SHAPING THE FUTURE
PROSPECTS FOR ECONOMIC AND POLITICAL COOPERATION BETWEEN SOUTH SUDAN AND THE SUDAN

AUGUST 2013

BRIEFING PAPER SUMMARY
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Shaping the Future

The Sudan and South Sudan, once a single country, have a history of complex political and economic interdependence. As a unified country, the two regions shared political institutions, a common currency, strong trade relations, and seasonal migration. While the independence of South Sudan has changed the nature of this relationship, the two countries remain interdependent. For the foreseeable future, the two States face choices that affect their mutual security and economic prosperity at local, national, and regional levels.

The Briefing Paper “Shaping the Future: Prospects for Economic and Political Cooperation between South Sudan and the Sudan” seeks to provide tools to structure options for political and economic interactions according to how they contribute to peace and conflict prevention. In this way, the Briefing Paper is designed to inform the debate about future economic and political interactions between the two States. It is part of an initiative by Conflict Dynamics International (“Conflict Dynamics”), to support the people of the Sudan and South Sudan in building a peaceful and effective long-term relationship. The initiative aims to assist the two countries in developing a shared vision of what such a relationship might look like. This shared vision could help evolve a new framework for interaction between the two States.

1. Methodology

Economic and political interactions have the potential to serve as avenues to build peace. The seven-step methodology outlined in Figure 1 helps explore these avenues by facilitating the development of options for economic and political interaction. The Briefing Paper follows the steps of this methodology, which others can use to develop their own options.

As used in the Briefing Paper, the term ‘interactions’ does not necessarily infer cooperation. States can have hostile or friendly interactions with each other. The frameworks in the paper offer an approach for identifying and developing options for interactions that will support peace. Political interactions refer to mutual engagement through governance arrangements in pursuit of political interests. Economic interactions refer to the exchange of goods, labor, money, and natural resources, and to the coordination of policies and institutions to manage these exchanges.
Figure 2 lays out the framework for building peace through economic and political interactions that enhance mutual conciliation between two entities. Dialogue processes interface, on the political side, with arrangements promoting effective conciliation of people’s political interests and, on the economic side, with arrangements supporting equitable fulfillment of people’s legitimate economic needs. In this way, economic and political interactions promote a peaceful relationship. These interactions can promote a peaceful relationship either directly or indirectly. Through the direct path, interactions themselves create a closer relationship that contributes to peace. Through the indirect path, economic interactions stimulate political interactions that support peace, or vice versa.

While cooperation and peacebuilding are strongly associated, interdependence can also increase the risk of conflict by increasing mutual vulnerability. Factors that shape whether interactions increase or decrease the risk of conflict include whether one side is seen to be taking advantage of the other, the history of interaction, the sequencing of economic interactions, and arrangements for dispute resolution. This analysis reveals the importance of developing cooperation options through processes of consultation that produce ideas acceptable to all parties.
2. Frameworks for assessing and structuring arrangements for interaction

The framework depicted in Figure 3 can be used to examine how economic and political interactions build peaceful cooperation. The framework can also help design and develop new arrangements.

Political interactions contribute to peace when they achieve the effective conciliation of political interests. Political interactions can be explored by looking analytically at inter-State arrangements using a typology of six interrelated focal areas, or ‘strands’: (i) the political structure of intergovernmental arrangements; (ii) the way political representatives are elected or appointed in a particular arrangement; (iii) the relationships between States’ executive branches; (iv) the legislative arrangements of inter-State bodies; (v) the public participation mechanisms that give citizens a say in interactions; and (vi) the role of traditional and customary arrangements.

Economic interactions can promote peacebuilding when they contribute to the equitable fulfillment of people’s legitimate economic needs in the context of inclusive growth. Economic interactions can also be explored through a typology of six interrelated strands: (a) macroeconomic arrangements; (b) trade; (c) the financial sector; (d) private sector development and investment; (e) infrastructure; and (f) natural resource management.

