

AFRICAN DEVELOPMENT BANK

AFRICAN DEVELOPMENT FUND



PROPOSAL FOR ESTABLISHING A FIELD OFFICE

IN

THE REPUBLIC OF SOUTH SUDAN

Prepared by

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ABBREVIATIONS AND ACRONYMS

ACBF	African Capacity Building Foundation
ADB	African Development Bank
ADF	African Development Fund
AU	African Union
COMESA	Common Market for Eastern and Southern Africa
DFID	Department for International Development
EAC	East African Community
ESW	Economic and Sector Work
EU	European Union
FO	Field Office
FS	Fragile States
FSF	Fragile States Facility
GoSS	Government of Southern Sudan
ICBPPRGG	Institutional Capacity Building Program for Poverty Reduction and Good Governance
JDT	Joint Donor team
MDBs	Multilateral Development Banks
MDGs	Millennium Development Goals
MoFEP	Ministry of Finance and Economic Planning
NDP	National Development Plan
OREB	Regional Department, East B
PFM	Public Finance Management
PBA	Performance Based Allocation
RMCs	Regional Member Countries
RoSS	Republic of South Sudan
RRC	Regional Resource Center
SSA	Sub-Saharan Africa
SSDP	South Sudan Development Plan
SSFO	South Sudan Field Office
SSIFA	South Sudan Integrated Fiduciary Assessment
UA	Units of account
UNDP	United Nations Development Program
USAID	United States Agency for International Development

EXECUTIVE SUMMARY

1. **In September 2011, the Board of Governors of the Bank Group approved the Cooperation Agreement between the Republic of South Sudan (RoSS) and the Bank.** The Agreement allows for the continued implementation of existing Bank operations, and enables planning of future activities, before the country accedes to membership of the Bank Group. This proposal to the Board for the establishment of a Field Office in the RoSS marks a further step in the Bank's plans for an orderly engagement with this new country.

2. **There are four compelling reasons for establishing a Field Office in the Republic of South Sudan:** (i) the Bank has emphasized, in its Decentralization Roadmap, that its physical presence in fragile states is crucial in addressing their enormous development challenges, including lack of implementation capacity; (ii) South Sudan has embarked on an ambitious national development plan for which it has requested specific assistance (strategies for infrastructure development) from the Bank Group. The Bank's presence will ensure effective policy dialogue with the Government, coordination with development partners, and consultations with other stakeholders; (iii) the Bank Group has also been requested, by the Government and development partners, to extend its current support from capacity building to aid coordination, including decentralization of aid delivery to the state levels, and public-private partnerships; and (iv) the Bank's portfolio is expected to expand when South Sudan becomes a fully-fledged member of the Bank Group. **These requests/commitments are policy dialogue intensive and will require the Bank Group's physical presence in the country.**

3. **Indeed, the Decentralization Roadmap had anticipated the case of South Sudan.**¹ It had stated *inter alia* that "Going forward, management would also consider some form of a field presence in Southern Sudan when the territory eventually becomes independent and joins the Bank." The most important justification for Bank's presence in fragile states is the need to help countries respond to complex development challenges in the absence of institutional capacities. Although the challenges facing fragile states are often similar in nature, the Roadmap eschews a "cookie cutter" approach in the Bank's response. It urges policy flexibility and the use of instruments that are amenable to the limited human resources and institutional capacities of the country.

4. Prior to the secession of South Sudan from Sudan on July 9, 2011, the Bank had a sizeable number of operations in the South (see Annex 1) mainly financed from the Fragile States Facility. In the run-up to the secession of South Sudan, the Bank Group embarked on an "extended mission", similar to the model previously used in Zimbabwe, to conduct operations in the South under the oversight of the Sudan Field Office in Khartoum. The Bank was able to establish its "extended mission" in the premises of the United Nations Development Program in Juba, thereby greatly boosting its capacity to participate in policy and project coordination activities. A key lesson from this model is that the Bank Group's physical presence in Juba is a prerequisite for effective policy dialogue and coordination of its support to the country with other development partners. **These processes have proven dynamic and cannot be executed effectively by proxy or from another country's Field Office.**

¹ Paragraph 5.22 of the Decentralization Roadmap – Final Version ((ADB/BD/WP/2010/64/Rev.4 and ADF/WP/2010/30/Rev.4).

