THE FIRST NATIONAL ECONOMIC CONFERENCE

A NECESSARY STEP FOR SECURING PEACE

AND

CREATING A SUSTAINABLE ECONOMY

September 4–9, 2023
Juba, South Sudan

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PREFACE

From the Hon. Dr. Bak Barnaba Chol
Minister of Finance and Planning

It is with great pleasure that I welcome this report of the First National Economic Conference in South Sudan. I wish to congratulate my predecessor, the Honorable Dr. Dier Tong Ngor, for conceiving and arranging for this important event. Our President, H.E. Salva Kiir Mayardit, has stressed to me the centrality of fighting inflation in our country within the overall policy goal of diversifying the economy, and I dedicate myself to that essential task.

At the same time, this conference has reminded us once again, that inflation has a number of causes. As long as the real economy of South Sudan is unable to meet the food and material needs of our citizens, there will be upward pressure on a range of prices. Inflation is more than an issue of money supply—it is an issue of a shortage of essential goods and services that then puts upward pressure on all prices.

The papers at the conference, but especially those prepared and presented by our South Sudanese colleagues, offer clarity and urgency concerning the necessary tasks ahead. I urge everyone to read and study carefully the valuable contributions of our compatriots.

I, and my valued colleagues at the Ministry, dedicate ourselves to carrying out the valuable ideas and proposals contained herein.

From Lual A. Deng, PhD
Managing Director, Ebony Center for Strategic Studies

The Ebony Center for Strategic Studies is pleased to have been asked to provide intellectual and substantive guidance for the First National Economic Conference in Juba, September 4 - 9, 2023. We are honored to have assisted in conceptualizing and framing the key issues that were discussed at this important event in the political life of our young country.

We here continue to pursue our commitment to the economic future of South Sudan by publishing the most essential contributions from a group of esteemed authors. The papers here will set the intellectual agenda for the next 3-5 years. As the hundreds of participants made clear, the Conference highlighted a number of economic problems facing us. The ideas in the following pages will guide us as we continue to develop a coherent economy in the pursuit of the noble objectives of sustainable peace, economic growth, and poverty eradication.

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Chapter 1.

The Problematic Context

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I. Introduction

The first National Economic Conference served two valuable purposes. First, it provided a forum in which a large number of citizens took the opportunity to express their frustration at the lack of economic progress since independence in 2011. Much of that frustration was directed at the government for doing too little to solve the many problems in daily life. Second, a number of excellent presentations exposed and clarified the essential reasons for the lack of economic progress mentioned immediately above. In essence, oil is not the problem—oil revenues are a ***symptom*** of the problem.

The standard complaint has long been that South Sudan's economy is defective because the country is ***dependent*** on oil. There is talk of the "resource curse"—the so-called Dutch Disease. All of the usual macro-economic symptoms are listed, and the standard remedies are offered up.

Unfortunately, this diagnosis is flawed. Prodigious oil exports—and the resulting revenue—are not the cause of South Sudan's many economic problems. Rather, prodigious oil exports are the ***result*** of logically prior problems. I will elaborate those problems below. But first, it is necessary to understand the important distinction between ***dependence*** and ***reliance***. A nation can rely on natural resource exports such as oil, and it can draw on those revenues to enable a fuller development and elaboration of its economy. A number of industrial economies rely on natural resource exports to augment a well-functioning economy. Norway and Britain are classic examples. Notice that such nations are not dependent on oil, but they certainly rely on oil.

Dependence arises when there is no hope for economic activity other than oil exports. Saudi Arabia, Qatar, and the United Arab Emirates are dependent on revenue from oil exports. Their dependence arises from the obvious absence of any other possible economic activity. South Sudan differs from those Gulf States in many important ways. The most important difference is economic potential. No matter what Qatar or the U.A.E. try, they will never have a productive sustainable agriculture, they have little space to create a coherent manufacturing industry, and their indigenous labor force is ill-suited (and unwilling) to engage in activities that might contribute to a plausible diversified economy. Indeed, the bulk of their present labor force consists of immigrants from South Asia and elsewhere. Not only are these countries dependent on oil. They are dependent on an alien workforce. Their ***dependence—***and their economic vulnerability—are comprehensive.

South Sudan's situation is entirely different. The indigenous labor force is abundant—if badly trained. It is also currently distracted from productive employment by a bloated military sector. In addition, the current reliance on oil exports is the product of a long and destructive civil-war, and the lack of a viable non-war economy at the time of independence. Recall that what became South Sudan in 2011 was a very poor land-locked—and remote—region of an exceedingly poor and war-wracked country. There was no economy in southern Sudan then, and there is no economy in South Sudan now. That is the essential problem, and it predates the emergence of South Sudan as a supplier of oil to world markets.

If there were no oil, the size of the military and the civil service would necessarily shrink by 70-80 percent. But there would be little impact on the non-existent economy of South Sudan..

The principal reason why South Sudan's economy is ***not*** dependent on oil is that there is no economy in South Sudan. For its economy to be dependent on oil would require that the majority of household incomes arise from oil production. This is clearly not the case. For its economy to be dependent on oil would require that most of the employment is derived from oil production and its associated marketing. This is clearly not the case. Suddenly we see that the economy of South Sudan does not depend on oil production. Indeed, the ***economy*** of South Sudan does not even rely on oil production.

The only thing in South Sudan that depends—or relies—on oil production is the flow of export income into the national Treasury. And, as above, that oil revenue is used almost exclusively to support the abundant military complex, and to pay salaries of the civil service. These two sectors consume 75-80 percent of oil-based revenues flowing into the Treasury. This is not ***economic dependence*** but ***treasury dependence***.

Oil production is an activity that is ***external*** to—outside of—South Sudan's economy. Unlike other exports, oil does not make its way through internal marketing channels on the way to foreign markets. Revenues derived from oil exports do not make their way back to manufacturing firms or farmers as business income—thereby enabling the payment of wages, taxes, various input costs, etc. Instead, oil revenues flow directly into the national treasury where they are under complete control of the government. Oil production and associated revenues are distinct ***external*** activities because they bypass normal economic channels and processes.

In a ***treasury economy*** such as we find in South Sudan, one can depict the reality of daily life with the aid of an inverted pyramid. At the top of this inverted pyramid we find two centers of monetary action—the military, and the civil service. This bi-polar domain of direct payments from the treasury represents the dominant "wage sector" of South Sudan. This cash income to individuals in the military and the civil service constitutes a restricted circle of funds that then flow to urban firms as provisioners—thence to leave South Sudan to pay for imports central to this closed cash economy. The wage class lives on imports.

At the precarious lower point of the pyramid we encounter the subsistence economy characterized by autarkic rural penury. Here, individuals are poor, they lack electricity and schools, they rely on unsanitary water and waste facilities, and they are largely isolated from the cash economy of a few urban places. A decade after peace arrived in the war-torn south—the creation of a new country has clearly failed to create a viable economy. Subsistence livelihoods endure. Until this situation is corrected, South Sudan's economic future will look very much like its problematic first decade as an independent country. No one can take comfort in this.

While the document does not contain a specific discussion of the profound importance of agriculture to the future of South Sudan's economy, there cannot be any doubt that each of the chapters, in its own way, is a plea for the development and diversification of the economy in ways that will lead to the social and economic empowerment for the 80-85 percent of the population that now struggles to survive in the subsistence autarky described in Figure 1 below.

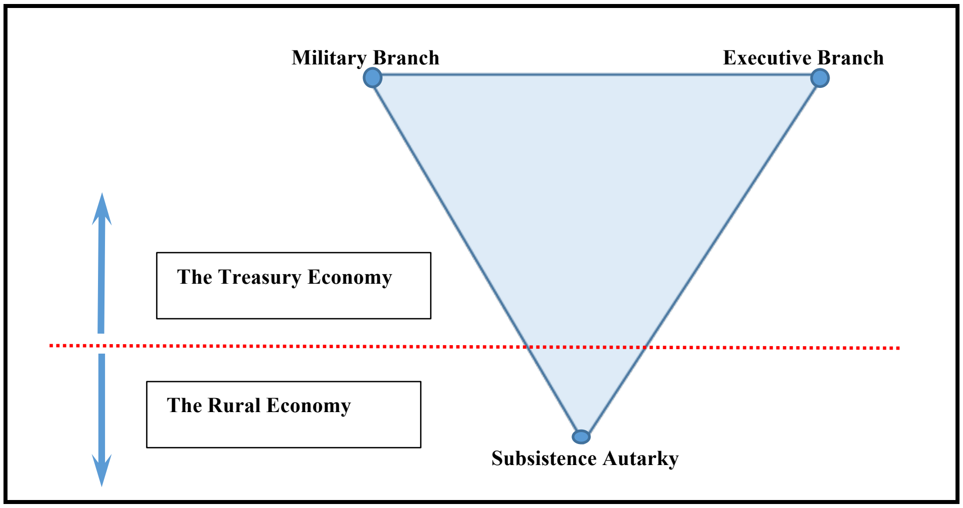

Figure 1. The Two Distinct "Economies" of South Sudan

2. Prologue

The document is divided into two Parts, the following four chapters concerning political issues that must be addressed before economic progress can arise, and then six chapters that highlight many of the necessary economic considerations that imperil the status quo—and whose correction are necessary for economic progress to emerge.

Part I: Political Issues

Chapter 2 concerns important issues with the security sector in South Sudan. The authors of this chapter make the important point that economic growth in South Sudan depends on the willingness of the security sector to improve civil-military relations, cease all hostilities, carry out a sustainable comprehensive nation-wide disarmament of civilians, and promote permanent ceasefire. These will allow for the return, rehabilitation, and reintegration of refugees and internally displaced persons.

Chapter 3 covers the intricate negotiations associated with the extended R-ARCSS process. Central here are the importance of peace for the process of development and economic growth. Support to the peace process should include initiatives designed to support communities to improve everyday security at the local level, and not just focus on the national level, to sustain public trust in the process.

In **Chapter 4**, the authors insist that the Revitalized Transitional Government of National Unity (RTGoNU) must create conducive conditions for the voluntary return of forced migrants to their places of origin (or choice) in safety, and with dignity. The RTGoNU should ensure safety and security throughout the country by fully implementing Chapter II of the R-ARCSS on Permanent Ceasefire and Transitional Security Arrangements, and negotiating with other groups that have taken up arms against the state to reach sustainable peace.

Chapter 5 concerns the important issue of ***intergovernmental fiscal affairs***. Here is an assessment of the importance of revenue mobilization in both a horizontal and vertical senses. Promising rural livelihoods require the development of rural services, which require careful design of effective rural financial support. Well-functioning fiscal federalism is a necessary condition for balanced growth and development across the spatial extent of the nation.

Part II. Economic Issues

Turning from political concerns to economic matters, in **Chapter 6** we see the fundamental importance of economic diversification in the necessary emergence of economic coherence in South Sudan. Oil and oil products currently account for 95% of export earnings. As discussed above, this reliance is both unsustainable and unnecessary. South Sudan has immense economic potential.

Chapter 7 discusses the important task of using current oil revenues to begin to create the essential diversification discussed in Chapter 6. Oil production must become the means of economic diversification and development rather than an escape from that necessary diversification.

Chapter 8 concerns the essential role to be played by the physical infrastructure in national economic development. South Sudan's infrastructure is defective by any international comparison. Economic development cannot happen without investments in a wide array of necessary infrastructure.

In **Chapter 9** we find an account of the importance of human capital—well-trained people—in the process of economic development. It is apparent that the scarcest resource in South Sudan is that of trained human capital. Years of civil conflict, followed by a decade of economic malaise and incoherence, has produced a generation of youth with a lack of skills and work experience. Economic progress is impossible if this problem is not acknowledged and corrected.

Chapter 10 draws our attention to the serious problems of what I called the "treasury economy." Here, the authors point out that financial peril facing those in the cash economy of South Sudan. Civil servants might go without pay, and when they do get paid, inflation robs them of all purchasing power. The authors offer a number of ideas for rectifying this severe economic problem.

In **Chapter 11** there is a discussion of the critical importance of comprehensive development planning to sort out competing priorities. The presence of severe budget constraints places the highest possible importance on an honest assessment of possible alternative actions to address a long list of urgent problems.

In closing, I am convinced that the following chapters provide a solid foundation for necessary changes in the institutional architecture of this young country.

Chapter 2.

The Core Security Forces in Economic Growth

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Abbreviations and Acronyms

ACTJ	African Centre for Transitional Justice
CEPO	Community Empowerment for Progress Organisation
CRSV	Conflict Related Sexual Violence
CSOs	Civil Society Organisations
DAC	Development Assistance Committee
DDR	Disarmament, Demobilisation and Reintegration
EEZ	Exclusive Economic Zone
ERDA	Equatoria Rehabilitation and Development Association
FEMA	Federal Emergency Management Agency (USA)
HS	Human Security
IDPs	Internally Displaced Persons
IHL	International Humanitarian Law
IPCS	Institute for the Promotion of Civil Society
Institute for Peace, Development	and Security Studies, University of Juba
JDB	Joint Defence Board
JMCC	Joint Military Ceasefire Commission
KDF	Kenya Defence Forces
LOAC	Law of Armed Conflict
MEC	Military Economic Corporation
MOOTW	Military Operations Other Than War
MPF	Military Pension Fund
NAS	National Salvation Front
NDS	National Development Strategy, 2018
NEC	National Economic Conference
NSS	National Security Services, NTLINational Transformational Leadership Institute, University of Juba
OECD	Organisation for Economic Cooperation and Development
PCCS	Permanent Command Council Secretariat
PERs	Public Expenditure Reviews
R-ARCSS	Revitalised Agreement on the Resolution of the Conflict in South Sudan
SDSR	Strategic Defence and Security Review
SPLA	Sudan Peoples' Liberation Army
SPLM	Sudan Peoples' Liberation Movement
SPLM/A	Sudan Peoples' Liberation Movement/Army
SPLM/A-IO	Sudan Peoples' Liberation Movement/Army – In Opposition
SSANSA	South Sudan Action Network on Small Arms
SSNDS	South Sudan National Development Strategy, 2018
SSPDF	South Sudan Peoples' Defence Forces
SSUNDE	South Sudanese Network for Democracy and Elections
TCSS, 2011	Transitional Constitution of the Republic of South Sudan, 2011
TSAs	Transitional Security Arrangements
UN	United Nations
UPDF	Uganda Peoples' Defence Forces
VSS	Veterans Security Services

Executive Summary

- There is urgency for a comprehensive approach to development and security in South Sudan, originating from, and hinging itself on, a human security paradigm. South Sudan should construct a peace, security and development policy based on a firm commitment to protect and promote human security, national economic growth and strong social cohesion. Throughout the world, no country achieved sustainable national economic growth and development at the expense of adequate professional security planning. Sustainable economic growth is therefore only the outcome of sustainable national security planning, underpinned by the consensus that security is the backbone of the economy and the bedrock for stability.

- The core security forces in South Sudan have a legal and moral obligation in promoting and participating in national economic growth, consistent with all the guidelines, limitations and codes of conduct applicable to them under the national constitutional framework. The core security forces, including all non-statutory forces, should partake in reversing the trend of untold human suffering that has befallen South Sudan and its people, as a result of disregarding all fundamental commitments under the constitution and International Law.

- Security should not just be about the preservation of the sovereignty and territorial integrity of South Sudan and the safety of the Government (*i.e.,* state security), but fundamentally about the people and peoples, in equal measure irrespective of their origin, believe and perceived or actual political affiliation. The Government of the Republic of South Sudan is strongly urged to adopt appropriate social development measures—rather than concentrating purely on military campaigns—in its counterinsurgency strategy. It is strongly urged to rethink the contemporary national counterinsurgency narrative to pave way for a better lasting solution to the recurrent rebellions in the country.

- To encourage national development, the core security forces are urged to ensure sustainable peace by improving civil-military relations, ceasing all hostilities, carrying out a sustainable comprehensive nation-wide disarmament of civilians, and promoting permanent ceasefire. These will allow for the return, rehabilitation and reintegration of refuges and internally displaced persons. In turn, it will rekindle livelihoods and productivity, thereby contributing to South Sudan's much needed national economic recovery and growth.

- South Sudan's security management and oversight bodies are strongly urged to adopt and make no further delays in implementing strategic security sector reforms. Among others, it is urged that the reforms form the basis for appointments and re-manning of critical units and departments. The objective is to ensure that the core security forces fully shoulder their respective constitutional mandate, contribute to and participate in South Sudan's economic growth, and partake of their critical moral role as stewards and guardians of sustainable national development in the country.

- The core security forces in South Sudan are urged to give due consideration to national diversity, human rights, the Law of Armed Conflict, as well as to gender and regional representation, in their recruitment, training, leadership development, and appointments. The security forces should place obligations on personnel involved in armed violations that have repercussions on South Sudan's economic growth, development, social status, and moral stature. This should be implemented with the overall goal of mutually checking on and guaranteeing commitment to standards that promote 'the bigger national picture' and the common good for South Sudan, thereby re-establishing a sense of direction and strengthening national cohesion.

