevent assistance to populations in need. Additionally, USAID had mixed success with the indicators for the previous PMP and a formal data quality analysis was not completed. While every effort was made by the team to discuss and validate the accuracy of the data presented by the partners, on the ground cross checking of specific data was not completed. USAID moved vigorously to initiate PMP training for staff and partners and as well complete PMP indicator reference sheets for the first tier of indicators for three of the strategic objectives and one special objective in the new Interim Strategic Plan. The PMP for the Health Special Objective will be completed in the second quarter of FY 2004. USAID will conduct Data Quality Assessments for its next round of reporting indicators as soon as baseline data is collected.

Difficulty in obtaining required licensing from the U.S. Treasury/Office of Foreign Assets Control (OFAC) to operate in Sudan was a challenge early in FY 2003. Because separate registration and OFAC approval for subgrantees and subcontractors was required, implementers were delayed up to six months in making sub-awards. This slow start up for our partners severely impacted activities in their first full year of implementation. In late May 2003 OFAC issued a new license that authorizes U.S. contractors and grantees of the Department of State and USAID to perform all transactions necessary for the contracts and grants for Sudan programs. Subsequently, OFAC issued new licenses to cover USAID awards to public international organizations and non-US NGOs.

Gender. Attention to gender issues noticeably increased in all USAID programs in Sudan. USAID addresses gender by: increasing women's participation in peace building activities and civil society; promoting women's human rights advocacy; improving HIV/AIDS, family planning and child survival programs; and increasing primary school retention for girls, involving women in Parent Teacher's Associations and focusing on training women as teachers. In addition, USAID aims to increase women's roles as producers and economic development stakeholders by analyzing their roles and suggesting ways to increase women's participation in this sector. Health activities focus on maternal and child health which naturally includes gender concerns.

Data collection continued to be a serious problem for the Sudan team during 2003. Data quality analysis was not conducted for any of the indicators used in this report. The Sudan Field Office is working vigorously to complete the PMP for the new strategy and DQAs will be conducted on the first data

collected.

**Country Close and Graduation:**

## Results Framework

### **650-001 Enhanced environment for conflict reduction**

**IR 1.1** Increased Capacities for Peace-Building

**IR 1.2** Expanded Capacities for Good Governance to Address Local Priorities

**IR 1.3** Increased Access to Information, Education and Communication

### **650-002 Enhanced food security through greater reliance on local resources**

**IR 2.1** Increased Local Production of food in Target Areas

**IR 2.2** Increased Use of Markets and Trade in Meeting Local Needs

**IR 2.3** Targeted Food Aid Narrows Food Resources Gap for Vulnerable Groups

### **650-003 Enhanced primary health care through greater reliance on local capacities**

**IR 3.1** Increased Sudanese Participation as a Foundation for Sustainability

**IR 3.2** Improved and Expanded Delivery of Services

### **650-004 Expanded Support to the Sudan Peace Process**

**IR 1** To strengthen key processes, mechanisms, and institutions for responsible governance and civil society development.

**IR 2** To bolster emerging processes, mechanisms, and institutions that promote peace and stability.

**IR 3** To increase access to quality, independent information.

### **650-005 More Responsive and Participatory Governance**

#### **SO Level Indicator(s):**

# of peace & governance processes being effectively managed through joint civil society-civil authority partnerships

Expanded efforts by civil administrative units to include marginal groups in governance processes

**IR 5.1** Increased Participation of Civil Society in Peace and Governance Processes

**IR 5.2** Increased Responsiveness of Civil Administration Bodies

**IR 5.3** Increased Access to Quality, Independent Information

### **650-006 Improved Equitable Access to Quality Education**

#### **SO Level Indicator(s):**

Number of people attaining literacy from SBEP operated Non-Formal Education Programs

Number of trained teachers in the classroom

Primary school enrollment in targeted schools

**IR 6.1** Improved Teacher Education Programs

**IR 6.2** Increased Capacity of Primary & Secondary Schools to Deliver Quality Education, Especially for Girls

**IR 6.3** Improved Non-Formal Education for Out-of-School Youth and Adult Learners

### **650-007 Increased use of Health, Water and Sanitation Services and Practices**

**IR 7.1** Increased Access to High-Impact Services

**IR 7.2** Increased Sudanese Capacity, Particularly Women's, to Deliver and Manage Health Services

**IR 7.3** Increased Demand for Health Services and Practices

**IR 7.4** Improved Access to Safe Water and Sanitation

### **650-008 Foundation Established for Economic Recovery**

#### **SO Level Indicator(s):**

Increased value of exports of USAID-assisted firms

Number of MFI businesses supported by loans

**IR 8.1** Food Security Needs of Vulnerable Communities Met

**IR 8.2** Market Support Institutions Created and Strengthened

**IR 8.3** Market Support Programs and Services Introduced and Expanded

## **IR 8.4** Transparent Policymaking Processes Encouraged