4. **The proposed Field Office will establish the Bank Group’s effective presence in a country that the UN has described as “the development challenge of the generation.”** It will assist in returning South Sudan to sustainable peace, developing its institutions and human resources, and exploiting its vast natural resources in a beneficial manner for its population. The Bank Group has been a key contributor to the post-referendum negotiations between Sudan and South Sudan and was particularly enthused by the goal of “two viable states—one in the North and the other in the South”. A strong Bank presence in Sudan and South Sudan will contribute to attaining that goal of prosperity for both countries.

5. **Management requests the Boards of Directors to consider and approve the Establishment of a Field Office in Juba in the Republic of South Sudan.**

1. BACKGROUND

1.1 **This proposal seeks the Board’s consideration and approval for the establishment of a Field Office in Juba, in the Republic of South Sudan (RoSS).** South Sudan became independent on 9 July 2011 and was subsequently formally admitted into the United Nations General Assembly on 14 July and into the African Union (AU) on 15 August. The RoSS signed a Cooperation Agreement with the Bank Group on 25 September 2011, while the processing of its full-fledged membership application is being completed. This proposal builds on the provisions in the Cooperation Agreement and is fully consistent with the approved Decentralization Roadmap as well as the principles and objectives of the Bank Group’s strategy for engaging in fragile states, which calls for timely, flexible and country-tailored approaches. This proposal is being presented now in anticipation of full membership to ensure that the necessary prerequisites are in place for the Bank’s readiness for orderly and effective engagement with South Sudan.

1.2 At independence, the RoSS was confronted with challenging conditions: (i) though it is a relatively large country, with vast natural resources, including oil, the RoSS has very limited institutional and human resource capacities, both at the federal and state levels; (ii) it is landlocked, and therefore dependent on the goodwill of its neighbors, some also fragile, for movements of its goods ;; (iii) the RoSS’s relations with Sudan, the “mother country”, are difficult at best and the thousands of kilometers of common border remain an impediment to, rather than an opportunity for, trade and commerce; (iv) the country’s infrastructure is not developed and the cost of doing business is very high. The latter has meant, in turn, that the private sector is not playing the role envisaged in the economy; (v) domestically, the RoSS is fractious, with civil conflict in many states, which has diverted Government attention from focusing entirely on poverty and economic development challenges.

1.3 The Bank Group, like other development partners, including multilateral development banks (MDBs), has been devising ways in the past couple of years for assisting the RoSS. It was especially important to ensure that operations continued during the transition period prior to the declaration of independence. Currently, the Bank has a number of operations in the RoSS (see Annex 1). Owing to a lack of physical presence in Juba, the Bank’s operations in South Sudan were overseen by the Sudan Field Office in Khartoum (SDFO). In May 2011, the Bank established an “extended mission” in Juba, housed in the premises of the United Nations Development Program (UNDP). This has boosted the Bank Group’s participation in the ongoing policy dialogue and knowledge work, project coordination, and monitoring and supervision of its own operations. The Bank has particularly enhanced its knowledge and policy advice activities in South Sudan and is positioning to play a leadership role in infrastructure, capacity building and donor coordination. In this regard, the current arrangement in terms of field presence has proved extremely challenging.

1.4 The proposal argues that given the request from the Government and the Bank’s commitment as well as expectations from various stakeholders, it will not be possible to provide effective support to the RoSS, a fragile state at the very beginning of its development efforts, and conduct useful dialogue with the Government, development partners, and other stakeholders without a permanent physical presence in the new country. The assistance that the RoSS will need in the decades ahead and the nature of Bank’s response are bound to be dynamic. In the important issue of policy dialogue, the Bank will require the undivided attention of a Field Office in the country. Though the extended mission in Juba and servicing RoSS from Khartoum enabled the

Bank to deliver crucial [advisory] services at a critical juncture, it will no longer be effective to deliver Bank support by proxy nor by missions from a Field Office located in a neighboring country.

1.5 The rest of the proposal proceeds as follows: Section 2 outlines the criteria for establishing a Field Office in the RoSS and examines the opportunities and challenges attached to the decision to establish such an office. It also proposes a staffing profile for the Office. Section 3 concludes the proposal and provides a recommendation to the Board.