- The South Sudan Peoples' Defence Forces and the other security institutions are urged to undertake a revitalisation of their collapsed and existing investment initiatives. This should include leadership re-alignment and capacitation where necessary, in order to ensure sustainable participation in economic growth. Given its progress in financial and entrepreneurial management over the years, the security institutions might probably find it appropriate to emulate the "Economic Model" of the South Sudan National Security Services. This could ensure growth and sustainability in their respective investment initiatives and contribute to national development. In particular, they are urged to run their investment initiatives as public enterprises based on market principles, rather than as purely combative military units. They should strengthen their efforts in entrenching the values of transparency and accountability, by constantly engaging in activities of checks-and-balances.

- The core security forces, within the parameters of the law, are strongly encouraged to engage in partnerships with international investors, especially in the areas of infrastructure development, mining, the hotel and hospitality industry, agriculture, fishing, finance and banking, and processing.

- The National Security Services and associated Government departments are urged to strengthen and expand their capacities and capabilities for more robust economic and financial intelligence to protect the South Sudan economy from human resource and economic exploitation, counterfeiting, illegal trade, plunderers, money laundering, and lords of poverty; the latter of which were defined by Mwesiga Baregu (2011)[1] as self-serving individuals and organisations who perpetuate poverty and thrive on it through aid or donor support.

1 . Introduction

The purpose of this chapter is to assess and inform on the role of the core security forces in economic growth in South Sudan. In this endeavour, its fundamental objectives include: critical assessment of the role of South Sudan's contemporary security institutions in economic growth; survey of the contextual security environment of the South Sudan economy; an understanding of the security sector and the core security forces, both within global context and within the specific context of South Sudan; exposure into the criticality of the nexus between security and development in national economic growth; exploration of the role of the core security forces in economic growth in selected countries around the globe, with the view of drawing lessons and parallels for contemporary South Sudan; promotion of civil-military relations in the efforts towards national economic growth in South Sudan; and promulgation of context specific courses of action on the way forward for the South Sudan security forces and the Government.

The paper seeks to inform participants of the First National Economic Conference (NEC) of the Republic of South Sudan on the role of the core security forces—especially the military—in economic growth, drawing lessons and inspiration from selected countries around the globe. The authors are South Sudanese citizens with long-term experience and expertise in defence and

[1] Mwesiga Baregu. "Actors, Interests and Strategies in the Great Lakes Conflict Formation." In: Mwesiga Baregu, ed. (2011): *Understanding Obstacles to Peace—Actors, Interests and Strategies in Africa's Great Lakes Region.* International Development Research Centre. Ottawa, Canada.

security, who are important players in the ongoing transformation of the South Sudan Peoples' Defence Forces (SSPDF) and the country's other security institutions in general.[2]

The ideas contained herein were mainly drawn using a qualitative research design that encompassed a mixture of data collection methods: interviews, document analysis (or secondary data analysis), and the authors' experience and observations throughout the years.

2. The Contextual Security Environment of the South Sudan Economy

A lot of critical security issues define the contemporary operational environment of the South Sudan economy. Central among them is the fundamental challenge of continuous wars that stem from endless rebellions.

The second major critical challenge within the security environment of the South Sudan economy is the rampant and continuous armed inter-communal violence. Several ethnic groups and sections continue to pity each other in continuous cycles of violence, in turn not only causing untold human atrocities, but also obstacles to peace and the economy.

The endless rebellions since independence have meant continuous campaigns by armed opposing forces to hold and control territory. Insurgency groups seek to hold and control territory in order to survive, train and establish safe havens. On the other hand, it is the legitimate right of every state and government to work against rebellion, a process that revolves around the need to hold and control territory. This push by both insurgents and governments for territorial control unfortunately involves violence, which if not carried out on the basis of the Law of Armed Conflict (LOAC) or International Humanitarian Law (IHL) adversely affects the local—usually rural—populations. According to Lorenzo Zambernardi (2010),[3] counterinsurgency efforts often involve three main norms of warfare, namely (1) force protection, (2) distinction between enemy combatants and non-combatants, and (3) the physical elimination of insurgents. Counterinsurgency is a complex and multifaceted concept that encompasses a range of strategies, tactics, and approaches aimed at countering and defeating insurrectionary movements. It is a combination of measures designed to suppress, neutralise, and ultimately eliminate the threat posed by insurgents—armed groups or organisations that challenge the authority of a government through unconventional means.[4]

To a greater extent, it appears that most of the campaigns adopted by armed opposing groups in the South Sudan conflict since 2013 were rather misguided, leading to destruction of the

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[2] Primarily based at the Permanent Command Council Secretariat, the SSPDF's research think-thank and publication centre, the team is also involved in the Strategic Defence and Security Review (SDSR) Board, the Joint Defence Board (JDB), and the Joint Military Ceasefire Commission (JMCC), the peace mechanisms responsible for implementation of the Revitalised Agreement on the Resolution of the Conflict in South Sudan (R-ARCSS). The author, Laguya Kenyi Lupai, and the advisor, Pierre Atilio-Ekwa (PhD), are also adjunct members of the academic staff of the Institute for Peace, Development and Security Studies (IPDSS) of the University of Juba.

[3] Lorenzo Zambernardi (July 2010): "Counterinsurgency's Impossible Trilemma." *The Washington Quarterly.* Center for Strategic and International Studies. 33:3 pp. 21-34. DOI: 10.1080/0163660X.2010.492722.

[4] United States Counterinsurgency Field Manual, 2009.

rural populations. In certain instances, it appears that even some of the campaigns by the government may have fallen short of an appropriate and effective counterinsurgency strategy. Of greater significance and mention in this specific context is the ramification on agriculture, which is not only the backbone of South Sudan's rural economy, but also of the country as a whole. The difficulty in ensuring compliance with the norms of warfare in such circumstances constitutes the basis of what Zambernardi (2010) refers to as *the Impossible Trilemma of Counterinsurgency*. For almost a decade since the war broke out in 2013, agricultural production has been rapidly dwindling, owing, in the main, to disregard for civil-military relations, resulting into continuous displacement, dispossession and disillusionment of the rural population, effectively destroying not only the rural economy itself, but also the urban and indeed national economy of South Sudan.

Designing and adopting a new counterinsurgency strategy is imperative to the honest quest for sustainable peace in the country. This paper places emphasis on and thus urges the adoption of social development as a counterinsurgency measure. The Copenhagen Social Summit 1995 defined social development in a three-fold conceptualisation of critical aspects that include poverty eradication, employment generation, and social harmony. Pathak (1989) advises that social development must result into a fundamental change in society, in terms of the political, economic and cultural aspects, introduced as part of deliberate action to transform society.[5] To Indra Pandey (1981), it must necessarily lead to the realisation of the human potential, the fulfilment of human needs, and the general improvement of the quality of life of the people through equitable distribution of resources, broad-based participation in the process of decision-making and enabling marginal groups and communities to move into the mainstream.[6]

Rethinking South Sudan's counterinsurgency strategy is critical because "poverty has been a main cause of [and motivation for] violence and insecurities among the youths and unknown gunmen in the country."[7] Florian Stolpe (2014)[8] employed the Greed versus Grievance Theory developed by Collier, Hoeffler and Rohner (2009)[9] in explaining the rebellion in South Sudan. According to Stolpe (2014:14), "the opportunities for the onset of civil war were favourable and economic motivation was sufficient" for the war in South Sudan. Citing the benchmarks pointed out by Collier et al, she identifies several issues as conditions that were favourable for the rebellion in the country, among them: "high dependency on natural resources, low economic growth, low income, short peace duration, low population, and high social fractionalisation." Among the

5 Pathak, S. (1987). "Social Development". *Encyclopedia of Social Work in India*. (Vol.11).

6 Indra M. Pandey (1981). *Working Capital trends in India*. Indian Institute of Management, New Delhi, India.

7 Major General Deng Solomon Leek, Director General for South Sudan Military Economic Production, in a formal presentation by the Military Economic Corporation to the 8th Command Council Conference of the SSPDF. December 2022. The Eagle House, Bilpam, Juba.

8 Florian Stolpe (2014): *Beyond Greed and Grievance in South Sudan: Analysis of Ethnically and Politically Motivated Violence*. BA Thesis, Political Sciences and Law. Institute of Political Sciences. Westphalian Wilhelms-University Münster.

9 Collier, P., Hoeffler, A. and Rohner, D. (2009): Beyond greed and grievance: feasibility and civil war. *Oxford Economic Papers*. 61(1). Pp.1-27.

conditions, she argues that the "faction engaging in armed rebellion against the government must have seen favourable situation," and that there "must have been a perceived window of vulnerability of the government, or a lack of deterring factors." In their hypothesis, the "justice-seeking motivations of the rebelling group[s] to engage in rebellion were sufficient," forming a "specific set of grievances and inequalities" that were "used to mobilise identity groups."

Other similarly serious factors include the presence, proliferation and trafficking of illegal weapons; ambushes and attacks against vehicular convoys carrying transit goods and services along highways throughout the country; organized armed criminal cartels,[10] especially in urban centres; and a hitherto fragile security institutional framework. These critical security issues reproduce continuous population displacement, dispossession and disillusionment across the length and breadth of the country, sending millions as Internally Displaced Persons (IDPs) and refugees.

As a result of the ongoing violence, businesses have been and are frequently targeted, looted, destroyed and scattered. During violence, many shops and market centres get burnt. Many people—the worst affected among them women—have not only lost their means of generating incomes, but also their livelihoods.

Apart from the above, the other critical security dimension against the South Sudan economy is the deliberate destruction of critical economic and social infrastructure by opposing forces during moments of violence. This is a severe factor that continues to militate against economic recovery and growth even after the formal cessation of hostilities.

Racketeering, extortion and uncontrolled dollar repatriation collectively constitutes yet another major security impediment to the growth and viability of the South Sudan economy. This challenge is closely related to, and thus thrives on, limitations in security management of aliens and related outward financial transfers. Money laundering, done through or involving regional and international financial institutions[11] and insurance companies, is very common. Together with the vastly unregulated trade, these security challenges militate against the expected growth and viability of the South Sudan economy.

Owing to the revolutionary background of the current security sector, South Sudan is yet to make significant strides in acquiring and sustaining the human, material and technological capabilities needed for effective economic and financial intelligence that would regulate, guard against and promote sustainable national economic growth and viability. Thus, the current environment is defined by struggling institutional capacity for financial and economic intelligence. A related security challenge to this is said to stem from inadequacies, in certain instances, in regulating some trade and trade networks involving military personnel who choose not to comply with applicable regulation. This is more difficult in cases where they are involved in illegal trade and financial activities.

The territory that now comprises independent South Sudan has been in consistent warfare for decades. During this time, millions of weapons and other military paraphernalia were brought

[10] Such as the so-called "Toronto Boys," "California Boys," and "Niggas" in Juba.
[11] Such as foreign exchange bureaus and international cash transfer companies.

in by the different actors and participants that constituted the warring parties. Unfortunately, no sustainable comprehensive Disarmament, Demobilisation and Reintegration (DDR) processes were conceived and implemented, both before and after the country's independence. A lot of these weapons, many of which are now in the hands of civilians and negative elements, are frequently used for perpetrating untold violence. From south to north; and from west to east, South Sudan is laden with perennial economic ills that stem from the proliferation, use and abuse of illegal weapons.

Other than these security threats to the economy, there are also fundamental economic threats to security. Despite the great economic potential and the massive oil revenues, personnel of the core security forces have been poorly remunerated since independence. Similarly, non-salary disbursements to the core security forces, especially to the SSPDF, have been utterly insignificant. Consequently, the military has been unable to cater for critical capital expenditure, including acquisition of the equipment that could have allowed it to participate in economic production.

Thus, apart from the security threats to the economy, these fundamental economic threats to security and the security sector at large continue to incapacitate the core security forces. Compounding with leadership and accountability issues, struggle for political survival by various actors and mechanisms in the South Sudan polity, and the continuous wars, the South Sudan economy has been rendered vulnerable.

Basing on the above, it can be concluded that unless rectified, the contemporary contextual security environment of the South Sudan economy is fundamentally unstable, fragile, petrifying to investment, and derails, rather than contributes to, the pursuit of sustainable development and national economic growth.

3. Understanding the Security Sector and the Core Security Forces

Defining the Full Extent of the Security Sector

According to Laguya Joseph Samuelson (2016:27), *security* may be understood as "the maintenance or existence of law and order, the absence of or freedom from danger, or a state of peace and harmony that derives from protection from danger." He refers to the *security sector* as "that arena of public life that concerns itself with the provision and maintenance of law and order in society" and as "that arena of the public establishment that ensures and dedicates itself to the protection of people and their property from danger" (Samuelson, 2016:27).[12]

[12] Laguya Joseph Samuelson (2016): *Ethnicity and Security Sector Reform in South Sudan.* Thesis for the degree of Master of Arts in Security and Strategic Studies. Centre for Peace and Development Studies, University of Juba. Juba, South Sudan.

Aries A. Arugay (2007) says that the security sector may be understood and defined in both *minimalist* and *maximalist* perspectives.[13] He clarifies that the minimalist or *traditionalist* perspective only identifies and focuses on the *core security forces*. These forces that constitute the security sector in the minimalist or traditionalist perspective include the military, the police, and paramilitary forces; all of which are only concerned with the provision of public security, involving only all actors and agencies authorised to threaten or to use violence in the protection of the state, its citizens or its external environment (Heiner Hänggi, 2003; in Samuelson, 2016). Thus, on the basis of the minimalist perspective, the following institutions comprise the security sector in South Sudan: the SSPDF, the South Sudan National Police Service, the National Security Services, the Prisons Service, the Wildlife Service, and the Civil Defence Service.

However, contrary to the traditionalist definition, the maximalist perspective brings on-board almost all institutions and groups in the government and civil society. Indeed as defined by the Development Assistance Committee (DAC) of the Organisation for Economic Cooperation and Development (OECD), the security sector broadly includes at least five categories.[14]

The *first* encompasses *core security forces or actors*; which include the armed forces, paramilitary forces, intelligence services, police, gendarmeries, presidential guards, reserve or local security units, militias, and border and customs personnel. The *second* is that of *security management and oversight bodies.* It includes executive departments, national security advisory bodies, parliamentary or congressional committees, ministries of defence, internal affairs, foreign affairs, customary and traditional authorities, financial management bodies, human rights institutions, and civil society organisations and public compliant commissions.

The *third* inculcates *justice and law enforcement institutions,* such as the judiciary, ministries of justice, prisons, criminal investigation and prosecution services, customary and traditional justice system, human rights commissions and ombudsmen.[15] The *fourth* brings on-board *non-statutory security forces,* like liberation armies, guerrilla armies, private body-guard units, private security companies, and political party militias. The *fifth* relates to *societal groups* such as the academia, policy think-tanks, peace and human rights movements, and investigative media.

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13 Aries A. Arugay (2007): *Civil Society's Next Frontier: Security Sector Reform (SSR)* Advocacy in the Philippines. Paper presented at the 5th ISTR Asia-Pacific Conference, Manila, the Philippines.

14 *OECD DAC Handbook on Security System Reform: Supporting Security and Justice, 2007.* Organisation for Economic Co-operation and Development. Development Assistance Committee. Paris, France.

15 Or, Inspectors General of Government.

Figure 1. The Security Sector – Maximalist Perspective

The Security Sector within the Context of South Sudan

Deducing from the maximalist perspective, the institutions that comprise the security sector within the specific contemporary context of South Sudan are as shown in *Table 1* below.

Table 1: Institutions Comprising the Security Sector in South Sudan, 2023

Security Sector Category	South Sudan Institutional Examples
Core Security Forces or Actors	• South Sudan Peoples' Defence Forces • National Police Service • National Security Services • Prisons Services • Wildlife Service • Civil Defence Service
Security Management & Oversight Bodies	• The National Legislative Assembly • The Presidency • The National Security Council • The National Defence Council • The SSPDF Command Council • The South Sudan Human Rights Commission • National Ministries: Defence, National Security, Interior, and Wildlife Conservation
Justice and Law Enforcement Institutions	• South Sudan's departments charged with the responsibility of inspecting and ensuring the smooth work and function of government. • The courts of judicature under the country's legal system
Non-Statutory Security Forces	• Private security companies, e.g. Insight Security (formerly Warrior Security), Veterans Security Service (VSS), Achieng Security, etc. • Guerrilla armies (rebel groups): e.g., National Salvation Front (NAS), SPLM/A-IO, etc. • Private militias: e.g., Arrow Boys, Nyarangwa, Gelweng, etc.
Societal Groups	• The Civil Society, represented by civil society groups, e.g., Community Empowerment for Progress Organisation (CEPO), African Centre for Transitional Justice (ACTJ), etc.[16] • Independent research think-tanks, e.g., the Sudd Institute, the Ebony Center for Strategic Studies. • Academia, represented by schools, colleges, institutes and universities in the country, including, most notably, the IPDSS[17] and the NTLI[18] of the University of Juba.