Economic and political interactions can also be assessed and developed according to whether they are direct (i.e., bilateral) or indirect (i.e., multilateral), and national or local. National and local interactions lie on a spectrum. At one end are macro-level arrangements that involve the top level of government (e.g. the council of ministers, the national legislature). In the middle are meso-level arrangements that govern subnational units (e.g., the border state governments and the county administrations). At the grassroots community level are micro-level arrangements (e.g., village-level traditional authorities).
3. Context and current relations

South Sudan’s secession in 2011 coincided with a sudden breakdown of economic and political interactions between the two countries, including the shutdown of oil production in South Sudan in January 2012. In the context of the ensuing economic challenges, the Sudan and South Sudan signed a package of cooperation agreements in September 2012 (the “September Agreements”). Figure 4 depicts the primary bilateral mechanisms for political and economic interactions that these agreements established. These mechanisms provide opportunities for continued deliberation between the two States. They also require both parties to take further steps toward creating arrangements for long-term economic and political interaction, and to strengthen provisions for public participation, inclusion of women, and engagement with traditional and customary authorities.

Beyond the September Agreements, South Sudan and the Sudan are both members of regional and international groupings, including the Common Market for Eastern and Southern Africa (COMESA), Inter-Governmental Authority on Development (IGAD), and African Union (AU). Mutual membership in these organizations provides opportunities for economic integration and dispute resolution, which could help build peace between the two States.

In considering interactions between the Sudan and South Sudan, it is important to take into account the interests (Step 2 of the methodology) of key constituencies in both countries—the needs, views, desires, and aspirations people wish to realize. Mapping these interests highlights both areas of consensus and divergence, helpfully feeding into the identification of the key considerations (Step 4 of the methodology) which need to underpin any agreement of appropriate options.

4. Opportunity areas for interaction

The Sudan and South Sudan share one of the world’s longest common borders, as well as the Nile River, two export pipelines from South Sudan’s oil fields to Port Sudan, and a border population that intermingles in the Tamazuj Zone. The economies of both countries depend on oil revenues for macroeconomic stability and for both internal and external balances. As a result, they are both in a position to make significant gains from many forms of economic and political interaction. Figure 4 presents a
framework for considering opportunities for economic and political interaction at three levels: (1) local-direct interactions, in the form of cross-border relationships between populations in the Tamazuj Zone; (2) national-direct interactions, in the form of bilateral relations between the two governments; and (3) national-indirect interactions, through regional and international institutions. Table 1 provides a summary of opportunity areas for economic and political interaction at these three levels identified by Sudanese and South Sudanese stakeholders.

### Table 1 – Summary of opportunity areas

<table>
<thead>
<tr>
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<th>Local-direct relations</th>
<th>National-direct relations</th>
<th>National-indirect relations</th>
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</thead>
<tbody>
<tr>
<td><strong>Political interaction</strong></td>
<td>• Multiple strands of political interaction are important at the local level to address the special interests of border populations. There are significant opportunities for public participation by local communities, and for linkages between traditional authorities, while decentralized local authorities have a key role to play on both sides of the border in supporting the interests of border populations.</td>
<td>• Intergovernmental relations need not only be between executive officials, but can also involve interactions between national legislatures. Significant national-direct interactions also take place between non-state actors – these must be recognized and supported.</td>
<td>• National-indirect relations represent a significant opportunity area, working in cooperation where there is a shared agenda for engagement on political and security issues within the sub-region.</td>
</tr>
<tr>
<td><strong>Economic interaction</strong></td>
<td>• Economic interactions are a huge opportunity area at the cross-border level. Key opportunity areas include trade, natural resource management, and joint infrastructure projects. • Cross-border economic relations can best be built and managed through the involvement of local authorities and local populations.</td>
<td>• While there are concerns about the risks of economic cooperation, it is considered that the potential benefits outweigh these. At the national-direct level, all six strands of economic interaction are considered important, with some particular priority areas: • (i) Macro-economic policy: a joint approach to debt relief is a high priority for both States, while removal of sanctions is a high priority for the Sudan. Any degree of harmonization of macro-economic policies will however remain a longer-term agenda and ambition. • (ii) Trade, infrastructure, and natural resource management are the other areas of economic interaction which are generally considered to be the main priority areas.</td>
<td>• Shared membership of COMESA provides an opportunity to pursue a mutually beneficial regional economic cooperation agenda. • Natural resource management issues can be addressed through a range of regional bodies and forums, including the Nile River Basin Initiative and the Ramsar Convention on Wetlands of International Importance.</td>
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**Interest mapping**