2. SOUTH SUDAN: Criteria And Rationale For Establishing A Field Office

2.1 Criteria for Establishing Field Offices in Fragile States.

2.1.1 The Bank has underlined in its Decentralization Roadmap² four specific criteria for establishing a Field Office in a fragile state such as the RoSS. They include: (i) the regional spread of Field Offices in fragile states; (ii) potential for portfolio growth in the country; (iii) the country’s readiness to host the Bank; and, (iv) the Bank’s ability to cover operations from Field Offices in neighboring countries. Box 1 provides explicit justification for how the RoSS meets the Decentralization Roadmap’s criteria.

Box 1: Criteria for Establishing Field Offices in Fragile States	
Criteria	Justification
1. Regional spread of Field Offices	<ul style="list-style-type: none"> Sudan’s Khartoum Office and the planned Burundi Office would account for two offices in fragile states in East Africa. The proposed Field Office in Juba would only be the third. However, fragility is contagious and that of the RoSS should be paid attention early to avoid adverse impacts for the region.
2. Potential for portfolio growth	<ul style="list-style-type: none"> Recent estimates of South Sudan’s GDP and its endowment in natural resources show that the country has a strong potential to exit fragility and achieve a middle income status within the next decade if the challenges are addressed. Available estimates from the NDP, the Bank and others have indicated that investments in basic infrastructure will total around US\$ 5-6 billion during 2011-2016. Implementation will require private sector participation, co-financing and public private partnerships (PPPs), with potential for rapidly increasing the Bank’s portfolio in South Sudan.
3. Country’s readiness to host the Bank	<ul style="list-style-type: none"> The RoSS has applied for Bank membership and also signed a Cooperation Agreement with the Bank Group in September 2011 to ensure continuity of engagement until the membership process is completed. The government has determined the initial level of capital subscription of the RoSS to the Bank. A multi-disciplinary Bank assessment mission to Juba in April 2011 found that there was, overall, reasonable accommodation and security in the city—although the mission underlined the need for security planning. Thus in terms of government commitment, logistical requirements, security and accommodation, the RoSS is ready to host the Bank’s Field Office.

² Decentralization Roadmap – Final Version (ADB/BD/WP/2010/64/Rev.4 and ADF/WP/2010/30/Rev.4).

<p>4. Bank's ability to effectively cover operations from a neighboring country's Field Office.</p>	<ul style="list-style-type: none"> • The Bank could continue to use Field Offices in the region to address specific resource needs in the RoSS, and expects this to be the case for the forthcoming Regional Resource Center (RRC) in Nairobi. • However, in terms of the ambitious agenda that the Bank has committed to in the RoSS, these arrangements and intermittent missions will not be able to generate the momentum required for the Bank to play a lead role in key areas, such as infrastructure development and aid coordination. • Countries in East Africa have generally large and active portfolios. There might be little staff capacity to spare in their Field Offices for work on South Sudan on a regular basis. The "extended mission" has demonstrated that there is no real alternative to physical presence on the ground to respond to the complex development challenges of South Sudan.
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2.2 Rationale and Value-Added of the Bank's Presence in South Sudan

2.2.1 The rationale for opening a Field Office in the RoSS and the potential value added of the Bank's permanent presence on the ground rest on improving the country's low level of economic development and its fragility. The Bank has set a premium on supporting fragile states to address frontally their institutional and policy gaps. The Government of South Sudan has requested the Bank to provide strategic and analytical support in the areas of capacity building, infrastructure development, and aid coordination. While the RoSS is in many ways still a fragile state, it has great potential and the Bank's portfolio there is bound to grow as the country's infrastructure projects are rolled out in the years ahead. Finally, for the Bank to undertake partnerships with other development partners and conduct effective policy dialogue in the RoSS, it must have a physical presence in the field.

2.2.2 **The United Nations, in its 2011 assessment, considers the economic and political challenges confronting the RoSS to be among the most acute in the world, in both scale and complexity.** The RoSS's initial conditions, especially in terms of institutional and human capacities, are much lower than those of its neighbors. Aside from low development indicators, the RoSS is also a post-conflict economy that shows a high degree of socio-economic fragility. Ongoing conflicts in some states, and the legacy of displacement and forced migration, are making it difficult for the country to make the important transition from addressing humanitarian challenges to medium to long-term development. Government structures at the federal level have only just been established, and are largely untested, while those at state and lower levels remain rudimentary or non-existent. The delivery of social services is intermittent and in most states yet to be rolled out. The security of property and persons has been seriously affected by spates of continuing conflict. **On the basis of these examples, the RoSS certainly fits the bill of a fragile state requiring dedicated attention and field presence.**

2.2.3 **Using its Fragile States Facility and other resources and collaborating with others, the Bank Group has established a good track record in supporting member countries to address their economic and institutional fragility.** This has been demonstrated in recent months in the context of South Sudan, where the Bank is seen by the government and other stakeholders as a credible and strategic partner, particularly in the area of infrastructure and aid coordination. On the ground in Juba, the Bank will draw on those experiences to strengthen its assistance to the RoSS. These issues are discussed in more detail below.