Source: Laguya Kenyi Lupai (upcoming): Juba Manual on Ethnicity and Security Sector Reform

As shown in *Table 1* above, the security sector is a broad subdivision that goes far beyond the core security forces identified in the first column. As per conventional national inter-governmental practice and linkages, *Table 1* implies that the functionality of the core security forces is directly influenced by the ability—including actions and inactions—of all the other components of the security sector. This criticality of the nexus of interaction militates upon the ability of the core security forces—including the military—in performing to national and conventional professional expectations in a situation where the other components are not doing their best in furthering the objectives and wellbeing of the sector. This deduces the understanding that professional setbacks within the core security forces globally are most often an indication of gross inconsistencies among a country's security management and oversight bodies, and in its justice and law enforcement institutions; characterised by lack of attention to—and/or lapses among societal groups such as CSOs and the academia, in articulating and being watchful of prevailing national security issues, "impacting on the socio-economic welling, economic development, governance, human rights and rule of law"[19] among citizens.

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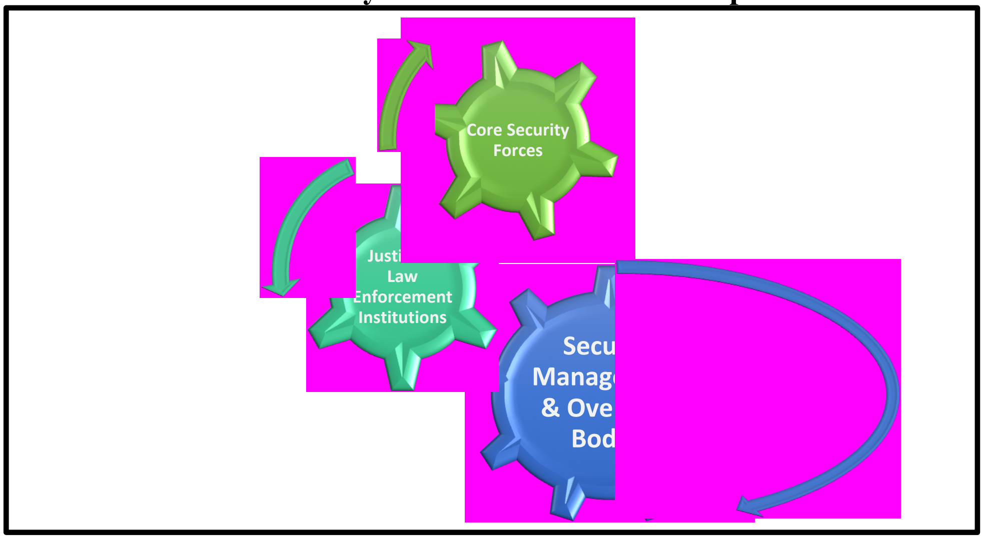
[16] Further examples include: the Equatoria Rehabilitation & Development Association (ERDA), the Institute for the Promotion of Civil Society (IPCS), the South Sudanese Network for Democracy and Elections (SSUNDE), South Sudan Action Network on Small Arms (SSANSA), etc.
[17] Institute for Peace, Development and Security Studies.
[18] National Transformational Leadership Institute.
[19] Concept Paper, National Security Policy and Strategy (NSPS) of the Republic of South Sudan, 2012.

Figure 2. The Security Sector Gear:
Functionality of the Fundamental Components



The functionality (movability) of the Core Security Forces illustrated above is entirely dependent upon the proper functionality (movability) of the 'motor' of the Security Management and Oversight Bodies. Here, the Security Management and Oversight Bodies are responsible for the (im)movability (i.e., actions and inactions) of the entire sector.

Character, Mission and Mandate of the Forces in Economic Growth

The legal character, mission and mandate (*i.e.,* legal framework) of the core security forces of the country are spelled out in the Transitional Constitution of the Republic of South Sudan, 2011 (or "the TCSS, 2011").

While there are similarities in the stipulation of the character, mission and mandate, the TCSS (2011) draws special and specific mandate to each of the six core security forces in South Sudan. Across all, it emphasises on non-partisanship, adoption of national character by way of the peoples' diversity, patriotism, professionalism, discipline, productivity (by which is meant economic growth or productivity), respect for democracy and democratic norms, protection of the people and properties of South Sudan, respect for human rights and fundamental freedoms, and subordination to civilian authority. This implies that to exhibit a better character and shoulder their mission and mandate, the security forces must always have good civil-military relations. The summary of the similarities and differences is illustrated in Table 2 below.

Table 2: Legal Mandate of South Sudan's Core Security Forces in view of Economic Growth

S/No	Security Institution	Legal Character, Mission and Mandate	Instituting Article(s)
1.	The South Sudan Peoples' Defence Forces (SSPDF)[20]	• Non-partisan, national in character, patriotic, regular, professional, disciplined, **productive** and subordinate to the civilian authority. • The mission of the SSPDF, in addition to its other national duties, include involvement in addressing any emergencies, participation in **reconstruction** activities, and assistance in **disaster management** and **relief**. • Engagement of the armed forces in missions of non-military nature. • Respect and abide by the rule of law, respect the will of the people, the civilian authority, democracy, basic human rights and fundamental freedoms.	• Art. 151, para (2), TCSS, 2011. • Art. 151, para (4) (f), TCSS, 2011. • Art. 151, para (5), TCSS, 2011. • Art. 151, para (6), TCSS, 2011.
2.	The National Police Service	• Mission is to prevent, combat and investigate crime, maintain law and public order, protect the people and their properties. • Governed by the Constitution and the law, respect the will of the people, the rule of law and order, civilian authority, democracy, human rights, fundamental freedoms and execute judicial orders.	• Art. 155, para (2) (a), TCSS, 2011. • Art. 155, para (6), TCSS, 2011.
3.	The National Prisons Service	• Mission fundamentally involves being a correctional, reformative and rehabilitative service. Respect the will of the people, the rule of law and order, civilian authority, democracy, human rights and fundamental freedoms.	• Art. 156, para (2), TCSS, 2011.
4.	The Wildlife Service	• Mission involves protecting the wildlife, as well as preserving and conserving the natural habitat of flora and fauna. • Conservation and protection of the natural ecosystems, bio-diversity and endangered species. • Management of wildlife resources in a way that ensures protection of human life. • Management of wildlife in accordance with international standards and obligations. • Respect the will of the people, the rule of law, civilian authority, democracy, human rights,	• Art. 157, para (2), TCSS, 2011. • Art. 157, para (7) (a), TCSS, 2011. • Art. 157, para (7) (b), TCSS, 2011.

[20] Originally, the Transitional Constitution of the Republic of South Sudan, 2011, uses the names "Sudan People's Liberation Army" and "South Sudan Armed Forces." In addition, it sometimes also uses the descriptive form "the national armed forces" in a manner non-indicative of a proper noun. The name "South Sudan Peoples' Defence Forces" (or "SSPDF" in abbreviation) was adopted several years after the publication of the said constitution, replacing the said earlier names and description(s).

S/No	Security Institution	Legal Character, Mission and Mandate	Instituting Article(s)
		fundamental freedoms and protection of animals consistent with the law.	• Art. 157, para (7) (c), TCSS, 2011. • Art. 157, para (8), TCSS, 2011.
5.	The National Civil Defence Service[21]	• Mission involves preventing and protecting the people and their property from fire and disasters.	• Art. 158, para (2), TCSS, 2011.
6.	The National Security Services	• Charged with the internal and external security of South Sudan and its people. • Subordinate to civilian authority; respect the will of the people, the rule of law, democracy, human rights and fundamental freedoms; reflect the diversity of the people; show professionalism, mandate focuses on information gathering, analysis and provision of advice to the relevant authorities.	• Art. 160, para (4), TCSS, 2011. • Art. 159, (b)-(e), TCSS, 2011.

Source: Table conceived and drawn on the basis of Part Ten of the Transitional Constitution of the Republic of South Sudan, 2011.

As seen in the articulation of the TCSS (2011), the legal character, mission and mandate of the core security forces seek to foster an enabling environment for viable and sustainable economic growth in the country. This is the reason as to why issues to do with peace, security and the rule of law in the efforts to stabilise the economy constitute a fundamental aspect of the National Development Strategy (NDS) of South Sudan. The NDS was drawn in view of the "context of conflict, humanitarian crisis and economic downturn" and at a time when "several processes were ongoing, all geared towards placing South Sudan back on the path to development."[22]

In seeking to place the country back on the path to economic growth and development, the NDS establishes four guiding principles to which the role of the core security forces is critical. The first principle concerns the building and consolidation of "peace, security and rule of law." The second is dedicated to "democracy and good governance," the third on "socio-economic development" and the fourth on building and consolidating "international compacts and partnerships." These guiding principles seek to ensure "justice, liberty and prosperity" as part of South Sudan's Vision 2040,[23] with the stated mission to "silence the guns and improve the living conditions of South Sudanese," all through the stated overall objective of seeking to "consolidate peace and stabilise the economy" (SSNDS, 2018:8-9).

In the articulation of the NDS, the Government of South Sudan should invest in areas that will consolidate peace and stabilise the economy; and mentions some of these areas as being

[21] The TCSS, 2011, uses the service's previous name, "the Fire Brigade Service."
[22] South Sudan National Development Strategy, 2018 Version.
[23] According to the Ministry of Finance and Planning, South Sudan's Vision 2040 was inspired by the Africa Agenda 2063; specifically the aspect on "a peaceful and secure Africa."

"agriculture and livestock, petroleum, security sector reform, and basic services" (SSNDS, 2018:4). In accordance with the TCSS (2011), the security forces, spearheaded by the SSPDF, play a pivotal role in Military Operations Other Than War (MOOTW), both during peace time and in moments of conflict.

In addition, global conventions[24] urge for the use of military and civil defence assets in responding to emergencies and disasters (both natural and manmade), such as floods, draughts, epidemics, pandemics and bushfires, among others. The threat posed by emergencies and disasters necessitates and rationalizes the core security forces, and especially the SSPDF, to take lead and command in complimenting relevant government departments in arresting situations through awareness campaigns and rapid response measures deemed necessary and within the reach of existing capabilities. These roles are constitutionally mandated and allow the military to participate and aid civilian efforts in times of national emergencies and disasters.

Unlike many countries around the globe and in the Horn of Africa and East Africa regions, South Sudan faces more dire challenges other than the outbreak of emergencies and disasters. It is left in ruins and vulnerable to food and human insecurities resulting from the continuous armed violence and resultant economic meltdown. Against this backdrop, the constitutional mandate requires the core security forces to play a central role not only in the maintenance of law, order and security, but also to exercise adequate preparedness in the eventuality of emergencies and disasters, which demand intervention under the dimension of MOOTW.

During armed conflict, individual soldiers, regardless of their rank, are under obligation to comply with the LOAC;[25] must ensure that the same is complied with by others, and that necessary responsible actions—including trial by a duly constituted court martial—are taken in event of violations. In this endeavour, commanders have a responsibility and duty to shoulder, ensuring that personnel under their command receive training in the rules of the LOAC. It must be conditioned upon commanders to always give lawful and unambiguous orders; and that their orders are lawfully carried out by their subordinates. This way, the core security forces would always be able to reduce as much as possible the suffering, loss and damage caused by war.

Reduction in suffering, loss and damage caused by war improves the public image of South Sudan, which in turn garners increased international recognition, support and partnerships for reconstruction, investment, economic growth and development. For this reason, placing obligations on persons involved in armed violations that have repercussions on the economy adds impetus to South Sudan's development trajectory. The importance of placing obligation or accountability on perpetrators of crimes is perhaps better articulated by James Bryce (1921),[26] whose words in the context of contemporary South Sudan are even more inspiring:

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24 Such as the Oslo Guidelines on the Use of Military and Civil Defence Assets To Support United Nations Humanitarian Activities in Complex Emergencies, March 2003, as revised, 2007.

25 Also known as International Humanitarian Law (IHL).

26 James Bryce (1921): *Modern Democracies,* Macmillan Publishers, London, United Kingdom; as quoted in JC Johari (2012): *Contemporary Political Theory: New Dimensions, Basic Concepts and Major Trends*, Sterling Publishers, New Delhi, India

> There is no better test of excellence of a government than the efficiency of its judicial system, for nothing more nearly touches the welfare and security of the average citizen than his sense that he can rely on the certain and prompt administration of justice. Law is respected and supported when it is treated as the shield of innocence and the impartial guardian of every private civil right … if the law be dishonestly administered, the salt has lost its flavour, if it be weakly or fitfully coerced, the guarantees of order fail … if the lamp of justice goes out in darkness, how great is the darkness.

4. The Security-Development Nexus in National Economic Growth

The emphasis by the NEC and indeed the Government of South Sudan on the critical role of the core security forces in economic growth and development is in concourse with ongoing concern and debate, both regionally and globally, in both developing and developed countries.

This focus—in the argument of Arugay (2007)—is because the security sector has a significant relationship with democratisation, development, and good governance. This is the basis of the emphasis by communities, local civil society groups, regional and international inter-governmental organisations, and the wider international community for security sector reform (Samuelson, 2016). The security sector plays a vital role in the provision of the security of the state and its people. In the developing world, it is an important actor because of its capacity to support or undermine democratisation, promote or undermine good governance, and contribute to or derail the pursuit of sustainable peace (Arugay, 2007).

In the arguments of Medhane Tadesse (2010), human security in all its aspects has proved more elusive in Africa, where some of the longest-running wars are being fought, making basic security to become intangible for individuals and nations alike. Sadly, South Sudan—both before and after independence in July 2011—has been a participant in the armed conflicts that Tadesse refers to.

The Security-Development Nexus is a concept which emerged in the 1990s, with the primary objective of linking development planning to security planning. It believes security and development are intricately linked that they cannot be handled or dealt with separately as if their actions result in different outcomes. Before the emergence of this new idea, development and security were historically regarded in both discourse and policy as separate concepts.

The security-development nexus emerged as a call by scholars for a comprehensive approach to development and security, originating from, and hinging itself on, a human security paradigm. Thus, its objective is for states to construct a security and development policy based on a commitment to protect and promote human security. The concept believes that war is development in reverse, and that violence and the threat of violence within and between communities are big obstacles in igniting economic growth and development.

Most conflicts in the world today are civil wars with far-reaching regional and international dimensions and ramifications. The security-development nexus believes that these wars originate because of gross failure in a country's development efforts. It believes a civil war raptures a country's development efforts, and therefore emphasises the need for conceptual, policy and programming innovations at the intersection of development and security. It calls for adoption of appropriate strategies for responding to the complex socio-economic, political, environmental and security challenges in conflict-prone, conflict-torn, and post-conflict countries. In designing and implementing such strategies, the security-development nexus identifies and regards three sectors as critically essential for building sustainable peace: governance, security, and rule of law. This argument corresponds—and is in line—with those echoed earlier in the "Extent of the Security Sector within the Context of South Sudan" as well as with the illustration provided therein under Figure 2.

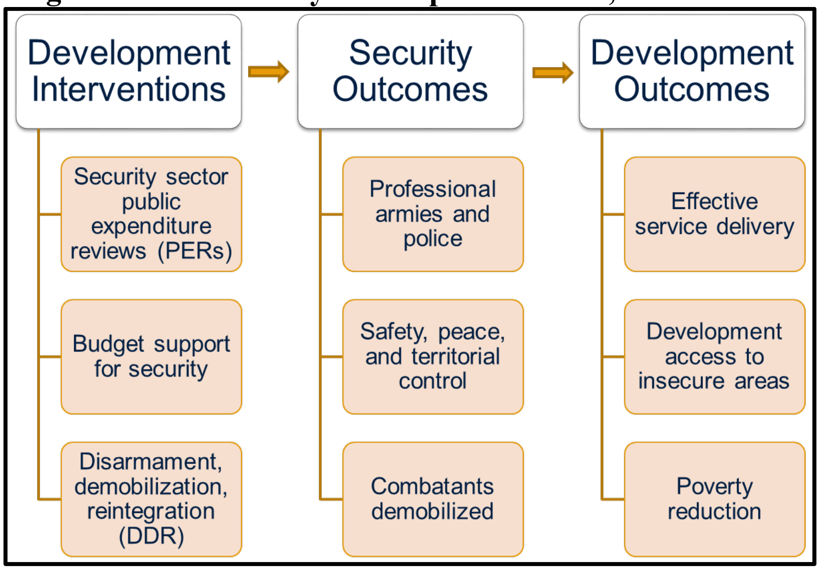
Thus, basing on conventional military practice (albeit defence and security practice), the TCSS (2011), and the security-development nexus, the core security forces have a legal and moral obligation in promoting and participating in national economic growth, consistent with all the guidelines, limitations and codes of conduct applicable to them.

In both conceptual understanding and contemporary conventional practice, no country has achieved sustainable national economic growth and development at the expense of adequate professional security planning. There is an imperative for security planning in every development intervention undertaken by a country. Thus, sustainable economic growth is only the outcome of sustainable national security planning, underpinned by the consensus that security is the backbone of the economy.