Consultations with diverse constituencies in the Sudan and South Sudan have strongly endorsed the value of interest mapping as a tool to support the development of arrangements for interaction. Interest mapping helps identify shared and divergent interests between groups and at different levels as well as the needs of constituencies that face unique challenges, such as women and communities in the border zone.
5. Formulating options for economic and political interactions

This Briefing Paper has laid out a framework for assessing and developing arrangements for political and economic interactions and has considered the state of current relations between the Sudan and South Sudan. On this basis, the Briefing Paper has examined opportunity areas where both countries could benefit from increased interaction. The following questions remain: How can these benefits best be achieved? What are the options for interaction between the two countries? And how can decision makers assess the usefulness and appropriateness of these options?

Developing options requires a thorough understanding of key actors’ concerns. Two tools can help in understanding these concerns: mapping of interests (discussed above) and exploration of key considerations. Considerations are informed by interests but differ from them in that they are thematic issues rather than issues linked to the views of specific constituencies. Considerations identified through consultations in South Sudan and the Sudan include sovereignty, security, livelihoods, dispute resolution, perceived fairness, realism, precedent, economy, environmental sustainability, nation building/statebuilding, and political leadership.

Table 2 presents a spectrum of options developed based on these considerations, as well as on consultations with South Sudanese and Sudanese interlocutors. The spectrum ranges from non-cooperation with hostile interaction at some or all levels (Option A) to cooperation under a comprehensive framework for economic and political interaction (Option E).

Under Option A, there is acute isolation and tension, which makes both political and economic interactions a zero-sum game (e.g., interaction between the Sudan and South Sudan in April 2011, with the outbreak of fighting in Abyei). Under Option B, there is limited collaboration on an ad hoc basis (e.g., interaction between the Sudan and South Sudan until mid-March 2013, with meetings but little active cooperation). Under Option C, there is cooperation through issue-based reciprocity (e.g., full implementation of cooperation agreements without broader, structural cooperation). As of July 2013, the two States have made progress toward Option C, interrupted by moments of deadlock and ongoing disputes over key issues.

Options D and E are only possible if the two States enhance their political and economic interactions beyond the mechanisms contained in the September agreements. Under Option D, there is cooperation through structured reciprocity, which would involve an overall structure to coordinate relations in relevant fields. Under Option E, there is a comprehensive framework with more formal linkages, potentially including a security pact or economic union.
The spectrum can also be used to consider the paths and practical steps required for the two States to move their relations from one point to another. It is important to note that the three levels (local-direct, national-direct, and national-indirect) are linked in significant ways, and changes in one level can have implications for the other levels. In addition, it is important to note that the degree of interaction across different levels may vary, and progress across these levels may proceed at a different pace.

<table>
<thead>
<tr>
<th>LOCAL-DIRECT (Cross-border)</th>
<th>NATIONAL-DIRECT (Bilateral)</th>
<th>NATIONAL-INDIRECT (Regional)</th>
</tr>
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<tbody>
<tr>
<td>Cooperation through structured reciprocity</td>
<td>Structured, open, soft border</td>
<td>Comprehensive framework for economic and political interaction</td>
</tr>
<tr>
<td>Cross-border cooperation underpinned by agreements</td>
<td>Bilateral peace and security pact; defense and security sector collaboration; macroeconomic policy coordination with option of economic union</td>
<td></td>
</tr>
<tr>
<td>Coordination on relevant issues (e.g. security, border management, trade, oil, inter-bank relations, rights of nationals)</td>
<td>Bilateral and regional coordination for key issues of mutual national interest (e.g. Nile waters)</td>
<td></td>
</tr>
<tr>
<td>Some limited coordination on key issues of mutual national interest</td>
<td>Coordinated membership and strategic approach to regional and international bodies</td>
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**Table 2 – Spectrum of options**