2.2.4 The Decentralization Roadmap had anticipated the case of South Sudan.³ It had stated *inter alia* that “Going forward, management would also consider some form of a field presence in Southern Sudan when the territory eventually becomes independent and joins the Bank.” The most important justification for Bank’s presence in fragile states is the need to help countries respond to complex development challenges in the absence of institutional capacities. Although the challenges facing fragile states are often similar in nature, the Roadmap eschews a “cookie cutter” approach in the Bank’s response. It urges policy flexibility and the use of instruments that are amenable to the limited human resources and institutional capacities of the country.

2.2.5 In spite of its fragility, the RoSS has very good prospects for development if good policies are pursued and the country receives the right type of assistance and support from its development partners—that is assistance that augments its capacity to design and implement its own policies and programs. The Decentralization Roadmap underlined the importance of ensuring that the Bank’s plans take into account the needs of the fragile states. In particular, Bank presence in the RoSS will help alleviate the issues of inadequate portfolio monitoring and quality assurance that are rampant in similar countries. Above all, the Bank’s presence will help it to better design country-specific solutions to what might seem like generic challenges, thus ensuring better results/outcomes for the RoSS.

2.2.6 With respect to portfolio growth, the Government has indicated that it will strive to access resources from both the Bank’s public (ADF) and private sector windows. At the completion of its membership process, the RoSS is expected to borrow sizeable amounts, especially for infrastructure.⁴ In the medium term, the RoSS will have access to resources amounting to UA 27 million from Pillar I of the Fragile States Facility and, potentially, from the ADF country allocation and the private sector window. In addition to co-financing opportunities, these resources will provide a good base for the growth of the Bank’s portfolio in the RoSS.

2.2.7 Ultimately, the Bank’s investment in the RoSS will never equal the resources that the country can potentially garner from its own domestic resources. Therefore, the value of the Bank’s strategic advice, support to institution building and conduct of policy dialogue, will be as important a contribution to the RoSS’s development, if not more so, than its lending operations. Already, the Bank has taken the lead on infrastructure assessments in the RoSS, and is assisting the country in developing an Infrastructure Action Plan.

2.2.8 The Bank has been a key facilitator of the post-referendum negotiations between Sudan and South Sudan. The premise of two-viable Sudanese states in the North as well as south was a very powerful message from these negotiations. The Bank continues to believe that the prosperity of the two countries will be good for each one of them as well as the region—they share a common history, similarity of institutional structures and a common border that makes collaboration inevitable. The Bank’s effective presence in both countries could help prod the process forward and contribute to peace and prosperity through regional integration.

³ Paragraph 5.22 of the Decentralization Roadmap – Final Version ((ADB/BD/WP/2010/64/Rev.4 and ADF/WP/2010/30/Rev.4).

⁴ Available estimates from the NDP, the Bank and others have indicated that investments in basic infrastructure will total around US\$ 5-6 billion during 2011-2016.

2.3 Bank Group's Ongoing Activities in the Republic of South Sudan

2.3.1 Ongoing Bank Group operations in the RoSS have accumulated in the past few years and now require the Bank's presence on the ground to ensure effective delivery of the programs (Annex 1). They include the following:

- **Capacity Building.** The Bank initiated a project (shared between with Sudan and South Sudan) on capacity building that has focused on institutional capacity building for poverty reduction and good governance. The project has disbursed about 60 percent and is expected to close at the end of 2011. This project has enabled both Sudan and South Sudan to undertake Household Budget surveys, which have been important in developing their I-PRSP and National Development Plans, respectively. The Bank is also providing assistance to the University of Juba to train civil servants in public finance management.
- On account of the immense capacity building needs of the country, the Bank has been requested by development partners, including the African Capacity Building Foundation based in Harare, to assist in establishing a website for partnerships on capacity building in the RoSS. The website has been presented to the Government and will be finally migrated to the authorities and launched by end-December 2011.
- **Policy Dialogue/Advisory Services.** The Bank's support to policy dialogue has been underpinned by demand-driven studies, ranging from cross-border trade to poverty and gender analyses. The Bank has engaged the services of a senior policy adviser at the Ministry of Finance and Economic Development (MoFEP), financed three seminars on economic growth, and undertaken studies on public finance management and accountability. Also important, it has financed studies on the RoSS's disarmament, demobilization and reintegration of ex-combatants.
- **Infrastructure Needs Assessments.** In 2011, the Bank engaged four consultants to undertake needs assessments in agriculture and infrastructure. The assessments have been finalized and were presented at a validation workshop in September 2011. The Bank has now embarked on the preparation of an Infrastructure Action Plan, a document which can be used for policy dialogue and resource mobilization.
- **Economic Analysis.** The Regional Department OREB in coordination with ECON is undertaking studies on household incomes, poverty and employment in South Sudan. A study on cross-border trade is on-going, as well as one on the political economy of the RoSS. ESWs will aim at informing policy and programs in the RoSS and shall constitute an essential component of the Bank's policy dialogue.
- **Aid Coordination and Management.** Aid coordination and management is a major challenge in view of the existing institutional gaps. Against this background, the Government has sought the assistance of the Bank to strengthen the aid coordination function in the Ministry of Finance and Economic Planning. The Bank responded swiftly to this request by preparing a technical assistance proposal for strengthening the aid coordination unit in the MoFEP. Support to this unit will come from the institutional support project for building public financial management systems and improving aid coordination that will be funded by the Bank's Fragile States Facility.

- **Post-Referendum Negotiations.** The Bank continues to support the Post-referendum negotiations between Sudan and South Sudan. It has retained high level consultants that have helped move the process forward—especially on the issues of external debt, trade and payment systems.

2.4 Effective Engagement and Partnerships.

2.4.1 The challenges facing Sudan will require the support of development partners and other stakeholders, operating at the center as well as in the states. Physical presence in South Sudan will help the Bank play a more effective role in the implementation of its programs and in conducting policy dialogue. A number of bilateral and multilateral development partners are already well established in Juba. They include the African Union, DFID, the European Union (EU), GIZ, IMF, World Bank, UNDP, USAID and the Joint Donor Team (JDT) comprising Canada, Norway, Denmark Sweden, United Kingdom and the Netherlands. See Table 1 below.

2.5 Development Effectiveness in the Republic of South Sudan: Challenges and Opportunities

2.5.1 **To sum up, the Bank’s physical presence in the RoSS will assist the country address the challenges that it now faces in policy and project implementation.** It will improve the Bank’s access to policymakers and stake holders, ensure speedy responses to identified needs and provide opportunities for feedback on the Government’s policy initiatives. Above all, it will provide opportunities for innovation in the delivery of its support, in a dynamic development environment. Ultimately, the Bank’s main goal is to ensure that its development effectiveness in the RoSS is enhanced.

2.5.2 **The Bank’s increased presence will be accompanied by many challenges.** First, the country’s most critical development challenges are to be found in the states, sometimes hundreds of miles away from the capital, Juba. Some states at the periphery are restive and their economies are extremely fragile. Moreover, with the Bank group coming into the RoSS much later than others, it might not benefit from “first mover advantage” even in its traditional areas of comparative advantage. Governance issues, partly associated with the encashment of oil revenues, have been prominent in recent years and are bound to complicate the policy dialogue in the years ahead.

Development Partner	International Staff	Local Staff	Total
World Bank	16	31	47
IMF	1	3	4
EU	9	9	18
USAID	32	84	116
UNDP	192	413	605
African Union (AU)	9	12	21
Joint Donor Team (JDT)	8	15	23
GIZ (Germany)	9	13	22
DFID, UK	17	13	30

2.6 The South Sudan Field Office Proposal

2.6.1 On the basis of the supporting arguments and rationale cited above, management proposes to establish a Field Office in Juba, Republic of South Sudan, as soon as possible. The Field Office will operate under the Regional Department, East B (OREB).

Key Milestones

2.6.2 The key milestones for establishing a presence in Republic of South Sudan are presented in Table 2 below. The dates in Table 2 are indicative based on the assumption that the Republic of South Sudan would have become a member of the Bank by the first Quarter of 2012.