To foster sustainable development, national economic growth must necessarily be conceived, planned and implemented in a holistic way that guarantees security for people's human rights and fundamental freedoms. Government planning must ensure not only state security, but also national security and human security, the latter of which—above all else—must necessarily constitute the intersection or meeting point between development and security interventions.

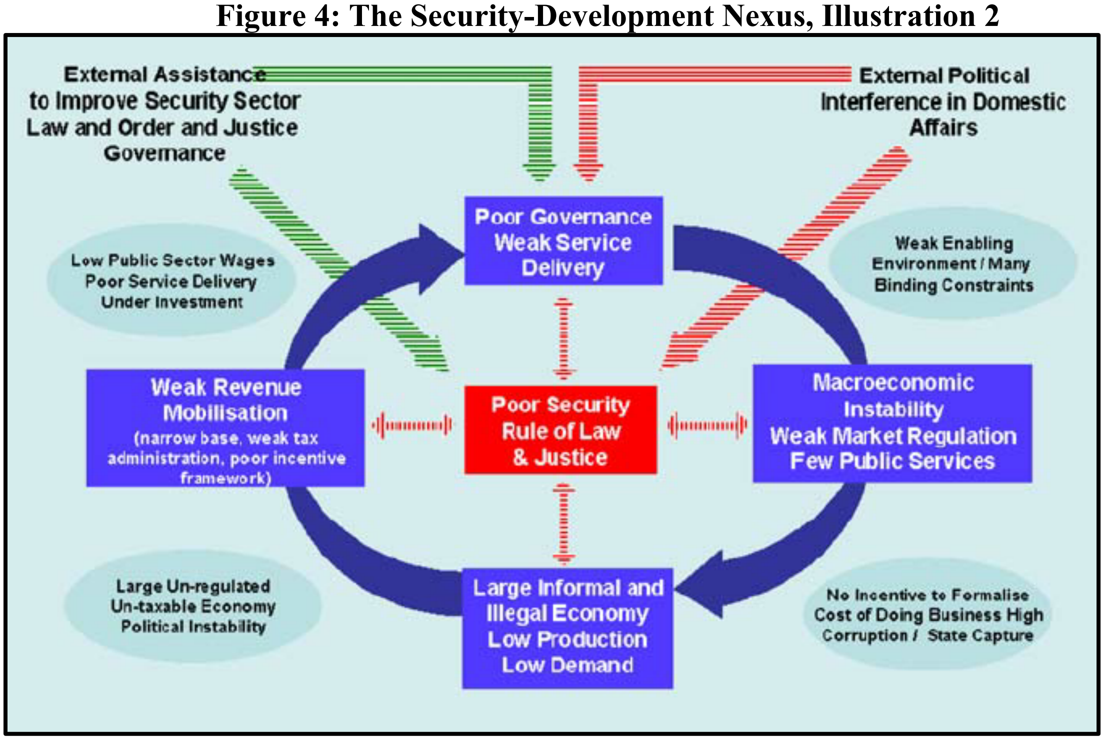
The nexus between development and security is a critical one, which is yet to be understood by many countries around the globe. It is the submission of the authors of this paper that South Sudan must understand, embrace and address the criticality of this nexus, if it must start to realise tangible and sustainable outcomes in its uncertain development efforts, which have for long been laden with formidable security challenges. It is premised upon the convictions of the security-development nexus that the R-ARCSS (2018:1) urges the people and Government to be "mindful of our commitment under the Transitional Constitution of the Republic of South Sudan… to lay the foundation for a united, peaceful and prosperous society based on justice, equality, respect for human rights and the rule of law."

Figure 3: The Security-Development Nexus, Illustration 1



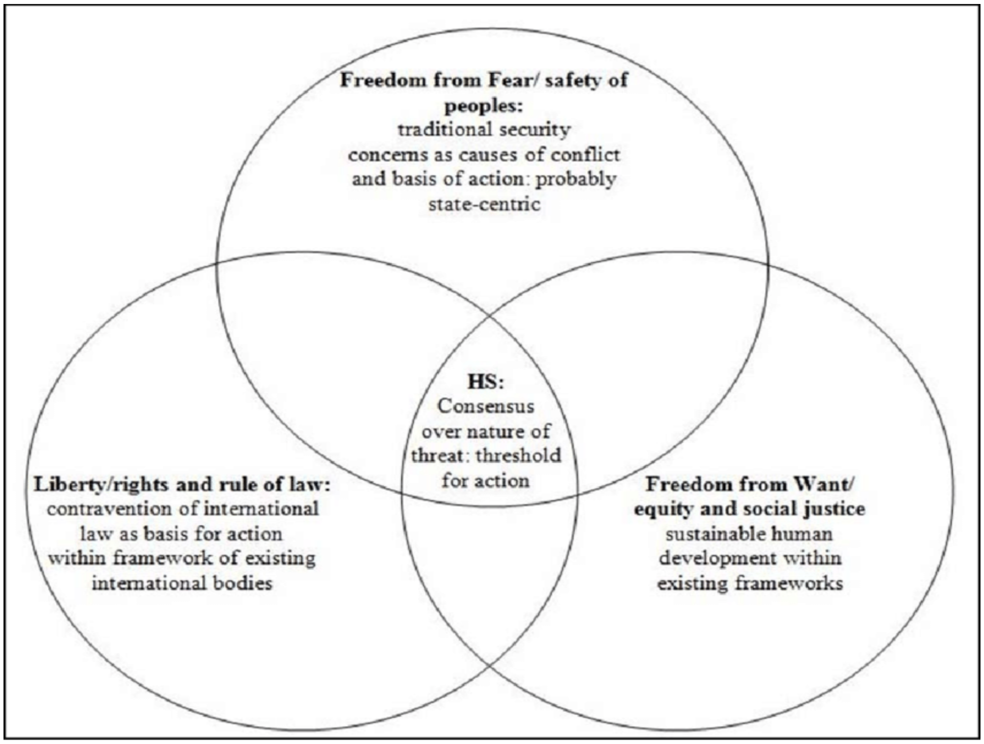
Source: Unattributed

Figure 4: The Security-Development Nexus, Illustration 2



Source: Middlebrook & Miller (2006) – Adapted from World Bank (2005)

Figure 5: The Security-Development Nexus, Illustration 3



Source: Unattributed. HS stands for Human Security

5. How Do the Core Security Forces Participate in Economic Growth?

The Military and Economic Growth in Uganda

Over the years since its founding, the Uganda Peoples' Defence Forces (UPDF) has nurtured into "a nonpartisan force, national in character, patriotic, professional, disciplined, productive and subordinate to… civilian authority" consistent with the Constitution of the Republic of Uganda. It states that its interest is to protect Uganda and Africa at large, by providing a safe and secure environment in which all Ugandan citizens can live and prosper economically. In seeking this interest, the UPDF states that its functions, among others, are: "to co-operate with civilian authority in emergency situations in cases of natural disasters;" "to foster harmony and understanding between the defence forces and civilians;" and "to engage in productive activities for the development of Uganda" (the UPDF, 2023).[27]

To this effect, its objectives include the creation of a productive and self-sustaining force; adherence to and furtherance of international obligations; the respect for human rights; creation of regional alliances in enhancing regional security and stability; fostering and maintaining national cohesion; promotion of political, economic, social and cultural cooperation within the East Africa Community (EAC); and support regional and continental integration through the EAC and the

[27] The Uganda Peoples' Defence Forces. https://www.updf.go.ug/who-we-are/. As accessed on 28 August 2023; at approximately 0900 hours.

African Union (AU). In ensuring Uganda's national economic and political interests, the UPDF contributes to regional stability by collaborating with other regional forces to maintain stability and prevent insecurity from spilling over onto Ugandan soil.[28]

To be able to promote national stability and economic growth, the UPDF institutional framework dedicates special priority to the welfare of its personnel and that of their families. It achieves this by ensuring financial and physical welfare, as well as psycho-social rehabilitation and support to combatants who got disability whilst in the service of Uganda.[29] Beyond these core values and principles, the UPDF contributes to Uganda's national economic growth by participating in disaster mitigation, conceptualisation and construction of infrastructure,[30] engaging in "landmark offensive against environmental insecurity" by assuming "a vanguard role in massive tree planting and mitigating environmental degradation."[31]

Furthermore, the Ugandan defence and security sector has established several capital intensive high-income industries, manufacturing both civilian commodities and defence-related products. With most of the country being a fertile and arable land, agriculture constitutes an important area for economic engagement by the Ugandan military. The sale of produce and industrial outputs generates and injects massive revenues into the Ugandan economy, while the industries and farms create enormous employment opportunities for young Ugandans, who in turn improve their standards of living and alleviate poverty.

The Ugandan military believes that the country's economic production and contribution to globalisation is based upon the prospects for promoting human development and political stability; both of which it believes are closely linked to the state of the Ugandan economy.[32] In this context, it believes that "the level of social cohesion in Uganda is closely related to [the] levels of human development." Most importantly, the Uganda military believes that "the population plays a dual role as a factor of production and as a market for consumer goods," believing in these as "pre-requisites for the attainment of high levels of social and economic advancement as… enjoyed by the developed countries."[33] These fundamental institutional perceptions and critical doctrinal mind-set have guided and continue to guide the Ugandan military in its support and contribution to sustainable national economic growth in Uganda.

The Military and Economic Growth in Kenya[34]

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[28] Ibid.
[29] Ibid.
[30] Huda Abason Oleru, Ugandan Minister of State for Defence in charge of Veteran Affairs, at a speech during the launch of UPDF's 42nd Tarehe Sita (military) Anniversary.
[31] General Wilson Mbasu Mbadi, Uganda Chief of the Defence Forces, in a speech delivered on his behalf by Maj Gen Sam Kavuma at the launch of UPDF's 42nd Tarehe Sita Anniversary.
[32] JO Ochan, DD Duur et al. (2007): "Internal Security and Aid to Civil Power in Uganda." November 2007. Presentation by Sub-Syndicate Group B. The Uganda Senior Command and Staff College, Kimaka, Jinja.
[33] Ibid.
[34] Obtained from multiple sources, but majorly Francis Muriithi Kibicho (2005): *The Role of the Military in National Development: A Case Study of Kenya.* A research project submitted to the Institute of Diplomacy and International Studies in partial fulfilment for the requirement of the degree of Master of Arts in International Studies, University of Nairobi. [This student undertook the said course at the National Defence College in Karen].

Like professional defence institutions around the world, the Kenyan military is primarily responsible for the defence of the country against external aggression and for the security of the regime. The Kenya Defence Forces (KDF) is composed of three arms, namely the Kenya Army, the Kenya Navy and the Kenya Air Force. All these institutions have both peace-time and wartime roles.

To foster development and economic growth, the Kenya Navy is bestowed with the responsibility of defending the overall maritime interests of the country, including control of national territorial waters along the Indian Ocean and Lake Victoria, and surveillance and protection of Kenya's Exclusive Economic Zone (EEZ) against illegal exploration and exploitation. Via this function, it is also responsible for the prevention of illegal trade networks involved in smuggling, drug trafficking, and illegal fishing, and is involved in search and rescue missions.

Kenya's grand strategy places a special focus on security, and has therefore securitised poverty eradication to the extent that all efforts must be geared towards wealth creation to guarantee the country's survival as a state. As a result, the military has been professionalised and transformed to detect, pre-empt and diffuse security threats to the economy and national development.

Defence and military personnel are developed with the understanding that the main threat to the survival of Kenya as a state is the level of poverty in the country, worsened by imbalances in the distribution of the nation's wealth among the population. Thus, Kenya exudes a constant urge towards attaining and sustaining national security through harmonisation of economic strength, political leadership and military strength. It engages in constant efforts towards sustaining a conducive environment for economic activities, national stability, and the fostering of economic investment by both citizens and foreigners. In turn, these contribute to poverty alleviation and national economic development.

The KDF is engaged in emergency and disaster response, civil construction works, water purification and supply, flood control, surgical and medical treatment, casualty evacuation, medical evacuation, search and rescue, pest control, fire fighting, and airlift of relief supplies. To meet these defence and economic roles, the capacity of the Kenyan military has been developed to support economic development through heavy duty sea lifts, and patrol and surveillance of the EEZ using offshore patrol vessels.

The KDF is also engaged in efforts aimed at regional stability and economic growth through peacekeeping missions. Both nationally and regionally, the Kenyan military sees support to democratisation and democracy as essential aspects of Kenya's contribution to sustainable economic growth and development.

The Military and Economic Growth in India and Egypt[35]

The role of the military in national economic growth and development in India and the Arab Republic of Egypt is shown in Table 3 below.

Table 3: The Role of the Indian and Egyptian Militaries in National Development and Economic Growth

Country Military	Manner of Economic Participation
India	Primary role of the military is defence of the country against external threats; Secondary role is aid to civil authority; Military evenly spread throughout the country; fostering quick response to incidents of disaster; Specialised teams to cater for after-effects of disaster; The force is well resourced, and is therefore not constrained by personnel, finance or equipment; Military is highly advanced in Information Technology; hence it is heavily involved in India's national Information Technology programme; Has sustainable welfare and relief programmes, done through women associations; Manufacture of defence products for global sales, periodically showcased in defence exhibitions; and The force has intensive high-calibre mobile hospitals.
Egypt	Primary role is defence of the country against external aggression; Secondary role involves aid to civil authority in maintenance of law and order; Military evenly spread throughout the country, facilitating quick response to incidents of disaster; The force is well resourced and trained, and is therefore not constrained by manpower and financial resources; Has a well-established welfare programme for its personnel; Has well-established welfare and relief programmes in support of the civil population in times of emergency; Manufacture of defence products for global sales, periodically showcased in defence exhibitions; The Army Engineers have dedicated departments dealing solely in civil economic projects; The military receives contracts from the government, particularly large projects requiring quick action; and receives payment for such contracts; The cost of projects offered by the military is often lower than those charged for the same by civil contractors; The Army Signals corps has a dedicated department that solely deals with civil projects whose nature relates to communications, and whose execution requires urgent action; Depending on prevailing situations, the Engineers and Signals corps can carry out some government projects free of charge; The Army has separate logistics units dedicated for commercial activities, *e.g.,* operation of supermarkets, and crop and livestock farming; Proceeds from commercial activities go to the Egyptian Armed Forces, but not the national revenue pool; Operates military industries specialised in the manufacture of both military and civil products; The military manufactures its own uniforms, weapons, vehicles and other equipment; Involvement in crisis prevention and management; The military is heavily involved in research and development projects in collaboration with other institutions—government departments, research think-tanks, colleges and universities; and Civilians are served at military hospitals at subsidized prices, and free of charge in times of crisis.

Source: the author(s), based on information obtained from Kibicho, 2005.

The Core Security Forces and Economic Participation in South Sudan

The Case of the Military

[35] Ibid (fn 34).

The SPLA Act 2009 mandates the SSPDF (previously SPLA) "to participate in reconstruction activities in South Sudan." On this basis, the SSPDF established a body known as the Military Economic Corporation (MEC), to act as the South Sudan military's legal institutional framework for engaging in economic and reconstruction activities. The South Sudan Council of Ministers[36] mandated MEC to carryout investment activities on behalf of the SSPDF. It envisions economic strength and financial sustainability for the wellbeing of the SSPDF, with the stated mission of generating revenues through production and services, by competitive advantage in the domestic, regional and international markets.

Core among its objectives are the generation of funds through various projects to support the SSPDF, production of food for the military to minimize dependence on the national budgetary allocation, promotion of industrial technology for the development of the SSPDF, encouragement of self-reliance and job creation opportunities for wounded heroes, and improvement of the welfare of SSPDF personnel through equitable service provision. MEC seeks to operate as an investment and trading arm of the defence sector by striving to serve as a national provider of multiple services, thereby contributing towards sustainable national economic growth and development while improving the quality of life of military personnel and veterans.

Current and Planned Investment Initiatives

There are several ongoing economic initiatives established by MEC. A selection of these are summarised in *Table 4* below. In addition, some planned initiatives are currently underway. A selection of the same are summarised in *Table 5*.

Table 4: A Selection of Current Economic Investment Initiatives by MEC, SSPDF

S/No	Initiative/Investment Scope	Areas Covered	Status
	Agriculture/farming	Selected locations countrywide	Operational
	Public transport services, mainly via Bongo Bus	Mainly Juba, Nimule, Bor, Terekeka	Operational
	River transport services, mainly Shoebill barges	Along the Nile in Bor, Malakal, Renk	Operational
	Air transport services (cargo), currently with one aircraft	Countrywide	Aircraft undergoing repair service
	Banking and financial management services	Juba	Operational
	Hotel and hospitality services	Juba	N/A[37]
	Civil engineering works, primarily in roads and construction	N/A	N/A
	Mining, primarily gold (small-scale)	Gorom, Central Equatoria Sate	N/A
	Stone Crushing Facilities	Central Equatoria State	Operational
	Shares in some companies	Juba and countrywide	Dividends to the SSPDF affected.[38]

Source: *The authors; table drawn based on data presented by MEC and the Military Pension Fund at the 8th Command Council Conference of the SSPDF, December 2022.*

Table 5: A Selection of Planned Economic Investment Initiatives by MEC, SSPDF

S/No	Planned Initiative/Investment Scope	Location	Status
	Telecommunications	Countrywide	Plans being finalised

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[36] Via Council of Minister's Resolution No. 79/2019

[37] Status Not Available, or not determined/availed at the time of publication.