- **A – Non-cooperation, with limited ad hoc interaction at some/all levels**
  - Officially/formally closed border
  - Outbreaks of cross-border fighting in a context of economic warfare

- **B – Cool coexistence with limited ad hoc interaction**
  - Minimal but functioning border and security issues
  - Minimal and ad hoc; September Agreements are functional; JPSM meets but with major tensions over unresolved issues

- **C – Cross-border movement, seasonal migration**
  - Minimal and ad hoc; September Agreements are functional; JPSM meets but with significant differences of opinion in international forums

- **D – Structured reciprocity**
  - Minimal but functioning border and security issues
  - Minimal and ad hoc; September Agreements are functional; JPSM meets but with major tensions over unresolved border and security issues

- **E – Structured, open, soft border**
  - Bilateral and regional coordination for key issues of mutual national interest (e.g. Nile waters)
  - Actively undermining one another in regional and international relations

- **F – Structured framework for economic and political interaction**
  - Comprehensive framework for economic and political interaction
  - Bilateral and regional coordination for key issues of mutual national interest (e.g. Nile waters)

- **G – Structured, open, soft border**
  - Bilateral and regional coordination for key issues of mutual national interest (e.g. Nile waters)
  - Actively undermining one another in regional and international relations

- **H – Structured framework for economic and political interaction**
  - Comprehensive framework for economic and political interaction
  - Bilateral and regional coordination for key issues of mutual national interest (e.g. Nile waters)
It is important to consider not only linkages between different levels of interaction in driving the co-operation relationship, but also the interplay between economic and political interactions. Economic interactions can potentially catalyze – or hinder – political interactions, and vice versa. The relationship between economic and political interactions will shape the trajectory South Sudan and the Sudan follow between the options described above. One possible scenario is that economic and political interactions progress at an even pace, resulting in a direct transition from co-existence to structured cooperation. Another scenario is that economic cooperation takes off first, driving overall cooperation and catalyzing enhanced political cooperation.

6. Conclusion

Consultations with South Sudanese and Sudanese stakeholders underscore the fact that as two sovereign independent States, the Sudan and South Sudan have a dynamic and complex relationship. This relationship has many dimensions and levels that can be influenced – both positively and negatively – in different directions. The Briefing Paper has sought to set out the different levels and dimensions of the relationship, looking carefully at both political and economic aspects of interaction and how interactions can be transformed into cooperation.

Extensive political, cultural, social, and economic interactions are already taking place daily across the Sudan–South Sudan border. The main challenge is to translate these constructive local-level interactions to the national level, where politicians on both sides have tended to take a very cautious approach. There are opportunities to build on the positive dynamics created by local communities, as well as the constructive efforts of non-governmental actors and independent think tanks at the national level and in regional initiatives. Effort is needed to ensure that policymakers on both sides are on board and that there is political will. The media have an important role to play in helping to overturn a legacy of mistrust resulting from the troubled history between the two nations. Regional and international actors will also continue to play a central role in encouraging and supporting improvements in economic and political relations between the two former adversaries.

Overall, despite the many challenges, there is reason to believe that the two countries will be able to negotiate a path toward comprehensive economic and political interactions that can meet the aspirations of their citizens and, in turn, bring sustainable peace. The methodology and tools presented in the Briefing Paper are intended to assist Sudanese and South Sudanese stakeholders in working together towards this goal, for the benefit of all their citizens.
About Conflict Dynamics International

Conflict Dynamics International is an independent, not-for-profit organization that specializes in mediation, governance and peacebuilding, and humanitarian policy development. The organization works to develop innovative technical options for peacemaking and peacebuilding in transition contexts through a process of applied research, and an inclusive methodology of iterative consultations and impartial engagement. Founded in 2004, Conflict Dynamics works to fulfill its mission across three program areas: (I) Peacebuilding in Transition States, (II) New Frontiers in Humanitarian Policy, and (III) Pressure Points for Conflict Prevention and Resolution.

Conflict Dynamics welcomes feedback and perspectives on the ideas in this publication. Readers are invited to share their views by contacting Conflict Dynamics at southsudan@cdint.org or infoSudan@cdint.org.