

Preface

At the request of the Government of the Republic of South Sudan (GRSS), the African Development Bank Group (AfDB) has provided assistance in preparing this flagship Infrastructure Action Plan (IAP) aimed at putting in place an effective instrument for all stakeholders in the collective effort to provide the necessary full-fledged support to address the country's development challenges.

As early as in late 2010, the AfDB initiated work to assist the Government in preparing detailed needs assessments in agriculture and infrastructure sub-sectors (energy, transport, water and sanitation, and ICT). The validation workshop of the draft reports took place in Juba in September 2011. The Bank was further requested to build on the work done to fast-track the preparation of an Infrastructure Action Plan (IAP) for South Sudan for the decade ahead. The first draft of the IAP was completed in February 2012, and validated in July 2012 in Juba at a national stakeholders' workshop attended by several participants from the GRSS, relevant sectors, civil society and other development partners.

The new Republic of South Sudan (RSS) is classified as a post-conflict country. South Sudan is characterized by a very high degree of socio-economic fragility, with weak institutional and human capacities and one of the lowest social development indicators in Africa. The political, security, economic and social situations have remained fragile. The country has also a narrow economic base, with a heavy dependence on the oil sector. In this context, the dilapidated infrastructure, mainly as a result of decades of war, has been identified as the most binding constraint for economic diversification and inclusive private sector-led growth and productive employment. Infrastructure development can also help address the most pressing challenge of South Sudan, namely the urgent need for peace and state building, including accommodating the high expectations of the population for peace dividend through job creation and improved livelihood.

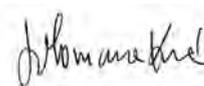
Peace and stability remain key prerequisites to addressing vigorously the infrastructure bottlenecks. The IAP, however, does not dwell on the volatility of the political and security landscape in South Sudan. It takes the position that infrastructure development in South Sudan will primarily require sustained and concerted efforts in addressing medium to long term structural, human and institutional factors, including devising appropriate financing arrangements. As long as these factors are not adequately dealt with, they will remain valid and persist over time.

The IAP proposes a major program for the development of basic infrastructure in the decade ahead that, in conjunction with a range of other initiatives aimed at building human capacities and labor force skills and strengthening institutions, would provide the basis for a transition to economic growth in the range of 9% a year in real terms in the non-oil economy.

The IAP analyzes the underlying institutional and other structural issues and factors of the economy of South Sudan. It presents appropriate and pragmatic structural and sustainable responses, with medium to long term perspectives. The proposed program takes into account the need for the endogenous development of domestic institutions and supply factors and conditions. The IAP considers a 10-year period, using 2010 as the base year. The implicit assumption made at the time of drafting the IAP was that the GRSS would be in a position to roll out its program of infrastructure development in the context of implementing its first South Sudan National Development Plan (SSDP) 2011-2013, following the independence in July 2011.

The proposed funding arrangement in the IAP involves the Government for more than 50% of the total requirements, while donors and the private sector will fill the remaining gap. At the time that this Report was drafted, there was no agreement between South Sudan and Sudan on the arrangements for sharing income from oil fields currently in production. The IAP report has, therefore, set out scenarios of possible outcomes ranging from an arrangement in which the national government of South Sudan receives 80% of the net oil income (scenario A: High Growth Case) to two other alternative scenarios (B and C) whereby the net receipt represents 96% and 69%, respectively. On the basis of the agreement on oil reached in September 2012 between the two countries, scenario A seems most likely.

We believe the IAP will definitely contribute to consolidating the AfDB's leadership role in collaborating with key stakeholders and assisting the GRSS in the design and implementation of infrastructure development in South Sudan.



Solomane Kone
Lead Economist and Officer-in-Charge (O.I.C),
Regional Department East 2 (OREB)
African Development Bank Group