[38] Due to collapse of the companies or economic decline, or both.

Cement processing factory	N/A	
Sugar processing factory	N/A	
Horizon Commercial Bank building and headquarters	Juba	Under final stages of completion
Sudd Bottling Company	Bor, South Sudan	Finalised; opening soon

Source: *The authors; table drawn based on data presented by MEC and the Military Pension Fund at the 8th Command Council Conference of the SSPDF, December 2022.*

Militating Challenges

There are serious challenges that militate against the successful working of the South Sudan military in national economic growth. The most critical aspect of the challenges is in leadership and management of investment initiatives. Other militating challenges revolve around issues in the mobilisation and management of funds; settlement to contractors of outstanding bills; issues in receiving dividends from companies in which the defence sector made investments; difficulties in the management of equipment and vehicular facilities; lack of spare parts within the market for the type of vehicles acquired and the stone crushing machinery; and loopholes relating to transparency and accountability. These challenges militate against the commendable initiatives by the South Sudan military for participating in reconstruction activities and national economic growth.

Prospects for Future Improvement

Despite the militating challenges alluded to above, there appear to be better prospects for the military in engaging in reconstruction activities and contributing to sustainable national economic growth. Political and security stability is of the essence in this context.

It would be prudent to foster the enactment of the Military Economic Corporation Bill; continue to carryout repair and maintenance works on equipment and vehicular facilities; foster the operationalisation of the proposed telecommunications network; consolidate engagement in the mining sector; venture into the oil and gas industry; and participate in the construction of security roads, to help ease not only public transport and connectivity, but also connect food in the farms to consumers throughout the country, and contribute to food security. All these, nonetheless, are dependent upon leadership and management, on the ability to create and enter into joint ventures, and, for the purposes of emphasis, on political and security stability.

Overview of the Role of the Other Security Agencies in Economic Growth

Apart from the SSPDF, the other security institutions (namely the National Police Service, the National Security Services, the Prisons Services, the Civil Defence Services, and the Wildlife Services) are also actively engaged in several economic activities in the country. Their areas of focus include public transport, farming, air transport, hotel and hospitality, civil engineering works, petroleum and energy, the media, and shareholding.

Operationally, these security institutions suffer from the same militating challenges as those of the SSPDF alluded to earlier. This is fundamentally because these institutions basically sprung out of the SPLA—the precursor to the SSPDF—during the initial process of institutional formation and reformation in the era of the CPA and slightly upon the independence of South

Sudan in 2011. Thus, it could be argued that they sprung out with roughly the same mentality, outlook and challenges as those in the parent SSPDF.

Notwithstanding the above, one of them—the National Security Services—seemed to have made more significant strides in the area of investment and contribution to national economic growth than any of its sister agencies, including its parent, the SSPDF. In the decade since independence in 2011, the National Security Services (NSS) has managed to set itself apart from the many organic and inorganic challenges seriously affecting its other sister-agencies, despite being the youngest of the security institutions in the country. It is of particular interest how the NSS has been able to attract and maintain sufficiently competent entrants/recruits to its ranks and files; how it implements the constitutional commitment to, and its positive policy approach towards diversity; and how it epitomised the implementation of an economic model (hereafter, the "NSS Economic Model") which has made the institution largely self-sufficient.

The outstanding wisdom in which the leadership of the institution managed to attain financial sustainability is a remarkable example that ought to fascinate the other agencies to adopt the NSS Economic Model. At the core of the NSS Economic Model is the quest for and deployment of competence based on merit; the granting of freedom for investment initiatives to operate in accordance with economic principles and market values rather than on pure military norms; the provision of the required management; and an environment of supportive leadership at the top of the institution.

6. Recommended Courses of Action on the Way Forward

In general, there is urgency for a comprehensive approach to development and security in South Sudan, originating from, and hinging itself on, a human security paradigm. The country should construct a peace, security and development policy that is based on a firm commitment to protect and promote human security, national economic growth and diversity. There is urgent need for conceptual, policy and programming innovations that create and sustain an intersection between development and security approaches, in order to contribute to sustainable national economic growth. Throughout the world, no country achieved sustainable national economic growth and development at the expense of adequate professional security planning.

To alleviate the agony of the population and the contemporary South Sudan economy, the following courses of action are recommended in fostering economic recovery, growth and the development trajectory of South Sudan:

(1) The core security forces, including all non-statutory forces, should partake and play a significant role in reversing the trend of untold human suffering that has befallen South Sudan and its people, as a result of disregarding all fundamental commitments under the TCSS (2011).

(2) Security should not just be about the preservation of the sovereignty and territorial integrity of the country and the safety of the government (*i.e.,* state security), but fundamentally about the

people and peoples, in equal measure irrespective of their origin, believe and perceived or actual political affiliation.

(3) Adoption and incorporation of appropriate social development measures—rather than concentrating only on pure military campaigns—as part and defining character of South Sudan's counterinsurgency strategy; and rethinking the national counterinsurgency narrative in order to ensure a better lasting solution to the recurrent rebellions in the country.

A study by Maciek Mading Mabeny (2023) on the conflict in South Sudan indicates that social development interventions can counter rebellions and yield better peace and development outcomes.[39] His findings show that the implementation of counterinsurgency efforts in Maridi State from 2015-2020 highlighted the potential of social development interventions in winning the hearts, minds and support of local populations in promoting stability and economic growth. The valuable insights and lessons for policy-makers from what this paper refers to as the 'Maridi Counterinsurgency Example,' which were implemented under the administration of Governor Africano Mande Gedima, include:

(a) Enhancement of coordination and collaboration by fostering greater collaboration and coordination among stakeholders involved in social development interventions; and establishing platforms for information sharing, and joint planning and regular communication to maximize the impact of efforts and minimize duplication.

(b) Strengthening of community participation by involving local communities in all stages of programme design, implementation and evaluation through participatory approaches (like community consultations and capacity-building initiatives).

(c) Fostering of local ownership of social development programs by building the capacity of local institutions and empowering community-based organizations, to enhance sustainability, promote local solutions and ensure long-term impact.

(d) Integration of social development with security strategies to address the root causes of insurgency and promote stability.

(e) Strengthening of local governance structures and empowerment of local institutions to ensure sustainability of social development interventions.

(f) Collaboration and knowledge-sharing among different actors to maximise the impact of social development efforts.

[39] Maciek Mading Mabeny (2023). *Social Development as a Counterinsurgency Measure: Case Study of the Defunct Maridi State, 2015-2020.* Master's Thesis. Security and Strategic Studies. Institute for Peace, Development and Security Studies, University of Juba.

(g) Strengthening of monitoring and evaluation processes by developing robust mechanisms to assess the effectiveness and impact of social development programmes, to provide evidence-based insights for program improvement, adaptation, and replication in similar contexts.

(h) Exhibiting adaptability and flexibility, consistent with the dynamic nature of local environments.

Although agriculture is the bedrock and foundational stone of the economy, it is bedevilled by the constant military campaigns for population control by armed opposing forces in the conflict divide. Thus, a rebirth of the national consciousness for economic stability must necessarily hinge itself on, and commence with the urgency to protect, the rural population, as its ability to reengage in farming is not only critical for food security, but also the recovery and sustainable resurgence of the South Sudan economy in both the immediate and long-term aspects of the future.

To encourage national economic growth and development, the core security forces are urged to ensure sustainable peace by improving civil-military relations, ceasing all hostilities and promoting permanent ceasefire to encourage voluntary reparation, resettlement, rehabilitation and reintegration of IDPs and refugees. The return of IDPs and refugees would allow them to rekindle their livelihoods and productivity, thereby contributing to South Sudan's much needed national economic recovery and growth.

The security management and oversight bodies are urged to adopt and implement strategic security sector reforms, including making related appointments and re-manning of critical units and departments, to ensure that the core security forces fully shoulder their constitutional mandate, contribute to and participate in South Sudan's economic recovery, and partake of their critical moral role as stewards and guardians of development.

All efforts must be made to accord the necessary security environment for government, development partners and the private sector to recover and rebuild destroyed physical infrastructure—such as schools, hospitals, shops and places of worship—in order to rekindle/revitalise the livelihoods of the people and contribute to sustainable national economic growth and development.

To promote sustainable social reforms that guarantee peace and stability, the core security forces are urged to give due consideration to national diversity, gender and regional representation in their recruitment, training, leadership development, and appointments. This will help promote the respect for the fundamental rights and dignity of personnel, and of the diverse communities of South Sudan at large (TCSS, 2011; SPLA Act, 2009; R-ARCSS, 2018).

Commanders and/or leaders, as well as the personnel of the core security forces in general, are urged to be enlightened on, and thus always seek to respect, the LOAC, which has been established as part of International Law, regulating the use of force, as stipulated in the TCSS (2011), the SPLA Act (2009:8) and the individual legal frameworks of the other security institutions in the country. This will not only contribute to national economic growth, but also help South Sudan comply with its obligations under International Law as a member of the UN. For this reason, it is imperative for the core security forces—and the wider national legal system in general—to place obligations on persons involved in armed violations that have repercussions on South Sudan's economic growth, development, social status and moral stature.

To ensure better security sector reform outcomes that guarantee sustainable national economic growth, it is urged that deployments and appointments within the core security forces ensure that the right people are assigned to the right jobs.[40] In addition, it is urged that there be improved coordination[41] within internal departments; and between the security agencies, to mutually check on and guarantee commitment to standards that promote 'the bigger national picture' and the common good for South Sudan. In the advice of the United Kingdom's Defence Management College at Cranfield University, improved coordination within internal departments and between security agencies helps in strengthening cohesion. Improved professional coordination provides a sense of direction to and among security agencies, integrates their efforts, and builds and sustains cohesion.[42] In its argument, coordination prevents each agency from going its own way, and equally checks personnel from going their own way. In turn, the outcome of such an arrangement is the having of the bigger picture in mind in a way that promotes economic growth and development.

The SSPDF is urged to develop personnel, acquire equipment and establish a unit for MOOTW, for responding to requests by the Government in addressing specified emergencies, participating in reconstruction activities, and assisting in disaster relief, consistent with the constitution and the law.[43]

The Government, through the Ministry of Finance and Economic Planning, is urged to earmark a specific fund to the military for its engagement in personnel welfare activities and income generating programmes.

The SSPDF and the other security institutions are urged to undertake a revitalisation of all collapsed and existing investment initiatives, including leadership re-alignment and capacitation where necessary, in order to ensure sustainable participation in economic growth. Given its progress over the years, the security institutions are particularly urged to emulate the "Economic Model of the South Sudan National Security Services," to ensure the growth and sustainability of their investment initiatives and contribute to national development.

In line with the preceding recommendation, the core security forces are urged to run their investment initiatives or corporations as enterprises based on market principles, rather than as pure military units. They are urged to strengthen the values of transparency and accountability, and strengthen their efforts towards checks-and-balances.

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40 Having or assigning the right people to the right jobs is particularly emphasised by the *SPLA Manual on Job Descriptions of Senior Positions, 2011*.

41 Coordination, too, is a point critically emphasised by the SPLA Manual on Job Descriptions of Senior Positions, 2011.

42 Trevor Taylor. "The functions of a defence ministry." In: Laura R. Cleary & Teri McConville (2006): *Managing Defence in a Democracy.* Cass Military Studies. Routledge. Oxon, UK.

43 The participation of the SSPDF in MOOTW is a point of special emphasis in the TCSS (2011), the SPLA Act (2009), the SPLA Rules and Regulations (2008), and the SPLA White Paper on Defence.

There should be promotion of diversity based on merit in the management of investment initiatives. Leadership in the enterprises/corporations should encourage participation of employees and the building of a culture teamwork and trust.

Engaging in partnerships with international investors, particularly in the areas of mining, the hotel and hospitality industry, agriculture, fishing, finance and banking, processing, and infrastructure development.

Promotion of a culture of goodwill and the common good across all institutions and units of the military/security institutions, characterised by commitment towards human and peoples' rights, and respect for the fundamental freedoms enshrined in South Sudan's constitutional framework.

Establishment of a military investment authority or body, to offer advice to, monitor and regulate investment initiatives involving the core security forces.

Comprehensive nation-wide disarmament of civilians, and consolidation of weapons storage and management within the military/security institutions. Implementation of strict measures to control the proliferation of illegal weapons.

The National Security Services is urged to strengthen and expand its capacities and capabilities for more robust economic and financial intelligence to protect the South Sudan economy from human resource exploitation, counterfeiting, illegal trade, economic exploitation, plunderers, money laundering, and lords of poverty; the latter of which were defined by Mwesiga Baregu (2011)[44] as self-serving individuals and organisations who perpetuate poverty and thrive on it through aid or donor support.

7. Conclusions

This paper undertook a survey of the contextual security environment in South Sudan; delved into an understanding of the meaning and concept of the security sector and the core security forces, focussed on the legal character, mission and mandate of the core security forces as stipulated in the country's constitutional framework, explored the role of selected foreign militaries in national economic growth, and provided an explanation of the critical link between security and development.

The security environment in South Sudan is characterised by fragile security institutions and continuous armed violence that militate against economic growth. The endless rebellions since independence have meant continuous campaigns by armed opposing groups to hold and control territory, resulting into the displacement of rural populations and the destruction of agriculture. The paper underscores that to a greater extent most of the campaigns needed further guidance, as they fell short of an effective counter-insurgency strategy. Of greater nuance in this

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[44] Mwesiga Baregu. "Actors, Interests and Strategies in the Great Lakes Conflict Formation." In: Mwesiga Baregu, ed. (2011): *Understanding Obstacles to Peace—Actors, Interests and Strategies in Africa's Great Lakes Region.* International Development Research Centre. Ottawa, Canada.

context is the stated ramification on agriculture, which is not only the backbone of South Sudan's rural economy, but also of the country as a whole.

There is a duality of threats in relation to the contemporary South Sudan economy: security threats to the economy on the one hand, and economic threats to security on the other. The economic threats to security have perennially prevented sufficient funding to, and emolument of, the defence and security sector. This duality of threats, compounding with leadership and accountability issues, struggle for political survival, and the continuous wars, have heightened the economic vulnerability of South Sudan and aggravated the agony of the people in immense proportions.

The security sector is critical in democratisation, development, and good governance. It has the capacity to support or undermine democratisation, promote or undermine good governance, and contribute to or derail efforts aimed at sustainable peace, economic growth and development. On the basis of the fact that security issues have been at the core of economic decline and political upheaval, it is imperative that urgent and concrete steps are undertaken to reform the security sector in its entirety. Thus, through this first National Economic Conference, the emphasis for conceptual, policy and programming innovations that create an intersection between development and security in South Sudan's peace and development efforts cannot—and should not—be underestimated. It is the studied opinion of the authors of this paper that sustainable national economic growth and development in South Sudan would only be the outcome of sustainable national security planning, underpinned by the consensus that security is—and therefore ought to be—the backbone of the economy.

Chapter 3.

The Extended R-ARCSS

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Executive Summary

- Peace creates the environment in which other activities that contribute to economic growth can take place. In this sense, it is a facilitator of economic growth, making it easier for workers to produce, businesses to sell, consumers to buy, entrepreneurs and scientists to innovate, and government to regulate.

- Peace also frees up resources for productive activities which would otherwise be diverted to controlling or creating violence. This is true for material and human resources as well as for investment capital.

- Peace creates a stable environment that is congenial to confidence and long-term planning. This then supports rational risk-taking, investment, employment, borrowing, and strategic planning, all of which are important to produce highly productive activities.

- Support to the peace process should include initiatives designed to support communities to improve everyday security at the local level, and not just focus on the national level, to sustain public trust in the process.

- People's experience of everyday peace both contributes to the trajectory of a transitional process. How people experience everyday peace is a decisive factor in determining their trust in the peace process.

- Policymakers should focus their efforts on sustaining the transitional process rather than achieving check lists within rigid timeframes.

1. Introduction

The failures of various peace agreements, the causes of the conflicts in a historical perspective, the flawed modalities and the implementation of the security arrangements, the analysis of the series of events that led to the signing of ARCSS in 2015 and the R-ARCSS in 2018, and the challenges facing the full implementation of R-ARCSS are all policy issues this paper tries to unpack. As of today, the confusion in the R-ARCSS on the roles of the Joint Transitional Security Committee (JTSC) and the Strategic Defense and Security Review Board (SDSRB) continue to plague the implementation of the agreement. Several contributors call for the parties to use this opportunity to build confidence, trust and reconciliation within and between communities torn by protracted conflict. Another analyzed outcome of the R-ARCSS signed in Khartoum is that the sovereignty of South Sudan has tacitly been surrendered to Sudan and Uganda by formally acknowledging them as "guarantors," electing them to mediate the disagreement between the two parties, thereby making South Sudan an informal protectorate of Sudan and Uganda.