Table 2: Key Milestones in Establishing a Field Office in South Sudan

Activity	Date/Period				
Presentation of proposal to the Board	Dec 2011				
Preparation of the Host Country Agreement		Jan 2012			
Negotiation of Host Country Agreement			Feb 2012		
Signing of Host Country Agreement				Mar 2012	
Deployment of International Staff to Rented Premises					Apr 2012

Staffing of the South Sudan Filed Office

2.6.3 The level of staffing and the skills mix proposed for the Juba office will be consistent with the Bank's immediate priorities in the country: (i) to enhance the nature and quality of the policy dialogue and provide important advisory and technical support in key areas; (ii) the importance of playing a leadership role in areas such as aid coordination and development of public private partnerships; and (iii) to provide a good basis for effective engagement and development effectiveness. It is expected that a number of staff will be transferred from the various departments of the Bank to the Field Office while local professionals and support staff will be recruited locally.

2.6.4 **It is envisaged that the full staff complement of the Field Office will consist of three international staff and ten locally recruited staff.** This might not be sufficient to meet all the programming needs of the Office, especially in the initial years. We plan to strategically take advantage of the Field Offices in Ethiopia and Sudan as well as the Regional Resource Center in Nairobi to supplement the staff in Juba as appropriate.

2.6.5 The proposed staff complement also reflects the Bank's comparative advantage and its attempt to respond to the priorities of the Government of South Sudan as articulated in the South Sudan Development Plan i.e. development of infrastructure as an enabler and catalyst for economic growth. The staffing profile may change over time as the situation on the ground and the portfolio of the Bank evolves.

Cost Estimates and Overall Budget

2.6.6 The budget for 2012 is estimated at UA1,895,000 (One million eight hundred and ninety - five thousand Units of Account) consisting of three components: an initial capital investment of UA 760,000, staff costs of UA1,070,000 and other expenses of UA65,000 (see Table 3). Owing to the relatively underdeveloped real estate sector, with most materials imported from abroad, startup costs are relatively high. It is envisaged, however, that the 2013 budget will be much lower, since a large portion of the initial capital investment such as civil works, technical installations, furniture, technical equipment, vehicles, IT and telecom and security installations will have been purchased.

Table 3: Proposed Staffing of the South Sudan Field Office

International Staff	Staff No.
Resident Representative (PL)	1
Chief Country Economist (PL)	1
Principal Country Program Officer (PL)	1
Total (International Staff)	3
Local Staff	
Macroeconomist/Private Sector Expert (Local PL)	1
Procurement Officer (Local PL)	1
Finance and Administrative Officer (Local PL)	1
Infrastructure Specialist (Local PL)	1
Disbursement Assistant (GS)	1
Secretary –Resident Representative (GS)	1
Secretary/ Receptionist (GS)	1
IT Assistant (GS)	1
Senior Driver (GS)	1
Driver (GS)	1
Total (Local Staff)	10

2.7 Risks and Mitigation

2.7.1 In establishing its presence in the RoSS, the Bank will confront four types of risks. First, is the *reputational risk* that comes with operating in fragile states, where accountability systems are often weak and where the lines of authority are not always a clear-cut as they might seem at first sight. The second kind of risk emanates from the *high expectations raised by the Bank's presence*, from the Government and other stakeholders. The new country expects the Bank Group, the premier development finance institution in Africa, to assist in a variety of areas, including those where it currently has little or no expertise, and in others outside its areas of competence or focus. The third risk is attached to the *scarcity of human and institutional capacities* in South Sudan. These are a serious constraint on any ambitious plans for a quick startup of operations on the ground. Last, there is *the generic issue of insecurity*, in a region known for outbreaks of violence. This could prevent the Bank from acquiring the people it needs to do its work in Juba or distract the work of those already there.