On 12 September 2018, the parties to the conflict in the Republic of South Sudan – namely the Transitional Government of National Unity (TGONU), the SPLM/A In Opposition (SPLM/ A-IO) and the South Sudan Opposition Alliance (SSOA) comprising ten armed and political opposition groups – signed the revitalized Intergovernmental Authority on Development (IGAD)-brokered Agreement on the Resolution of the Conflict in South Sudan (R-ARCSS) in Addis Ababa, Ethiopia. It will be recalled that on signing the previous ARCSS document on 26 August 2015, President Salva Kiir expressed serious reservations about ARCSS; indeed, he was not convinced of its viability and immediately set on a path of violating its provisions.[45]

The collapse of ARCSS rekindled and escalated the war to the hitherto peaceful areas of western Equatoria and Bahr el Ghazal. The fragmented IGAD mediation had no legal or diplomatic tools to contain, leave alone or resolve the new situation. First, there was the immediate emergence and proliferation of new armed and political opposition groups that had also to be brought on board in the peace negotiations. Secondly, the mediators were not united in their resolve; the regional countries involved in the mediation – namely Uganda, Kenya, Ethiopia and Sudan – had competing national security, economic and political concerns in the South Sudan conflict.

In spite of the political fanfare that occurred in Juba and Khartoum, the revitalized agreement has not comprehensively addressed the fundamental problem of South Sudan. It is therefore with a pinch of salt that many South Sudanese welcomed the R-ARCSS. They don't ignore the fact of Sudan and Uganda's involvement in this Faustian bargain. Sudan is interested only in South Sudan's oil transiting to international markets in order to collect fees. Uganda wants to recoup its debts from Kiir's government. This suggests that R-ARCSS only resolved the economic problems of Sudan and Uganda: It had very little to do with the suffering people of South Sudan, save for the cessation of hostilities and power sharing among the political elite.

It goes without saying that the revitalized agreement did not fully address the fundamental drivers of the conflict in South Sudan. This simply means that the conflict elements – ethnic nationalism, power struggles, etc. – remain alive, albeit that they may be dormant. Without transforming these elements, the weakest links along which the system easily implodes, through revolutionary action the key chapters in the R-ARCSS might not offer critical policy implication within and without for long. There is already ongoing financial nightmare, meaning that there is no money for socio-economic development.

There is already a vicious circle: poverty-conflict-peace-lack of development-then conflict. It is a precarious configuration in which power sharing and superficial reforms of the system will only ensure its continuation ad infinitum. Therefore, what is needed now and not later is a paradigm shift in the manner in which the political elite think and manage the youngest state in the world. A paradigm shift that places the people and the current socioeconomic development challenges at the centre of their social, economic and political engineering processes.[46]

[45] President Salva Kiir decreed on 1 October 2015 the Establishment Order 36/2015 dividing South Sudan into twenty-eight states in contemptuous violation of the ARCSS provisions.
[46] Peter Adwok Nyaba, (2019) The Fundamental Problem of South Sudan – (How to Sustain peace and Conditions of Socio-Economic Development) The ZAMBAKARI ADVISORY: Special Issue.

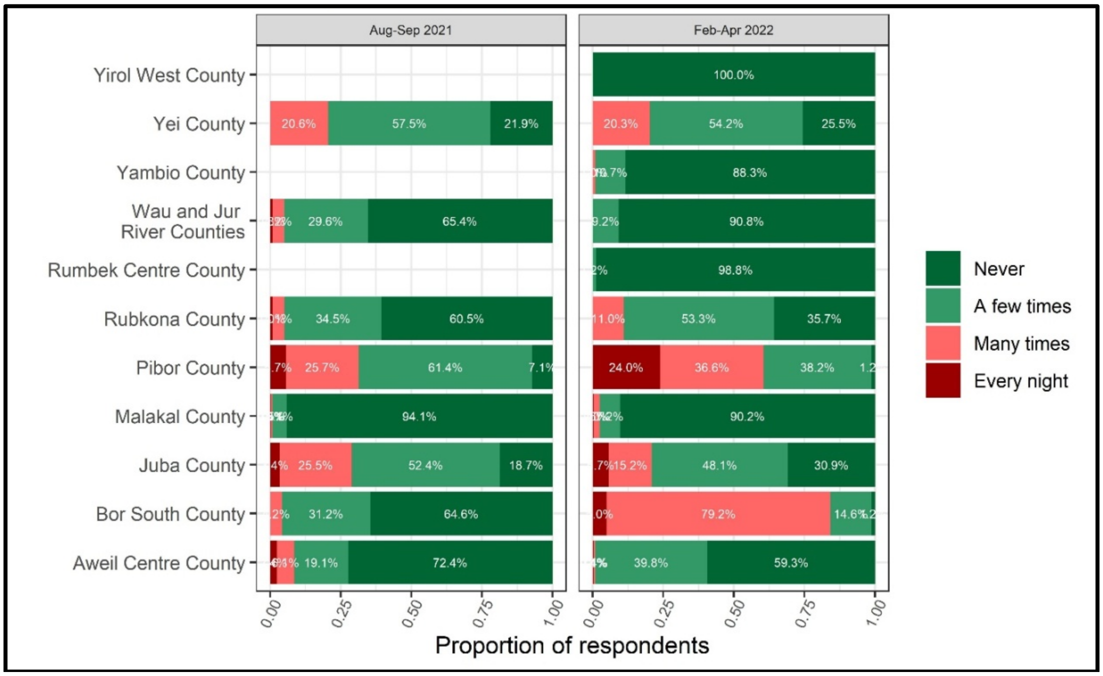
Analysis using the Global Peace Index strongly supports the contention that peace contributes to a country‘s economic growth. The GPI is a comprehensive indicator of internal and external peacefulness. When included in a range of econometric models it shows a strong and consistently positive relationship between peace and growth. Statistical research was conducted by Dr Ben Goldsmith from the Department of Government and International Relations at the University of Sydney, Australia. The research that has been carried out around the Global Peace Index has found that there is a strong case to link economic growth and peace. Dr Goldsmith‘s analysis has shown that peace is a potentially powerful factor in economic growth.

2. The Permanent Ceasefire

A Strategic Defence and Security Review Board (SDSRB) was to conduct a strategic security assessment to examine military and non–military security challenges facing the country, and was to devise a security policy framework and revise defence policy. This work was to be backed up by an analysis of operational capabilities required to meet the country's security needs, and then it was all to be approved officially and published as a white paper, these critical path has not been done comprehensively although the government has made good progress.

Although the security mechanisms (the Joint Defence Board (JDB), the Joint Transitional Security Committee (JTSC), the Joint Military Ceasefire Commission (JMCC), and the Strategic Defence and Security Review Board (SDSRB) have been working diligently in their respective areas since the signing of the Peace Agreement, their work has been severely undermined by the lack of funding for their mandated tasks and the sustenance of the members of these mechanisms. All these bodies are disconnected to a larger extend, of which it has created gaps in realizing the aims of Chapter II.

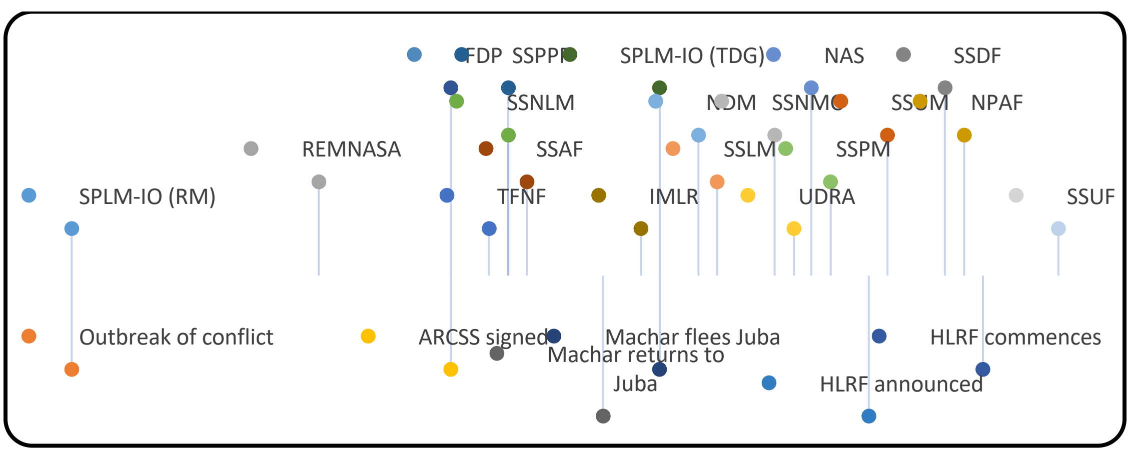
Figure 1: This month, how frequently have you heard gunshots at night?



Source: *National Survey on Perceptions of Peace in South Sudan (2021/2022)*

Respondents experienced a stark increase in gunshots at night between the seasons. In Aweil, respondents felt safer meeting soldiers in front of their house in the dry season compared to the wet season. In less stable contexts (such as Yei and Juba), where respondents especially feared encountering solders, the level of discomfort remained constant across seasons.

Figure 2: Timeline showing emergence of armed groups in South Sudan



Source: ISS, Compound Fractures, https://issafrica.s3.amazonaws.com/site/uploads/ear-21-1.pdf.

In mid-2017, the region made another push for peace in South Sudan resulting in the signing of a cessation of hostilities agreement in December 2017, a permanent ceasefire in June

2018 and the Revitalized Agreement on the Resolution of the Conflict in South Sudan (R-ARCSS) in September 2018. While Cirillo expressed commitment to the December 2017 cessation of hostilities, NAS and several other opposition groups refused to sign the R-ARCSS, and conflict persisted in Yei and other parts of Central Equatoria.

Currently, the police reform activities are being monitored through community dialogues, field visits, and various workshops, as part of the building of a police service, in accordance with Article 2.3.2 of the Peace Agreement. RJMEC's assessment also revealed that the National Police Service (NPS) and the Ministry of Justice and Constitutional Affairs (MoJCA), in collaboration with the University of Juba, are actively implementing police reform initiatives. Notably, with the assistance of the United Nations Police, public prosecutors delivered specialized training to judiciary Police officers and investigators on addressing Sexual and Gender-Based Violence (SGBV) with the aim of strengthening the effectiveness of investigations and prosecutions. One specific area of focus outlined in the National Policing Strategic Plan 2020-24 is the improvement of service delivery to enhance public confidence and trust.[47] A perception survey conducted by DETCRO in 2020 indicates that "restoring a basic level of trust and confidence between the government and citizens in South Sudan is critical to both short-term stabilization efforts and prospects for longer-term peace. Responses to a question about whether national, local, or international actors are most effective at building peace demonstrate the impact that the conflict has had on citizen confidence and trust in government.[48]

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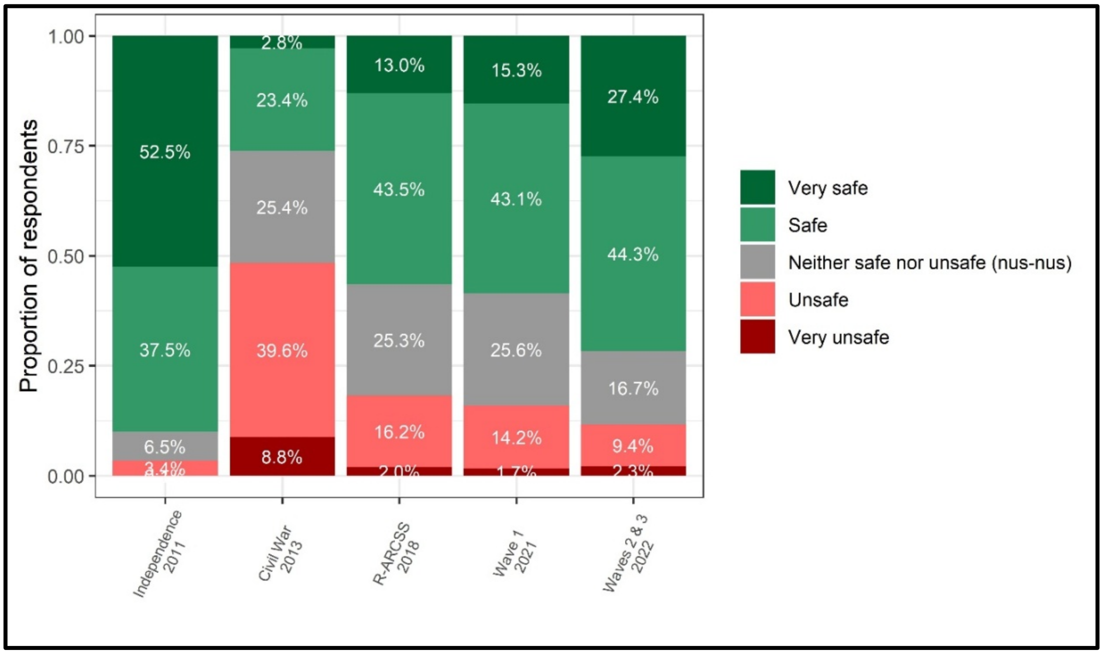
[47] The National Policing Strategic Plan 2020-24, developed by the NPS also outlines a number of commendable efforts in police reform, which if implemented can lead to a further strengthening of the Police in South Sudan

[48] *See* Jan Pospisil, Oringa Christopher, Sophia Dawkins and David Deng, *South Sudan's Transition: Citizens' Perception of Peace*, United States Institute of Peace (USIP) (19 Mar. 2020), *available at*https://www.usip.org/publications/2020/03/south-sudans-transition-citizens-perception-peace.

Figure 3: Average perceptions of everyday safety across indicators (All responses)



Source: National Survey on Perceptions if Peace in South Sudan (2021/2022)

In general, respondents felt safer in 2022 compared to 2021, and more comfortable voicing opinions compared to previous years in the conflict neither gender nor the number of times a respondent was displaced affected people's perceptions of everyday safety.

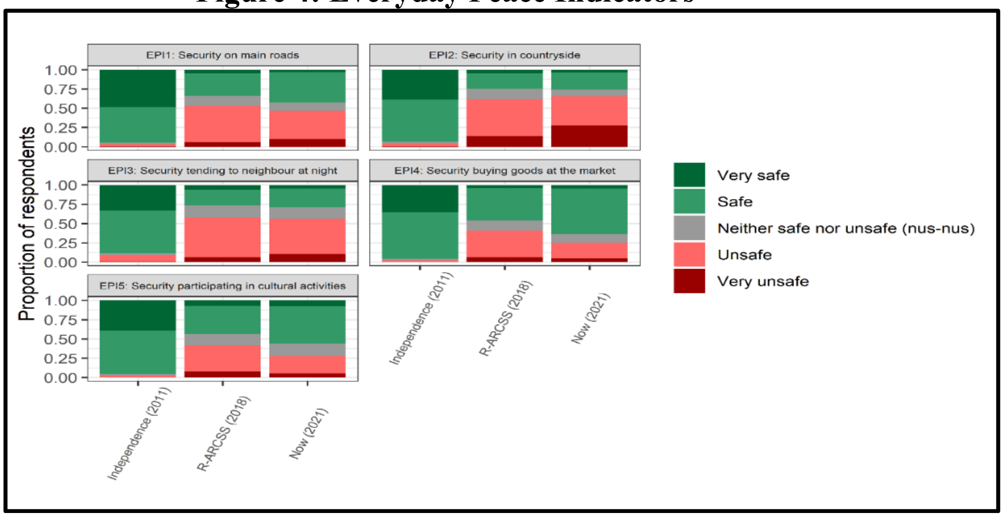
These varying levels of confidence and trust present a dilemma for international partners. On the one hand, donor policies emphasize localization and the importance of investing in national and local actors as a means of making aid more sustainable and responsive to local needs. On the other hand, in fraught political contexts such as these, international support for actors that lack legitimacy in the eyes of their people can be inefficient or even damaging to prospects for peace. A conflict sensitive approach that carefully assesses the local context and considers how external interventions might serve to bring people together or drive them further apart can help to reduce risks by identifying appropriate entry points for engagement. Eight years since the outbreak of conflict and in the face of reductions in donor financing, investing in South Sudanese organizations and institutions is more important now than ever to help stabilize the political context and help stimulate post-conflict recovery efforts.

Conflict Trends

Conflict dynamics in South Sudan do not easily lend themselves to generalizations. National conflict may at times be driven by political interests at the state or local level, and grassroots conflict may involve acts of violence that disrupt livelihoods and economic growth across large parts of the country. Policymakers must make sense of this complex and layered conflict landscape both in how they define the problem that they are seeking to resolve as well as how they respond to changes in conflict dynamics over time. Since the signing of the R-ARCSS in 2018 conflict has again escalated in the area with a devastating impact in terms of casualties and displacement.

Three-and-a-half years after the signing of the R-ARCSS, South Sudanese remain deeply uncertain about peace in the country. When asked whether South Sudan is at peace, nearly half (47%) of respondents responded, ‘no’. Pessimism is especially stark for some groups: More than half of women, IDP camp residents and rural respondents said that South Sudan was not currently at peace. These statistics illustrate the shaky ground upon which the peace agreement is being implemented.

Figure 4: Everyday Peace Indicators



Source: National Survey on Perceptions of Peace in South Sudan (2021/2022)

General perceptions of safety expressed through an Everyday Peace Indicator average for each respondent, the survey pretest confirmed that people, by and large, were able to recollect these events and to assess the questions from memory. In doing so, the results give an indication of how, everyday peace, has developed since independence.[49]

3. Humanitarian Assistance and Reconstruction

Currently, millions of people in need risk remaining without food or livelihood assistance. It is estimated by the UNHCR that over 70% of the returnee and refugee populations are expected to face crisis and emergency levels of food insecurity. The food security situation continued to

[49] The fourth wave of a multiyear survey by David Deng, Sophia Dawkins, Christopher Oringa, and Jan Pospisil, see: PeaceRep, Detcro, and US Institute of Peace, “Perceptions of Peace in South Sudan: Interactive Survey Data from South Sudan,” available at https://peacerep.org/perceptions-peace-south-sudan/.'

deteriorate as food assistance was hampered by severe funding gaps, even before the outbreak of crisis in Sudan.

The plight of returnees remained compounded by the fact that conditions at the would-be final points of return are not conducive given the lack of basic services like education, water, health and livelihood opportunities. Response efforts included the supply of emergency kits, transport away from the border points, and construction of shelters and dumping sites for solid waste at the reception centers, these are vital policy issues that must be addressed by all the line Ministries.

Another impact of the Sudan crisis is the interruption of trade routes between Sudan and South Sudan, which has negatively affected the supply of food and other essential goods into South Sudan creating scarcity and driving up prices. The cost of the minimum food basket rose by 51% in Bentiu and 72% in Yida compared to pre-crisis levels.[50] Decades of humanitarian assistance have also perpetuated a notion of South Sudanese as passive recipients of international interventions with limited voice and participation.

The Special Reconstruction Fund (SRF) and its Board remained a concern especially in view of increasing needs and dwindling funding for humanitarian support, recovery as well as the implementation of especially chapter III of the agreement. The purpose of the SRF is to avail funding to support refugees and IDPs to return in safety and dignity, the institution of programs for relief, protection, repatriation, resettlement and reintegration and the targeting of conflict-affected persons and vulnerable groups with basic, humanitarian and protection services as well as infrastructure development to help the realization of the dividends of peace to the citizens of South Sudan.

The large-scale displacement caused by the fighting in Juba and major town in 2013 and 2016 is the most important driver. The displaced have fled mainly into the interior of the country, where they lack access to food, clean water, basic health care, livelihoods and support networks. Internally displaced persons, or IDPs, are among the most vulnerable populations in any humanitarian emergency in South Sudan.

Secondly, food prices have skyrocketed, eroding the ability of both IDPs and other households to feed themselves. Food prices have gone up due to a global spike in the cost of grains and fuel; chronic insecurity and crime, which has badly disrupted the flow of commercial food from neighbouring countries into the country; and an epidemic of corruption, which has created hyper-inflation and has robbed poorer South Sudanese of purchasing power.

4. Resource Economic and Financial Management

Land formalization in the South Sudanese context typically involves land survey and registration processes that convert landholdings from customary land tenure or some other form of informal landholding (e.g., informal settlements in urban areas) into leaseholds between

[50] See Reconstituted Joint Monitoring and Evaluation Commission – Quarterly Report June, 2023 Accessible: [file (jmecsouthsudan.org)] Accessed, 18th August, 2023.

individuals and state governments.[51] Land formalization processes have accelerated in both urban and rural areas since the end of the 22-year civil war in 2005. This can be seen as part of a broader trend in the commoditization and monetization of livelihoods in South Sudan.

Land formalization has both benefits and costs.[52] Land registration can provide a degree of tenure security, help to jumpstart development, and increase land values for those that are able to access the process. But it imposes costs on many others, often the most vulnerable in society, and can entrench disputes and complicate stabilization and recovery efforts. People may be evicted from their homes to make land available for public purposes or to combine several smaller landholdings into one larger one. Although required by law, compensation, whether in cash or in kind, is rarely provided and individuals are often rendered landless in such circumstances. Internally displaced persons (IDPs) and refugees who were living on unregistered land are particularly at risk of having their landholdings formalized and distributed to third parties, especially when there are political tensions between the displaced populations and the groups that control land administration processes.

Consequently, the country still relies on the pre-independence 2009 Land Act, while each state has its own land policies, laws, and regulations. The reviewed 2009 Land Policy was validated by several parties at a retreat in 2022 and yet to be discussed within the economic cluster before being enacted by the TNLA. This Policy notably addresses post-war conflict over land rights, informal settlements in cities and urban areas, and conflicts over access to land with pasture and water. Land grabbing and disagreements over boundaries between Counties and Payams (districts) are also addressed.

The Land Act 2009, the Local Government Act, the Investment Promotion Act, and the Land regulations all need to be reviewed and harmonized. The 2009 Land Act, for instance, allows companies to lease land for a maximum of 99 years, and the Investment Promotion Act also passed in 2009, permits only 30 to 60-year lease periods. The land registry for Central Equatoria has been operational since 2009 but is domiciled at the MoJCA. However, article 4.8.4.1.2 of the R-ARCSS mandates that it should be an independent registry of lands at all levels of government for the issuance of title deeds. The RTGoNU has since commenced discussions with a local company to create this independent registry. The Agreement requires that the Land Commission is empowered at different levels to develop and interpret legislation regarding land issues and to reflect customary laws and practices and local heritage as an institutional trend. The institutional foundations for the desired structure remain largely nonexistent due to capacity and resource constraints and as a result, the Commission cannot assist in the mediation of conflicts arising from land as mandated in article 4.8.2.1.2 of the R-ARCSS.

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[51] There are often intermediate stages between informal landholdings and leaseholds. In many parts of the country, for example, individuals can obtain tokens from chiefs or local administrators that they can then try to convert into registered leaseholds with state governments.

[52] *See* David K. Deng, *Land, Conflict and Displacement in South Sudan: A Conflict-Sensitive Approach to Land Governance*, CSRF (Nov. 2021), *available at*https://www.csrf-southsudan.org/repository/land-conflict-and-displacement-in-south-sudan-a-conflict-sensitive-approach-to-land-governance/.

The RTGoNU is to be transparent and accountable, with full functional legal and institutional policies and procedures to promote sustainable development. Effective leadership and committed to fight against corruption.

Progress has been slow in implementing Public Financial Management (PFM) reforms, as there is a need for draft bills that legitimize some of these reforms to be finalized and legislated by the TNLA. As a result, a considerable number of provisions in this area have therefore missed their benchmark dates as indicated in the Roadmap. There needs to be transparency and accountability to be able to mobilize resources for the execution of South Sudan's sustainable peace and development. The PFM Oversight Committee (PFM-OC)[53] continued to ensure the implementation of the medium-term Economic and Financial Management reform program through its Public Financial Management Reform Strategy (PFMRS), which focuses on eleven priority areas and two cross-cutting issues.

The MoFP is in the process of establishing the Arrears Management Committee that would be responsible for the implementation of this strategy. The government has inaugurated the governing board of the Public Procurement and Disposal of Assets Board of the Public Procurement and Disposal of Assets Authority (PPDAA), which will serve to advance the management of the Government's finances but also increase the competitiveness of the private sector in the public procurement process and ensure efficient public procurement and disposal of assets by the principles of good governance.

[53] The PFM Oversight Committee is co-chaired by the Minister of Finance and a Troika Ambassador and is comprised of the Ministries of Finance and Petroleum as well as the Revenue Authority

Figure 5: Priority for the R-TGONU

Source: National Survey on Perceptions of Peace in South Sudan (2021/2022)

All other issues rank far below peace implementation and security so far as respondent priorities are concerned. Nonetheless, public goods and services in the form of physical infrastructure (4%), health (4%) and education (4%) emerged as second tier priorities, alongside government efforts to fix the economy. Surprisingly, respondents were far less likely to prioritize the return of refugees (2%) and food aid (3%), perhaps reflecting a view of these areas as the domain of international actors and not commonly associated with visible government action. In addition, the relatively few respondents who said transitional justice (1%) or constitutional development (3%) should be the top priority for the R-TGONU is also noteworthy given the amount of attention devoted to these issues in the R-ARCSS.

5. Transitional Justice Accountability Reconciliation and Healing

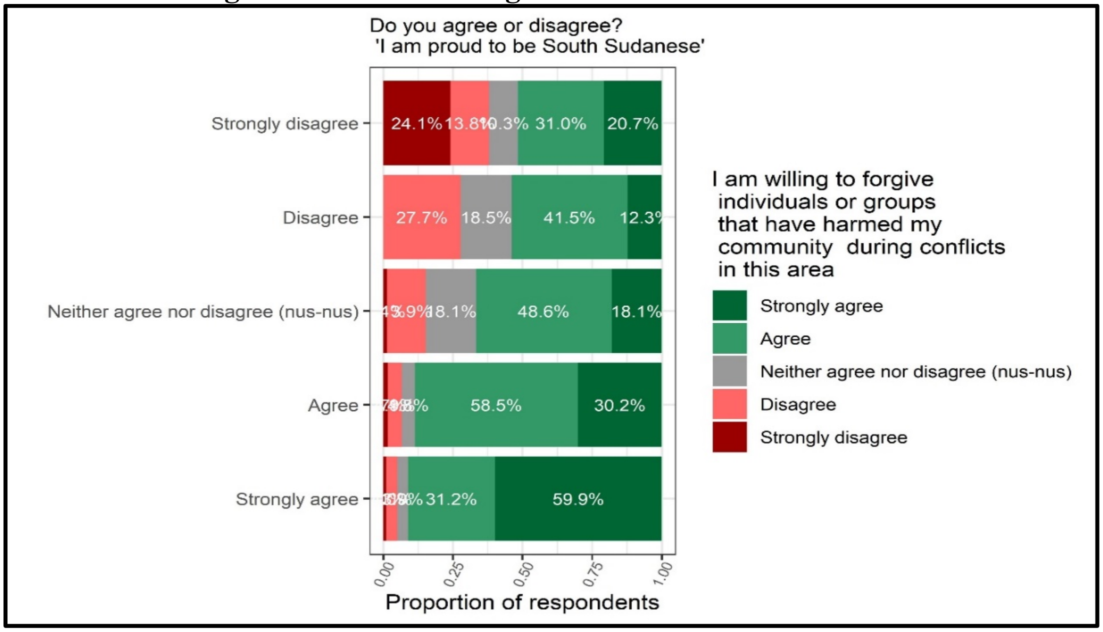
Both forgiveness and reconciliation may be thought of as paths to healing. However, one might reasonably ask whether forgiveness and reconciliation are synonymous as well as whether both are necessary in order for healing to occur following an injury.

In attempting to answer this question, it may be useful to define the terms "forgiveness" and "reconciliation." Borrowing from philosopher Joanna North (1987), Enright and the Human Development Study Group (1996, 108) have defined genuine forgiveness as "a willingness to abandon one's right to resentment, condemnation, and subtle revenge toward an offender who acts unjustly, while fostering the undeserved qualities of compassion, generosity, and even love toward him or her." The injured person chooses to give up resentment and retaliation and, instead, offers the undeserved gift of mercy to the wrongdoer. There are a number of noteworthy implications in this definition. First, it is implied that the one who has been injured is aware of the injury and of the unjust nature of the injury. Without such recognition, there would be no need to consider forgiveness. Second, the injured person willingly chooses to forgive and to offer mercy to an undeserving offender. There is no coercion involved in the decision to forgive. Third, the act of forgiveness is the inner response of one individual to another.

Within the proposed question, the second term needing clarification is "reconciliation." The root word, "reconcile," has been defined in Webster's Dictionary of the English Language as, "to make friendly again, as after a quarrel," or "to cause to accept something not desired" Two possible implications follow from Webster's definition. Either the injured or the offender come together again in the spirit of friendship (which suggests interaction of a social sort between them) or the injured person comes to accept something undesirable from the offender. In either case, there is an implied coming together of the two individuals. Enright (2001, 31) defined reconciliation as "the act of two people coming together following separation," again suggesting a physical and behavioral interaction.

In sum then, forgiveness and reconciliation are not the same. Rather, they are two distinct concepts. Forgiveness is an internal response of one individual to another while reconciliation implies that two people, both the injured and the offender, choose to engage in some sort of relationship. This further suggests that both the victim and the abuser willingly choose to make their relationship desirable for both parties. As victims of abuse and those who counsel them well know, abusers are not always willing to change their behavior in order to build desirable relationships with those they have harmed. So in a nutshell, forgiveness and reconciliation are, in fact, both necessary for healing.

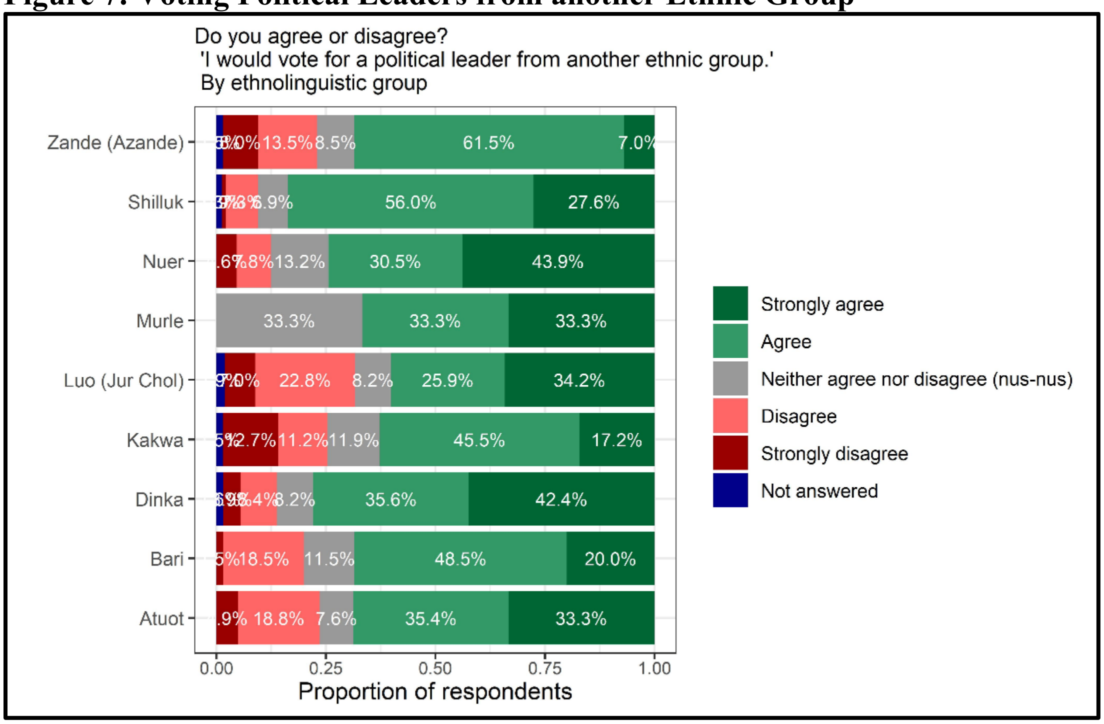
Figure 6: Pride of being South Sudanese



Source: National Survey on Perceptions of Peace in South Sudan (2021/2022)

Figure 6 above indicates that participants were willing to forgive individuals or groups who might have harmed their communities during the conflicts of 2013/2016. This also shows high prospect for reconciliation and healing for the country.

Figure 7: Voting Political Leaders from another Ethnic Group



Source: National Survey on Perceptions of Peace in South Sudan (2021/2022)

The Figure 7 shows that respondent agreed they would vote political leaders from another ethnic group, it's a clear indicator of community reconciliation and healing, this could be attributed to the National Dialogue initiative. President Salva Kiir announced plans to launch a National Dialogue in December 2016 to "save the country from disintegration and usher in a new era of peace, stability and prosperity." Between May 2017 and August 2019, the National Dialogue reportedly engaged some 20,000 South Sudanese across the country and in the diaspora in a series of grassroots consultations, regional conferences and a national conference held in November 2020.[54]

The different mechanisms established namely: "The commission for Truth, Reconciliation and Healing, The hybrid court for South Sudan and The compensation and Reparation Authority" to oversee that South Sudanese forgive and reconcile should consider horrific violation committed during the war.