2.7.2 In South Sudan, the Bank Group will therefore be entering an environment with massive needs on all fronts and wrought with exceptional policy and implementation challenges. As mitigation, the Bank will have to be careful in its choice of staff to place on the ground and to be judicious in the selection of areas in which to offer support/or to collaborate with others. It will have to be innovative and willing to learn from the sizeable number of international agencies already operating in Juba. The strong emphasis put on analytical work by the Bank from the very beginning will certainly be useful in guiding the Bank activities. Local capacity issues could be addressed by drawing on the regional pool of expertise in neighboring countries, while also using the website developed with the help of the Bank Group to attract South Sudanese from the Diaspora. **Overall, good planning and staying power will be important for the work of the Bank’s Field Office in the RoSS.**

3. CONCLUSION AND RECOMMENDATION

Conclusion

3.1 In this proposal, Management has argued that establishing a Field Office in Juba, Republic of South Sudan, is consistent with the thrust of the Decentralization Roadmap, which puts strong emphasis on Bank representation in fragile states. In the particular case of the RoSS, the Decentralization Roadmap had underlined the need to ensure “some form of a field presence” in the country after independence and on joining the Bank. The Government of South Sudan continues to emphasize the importance of the Bank’s presence in Juba, and is making preparations to become a fully-fledged member of the Bank Group. A key lesson from the Bank’s “extended mission” experience in the RoSS is that delivery of its commitments, including effective policy dialogue, advisory services and provision of leadership on key processes, such as infrastructure development and aid coordination, will require a permanent physical presence.

Recommendation

3.2 Management requests the Boards of Directors to consider the approval of the Establishment of a Field Office in Juba, Republic of South Sudan, on the terms and conditions discussed in this proposal and as soon as the country becomes a member of the Bank.

Annex I: Bank Group Operations in South Sudan

Project/Activity	Amount	Window or Source of Financing	Status
Institutional Capacity Building Programme for Poverty Reduction and Good Governance (ICBPRGG). Sixty percent of project activities are concentrated in South Sudan. Fifty one percent of the resources have been disbursed	UA9 million	ADF grant	Expected to close by end-2011.
Support to the preparation of the South Integrated Fiduciary Assessment (SSIFA). The Bank has provided USD72,000 to finance the cost of preparing the SSIFA	USD72,000	Administrative Budget	Ongoing
Assistance to the University of Juba to train civil servants in public finance management	USD482,350	Governance Trust Fund	Letter of Agreement is being signed
Support to the African Union High Level Implementation Panel (AUHIP)-The Bank has provided consultants to enhance the capacity of the AUHIP in advising on post-referendum issues such as debt, oil, currency and general economic framework	USD372,141	Administrative Budget	Ongoing
Support to the preparation of the National Development Plan-This includes provision of inputs into drafting and finalization of the SSDP and active participation in the conferences and consultations; advising on the identification and design and implementation of high priority programmes and projects; and developing an action plan form infrastructure development for the decade ahead using data and information from assessments.	Technical inputs and mission costs	Administrative Budget	The Plan is was approved by the Council of Ministers in September 2011 and submitted to the Parliament for approval
Needs assessments in agriculture and infrastructure sectors and Infrastructure Action Plan	USD321,000	Administrative Budget	A workshop was held in September 2011 to validate the findings of the assessments. Comments have been incorporated and an Infrastructure Action Plan is now being prepared.
Website for partnership and for capacity building	Technical Inputs	N/A	The website has been established and will be launched by the end of the year
A series of analytical studies are being undertaken including Poverty Situation and Prospects in South Sudan: Investing in Education and Non-Oil Activities, political economy analysis, poverty and inequality analysis, cross border trade and regional integration.	USD312,000	Administrative Budget	Ongoing

Annex II: Budget for Establishing a Country Office in South Sudan

(A) Initial One-Off Investments	
	2012 Expenditure (UA)
Capital investment	
1. Civil Works	260,000
2. Technical Installations	
3. Furniture	120,000
4. Technical Equipment	30,000
5. Vehicles	100, 000
6. IT & Telecommunication	200,000
7. Security Installations (CCTV, alarm, access control and security enhancement)	50,000
Total (A)	760,000
(B) Staff Costs	
1. Salaries	700,000
2. Benefits	200,000
3. Other employee expenses	50,000
4. Staff Training	20,000
5. Resettlement & Installation allowance	100,000
Total (B)	1,070,000
(C) Other Expenses (Operating Expenses)	
1. Utilities Office (water & electricity)	10,000
2. Regular maintenance (elevators, cleaning)	10,000
3. Security guard	10,000
4. VSAT and IT equipment maintenance	10,000
5. Printing, publishing and reproduction	5,000
6. Office supplies and stationery	15,000
7. Other miscellaneous expenses	5,000
Total (C)	65,000
Grand Total –(A+B+C)	1,895,000