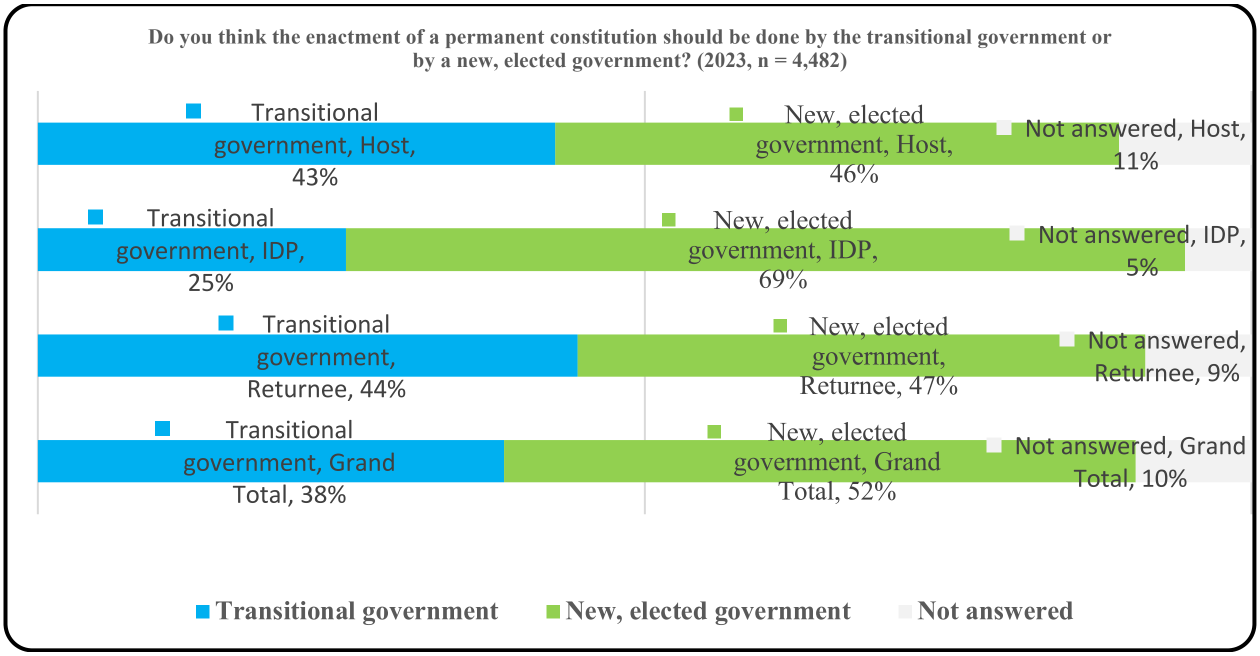
These bodies are independently established to promote the common objective of facilitating truth, reconciliation and healing, and compensation and reparation in South Sudan. Other regional and international organizations such as the African Union, the United Nations and the African Commission on Human and People's Rights have been working closely to help in designing, implementing and facilitating these transitional justice institutions.

6. Parameters of Permanent Constitution

According to the Roadmap schedule, the reconstitution of the NCRC should have been completed by 30 August 2022; the establishment of the Constitutional Drafting Committee (CDC), by 30 October 2022; the conduct by NCRC of its first phase of civic education and collection of data on public views on the constitution-making process by 30 January 2023; the preparation of the first report by NCRC of the civic education and public consultation data for validation by the Public by March 2023; recruitment of members to form the National Constitutional Conference (NCC) by 30 December 2022; and the establishment of the Preparatory Sub-Committee (PSC) by 30 January 2023. None of these tasks have been comprehensively completed; however, the process of the Permanent Constitution–making should be led and owned by the people of South Sudan, and only assisted by regional and international experts as required.

[54] For more on the National Dialogue, see David K. Deng and Rajab Mohandis, *Citizen Perspectives on the National Dialogue in South Sudan*, South Sudan Civil Society Forum (SSCSF) and Detcro (May 2021), *available at*http://csoforumsouthsudan.org/wp-content/uploads/2021/05/Citizen-Perspectives-on-the-National-Dialogue-in-S-Sudan-FINAL.pdf.

Figure 8: Enactment of the permanent constitution



Source: National Survey on Perceptions of Peace in South Sudan (2021/2022)

Figure 8 illustrates respondent views on the enactment of the permanent constitution by environment; the grand total indicates 52% of the respondents for New, elected government to enact the permanent constitution of the Republic of South Sudan.

7. Conclusions

Firstly, people's experience of everyday peace both contributes to the trajectory of a transitional process. How people experience everyday peace is a decisive factor in determining their trust in the peace process. As the survey data suggests, people who feel less safe, who have negative perceptions of everyday peace, tend to be more pessimistic about the peace process. This is troubling on several levels. First, it provides further evidence of the psychological impact that insecurity has at both the individual and societal levels. This demands action at the very least from a social justice perspective, not to mention the implications for political stability and economic recovery. People trapped in such situations may also find themselves in a vicious loop of conflict and exploitation, in which insecurity causes a loss of voice and agency, leading to institutional mistrust and poor development outcomes that make them more susceptible to manipulation by political and military actors.

Secondly, any support to the peace process should include initiatives designed to support communities to improve everyday security at the local level, and not just focus on the national level, to sustain public trust in the process. This factor appears more important than the timely achievement of concrete results along the transitional timeline or the availability of public information about the peace process. Enhancing road security and the ability of people to move freely, both in urban and rural areas, provides an important entry point. In addition, the gendered aspects of security, including issues of everyday peace and how both women and men experience insecurity, need to be accounted for in programming. There may also be scope for humanitarian actors to more actively contribute to efforts to promote peace and security at the local level. Through their programming on protection, resilience, and negotiations to access conflict-affected populations, humanitarians are well-positioned to contribute to everyday peace.

Thirdly, peace creates the environment in which other activities that contribute to economic growth can take place. In this sense, it is a facilitator of economic growth, making it easier for workers to produce, businesses to sell, consumers to buy, entrepreneurs and scientists to innovate, and government to regulate. This concept could be labelled as normal economic growth dynamics‘. The assumption is that normal activities which contribute to economic growth and prosperity can be hindered by war and violence, even if the productive capacity itself exists. Thus, human capital, good infrastructure and open markets may be important factors in economic growth, but their contributions will be diminished or even eliminated if they are subject to violence and serious societal conflict. Peace also frees up resources for productive activities which would otherwise be diverted to controlling or creating violence. This is true for material and human resources as well as for investment capital. Finally, peace creates a stable environment that is congenial to confidence and long-term planning. This then supports rational risk-taking, investment, employment, borrowing, and strategic planning, all of which are important to produce highly productive activity.

Fourthly, policymakers should focus their efforts on sustaining the transitional process rather than achieving check lists within rigid timeframes. Even though not directly asked as such, findings point towards the public measuring the success of the peace process less in achievements along the defined transitional program and more in the concrete improvement of security in their immediate surroundings. While this finding gives rise to huge challenges given the difficult and highly violent situation in various parts of the country, it may also help to relieve growing pressure caused by timelines for R-ARCSS implementation.

Chapter 4.

Resettling Refugees and IDPs

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Abbreviations and Acronyms

CSOs	Civil Society Organizations
CRRF	Compact on Refugee and the Comprehensive Response Framework
IDPs	Internally Displaced Persons
ICGLR	International Conference on the Great Lakes Region
IGAD	Intergovernmental Authority on Development
IOM	International Organization for Migration
MHADM	Ministry of Humanitarian Affairs and Disaster Management
NFIs	Non-Food Items
NGO	Non-Governmental Organization
R-ARCSS	Revitalized Agreement on Resolution of the Conflict in the Republic of South Sudan
RSF	Rapid Support Forces
RRC	Relief and Rehabilitation Commission
RTGoNU	Revitalized Transitional Government of National Unity
SAF	Sudanese Armed Forces
SPLM-IO	Sudan People's Liberation Movement in Opposition
UNDP	United Nations Development Programme
UN	United Nations
UNHCR	United Nations High Commissioner for Refugees
UNMISS	United Nations Mission in South Sudan

Executive Summary

- Over 4 million South Sudanese are refugees or IDPs (internally displaced persons). It is of utmost importance that the Revitalized Transitional Government of National Unity (RTGoNU) create conducive conditions for the voluntary return of these forced migrants to their places of origin or choice in safety and with dignity by doing the following.
- The RTGoNU should ensure safety and security throughout the country by fully implementing Chapter II of the R-ARCSS on Permanent Ceasefire and Transitional Security Arrangements, and negotiating with other groups that have taken up arms against the state to reach sustainable peace.
- The RTGoNU should promote peacebuilding and healing in order to peacefully end endemic subnational violence, which has been hampering voluntary return of refugees and IDPs in safety and with dignity to large areas of the country.
- The RTGoNU should establish the Special Reconstruction Fund (SRF) as per Article 3.2 of the R-ARCSS and fully contribute pledged funds while appealing to donors to make contributions.
- The RTGoNU should collaborate with UN agencies, international NGOs and other non-governmental organizations to address climate-induced disasters afflicting the country, especially recurrent flooding that has been causing severe displacement and destruction of property. And
- The RTGoNU should promote economic growth and create jobs for the many youth who will return home as the R-ARCSS is implemented, ending in elections in 2024.

1. Introduction

Nearly two years after independence of Southern Sudan in 2011 following decades of deadly wars, large numbers of its population were uprooted from their places of origin due to another upsurge in fighting, compounding the global forced migration crisis. According to the United Nations refugee agency, the United Nations High Commissioner for Refugees (UNHCR), at the end of 2022, 108.4 million people had been forced out of their homes due to persecution, conflict, violence, human rights abuses, and events seriously disturbing public order.[55] Out of these, 35.3 million were refugees and 62.5 million internally displaced persons (IDPs). Over 4 million of these forced migrant are South Sudanese, 2.5 million of them were internally displaced and about 2.3 million[56] had sought refuge in other countries as of 31 May 2023. With the gradual return of peace to the country, as a result of the implementation of the 2018 Revitalized Agreement on the Resolution of the Conflict in the Republic of South Sudan (R-ARCSS), displaced South Sudanese have been returning to their places of origin or choice within the country. For many South Sudanese, this is not the first time to have been displaced and subsequently return home.

[55] UNHCR (2023) Refugee Data Finder. UNHCR - Refugee Statistics
[56] UNHCR (2023) Regional Overview of South Sudanese Refugee Population https://data.unhcr.org/en/dataviz/62?sv=5&geo=0

Actually, many South Sudanese have experienced "cycles of displacement" which have depleted their resources.[57]

The R-ARCSS requires the Parties to the agreement to promote and facilitate the return of the displaced South Sudanese home. Chapter 3.1.1.5 specifically states that, "the warring Parties, shall ensure: The exercise of the right of refugees and IDPs to return to their places of origin and/or live in their places of choice in safety and dignity". From the time of signing of the R-ARCSS in September 2018 up to December 2022, slightly more than 600,000 refugees returned to the country.[58]In addition, since 2017, over 1.3 million IDPs have reportedly returned home. However, concerns have been voiced about sustainability of returns. A study has observed that the movements that are labelled as 'return' "are, in fact, pendular (back and forth), partial (household splitting across borders) and transitory, which people rely on to minimise risks, as well as to access rights and opportunities for protection."[59]

Moreover, South Sudan reportedly hosts over 300,000 refugees, over 90 percent of them originating from Sudan. The number of forced migrants arriving in South Sudan has been rising due to the ongoing fighting between the Sudanese Armed Forces (SAF) and the Rapid Support Forces (RSF). As of 16 September 2023, 273,395 individuals (63,673 HHs) have been recorded at points of entry along border of South Sudan with Sudan (in Western Bahr el Ghazal State, Northern Bahr el Ghazal State, Abyei Administrative Area, Unity/Ruweng State, Upper Nile State).[60]

For return of displaced South Sudanese to be voluntary, safe and dignified, as spelt out in the R-ARCSS and international legal instruments, the Revitalized Government of National Unity (RTGoNU), with support of partners, should put in place appropriate laws and policies and ensure that they are implemented, which also implies that relevant institutions have to be capacitated with the necessary financial and human resources to carry out their mandates. Moreover, the RTGoNU is required to settle refugees who have legally settled in the country in line with the dictates of international and regional legal instruments, especially the 1951 Refugee Convention, of which South Sudan is a party.

Therefore, this paper discusses the efforts by the RTGoNU and partner organizations to promote and facilitate the return of displaced South Sudanese to their places of origin or choice in their country voluntarily, safely and with dignity so that they can contribute to the socio-economic and political development of their country. It also examines how these efforts could be promoted and bolstered.

After the introduction, the paper tackles the notion of voluntary return in safety and with dignity. The following section discusses past mass returns of South Sudanese after end of the First Sudanese War (1955-1972) and Second Sudanese War (1983-2005) with the support of the

[57] International Refugee Rights (2015) 'South Sudanese refugees in Adjumani, Uganda: Telling a New Story? p. 12.
[58] UNHCR (2023) South Sudan: Regional Refugee Response Plan January to December 2023. file:///C:/Users/Lenovo/Downloads/South%20Sudan%202023%20RRRP_Final.pdf
[59] Research and Evidence Facility (REF) and Samuel Hall (2022) 'South Sudan's decades of displacement: Understanding Return and Questioning Reintegration,' London and Nairobi: EU Trust Fund for Africa (Horn of Africa Window) research and Evidence Facility, p. 5.
[60] IOM and UNHCR (2023) *Population Movement from Sudan to South Sudan. 16 September.* https://data.humdata.org/dataset/population-movement-from-sudan-to-south-sudan#:~:text=The%20Relief%20and%20Rehabilitation%20Commission%20%28RRC%29%2C%20UNHCR%20and,South%20Sudan%20has%20received%20thousands%20of%20new%20arrivals.

government, UN agencies and non-governmental organizations. Section three examines the efforts of the RTGoNU and its partners to support returnees, refugees and host communities. Section four dwells on the obstacles to voluntary return in safety and with dignity, and suggests ways of expediting resettlement activities. The last section presents concluding remarks as well as policy recommendations.

2. Meaning of Voluntary Return in Safety and With Dignity

As pointed out earlier, a sizable population of forced migrants on South Sudanese territory are refugees from other countries. For certain, the RTGoNU has to provide protection to them as required by international and regional legal instruments. However, the largest number of people the RTGoNU should resettle are South Sudanese returning to their places of origin or choice in the country in accordance with the dictates of the R-ARCSS as well as in line with the requirements of the relevant international and regional legal instruments. Like other refugees, South Sudanese refugees have a right to leave and also return to their country of origin. This right is explicitly recognized in the Universal Declaration of Human Rights, Article 13 (2), which states that: "Everyone has the right to leave any country, including his own, and to return to his country." However, the return should be voluntary, safe and with dignity.

Voluntariness means absence of measures to coerce refugees to return or aimed at discouraging them to return to their country of origin. It implies that refugees should have freedom of choice and be able to make informed decision to return, without being subject to any physical, psychological, or material pressure. Any involuntary return of refugees would amount to a violation of the principle of non-refoulement which is at the core of the 1951 Refugee Convention Relating to the Status of Refugees.[61]

The notion of return in safety is also crucial for protection of refugees. It means that return

> "takes place under conditions of legal safety (such as amnesties or public assurances of personal safety, integrity, non-discrimination and freedom from fear of persecution or punishment upon return), physical security (including protection from armed attacks, and mine-free routes and if not mine-free then at least demarcated settlement sites), and material security (access to land or means of livelihood)."[62]

In many cases, like those in South Sudan, people fled their homes because of violence that posed direct threat to their lives or livelihoods and would only seriously consider returning when the threat is no longer present. The implementation of the R-ARCSS, resulting in a substantial reduction in violence, has done a lot to remove the threat of violence to people and therefore opened up opportunities for refugees and IDPs to return to their places of origin or other places in the country in safety and with dignity. A recent study provides concrete evidence for recent

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[61] See Article 33 of The 1951 Convention Relating to the Status of Refugees
[62] UNHCR (1996) Handbook Voluntary Repatriation: International Protection, Geneva. https://www.unhcr.org/sites/default/files/legacy-pdf/411786694.pdf

improvements in security. It found that, generally, "respondents felt safer in 2022 compared to 2021, and more comfortable voicing opinions compared to previous years in the conflict."[63]

Another useful concept is that of return with dignity, which means that,

> "refugees are not manhandled, that they can return unconditionally and if they are doing so spontaneously they can do so at their own pace, that they are not arbitrarily separated from family members; and that they are treated with respect by the authorities and full acceptance by the national authorities, including the full restoration of their rights."[64]

These key concepts are clearly included or stipulated in a number of agreements, laws and policies, some of which are highlighted below:

(i) The Revised Agreement on the Resolution of the Conflict in South Sudan (R-ARCSS).

As stated earlier, Chapter 3, sub-chapter 3.1 of the R-ARCSS enshrines the right of refugees and the Internally Displaced Persons (IDPs) to return in safety and with dignity and to be afforded physical, legal and psychological protection by the parties to the agreement. The agreement further stipulated that the refugees and IDPs shall exercise the right to return voluntarily to their places of origin and/ or live in areas of their choice in safety and dignity.

(ii) The South Sudan Refugee Act, 2012

South Sudan has a Refugee Act, 2012 which grants refugees the right to seek employment and the right to basic health services and primary education as for nationals. The Act contains provisions of naturalization and repatriation of refugees (Art 12, 41-42). It states that the Commission for Refugee Affairs (CRA) shall promote and participate in interstate and regional initiatives for voluntary repatriation of refugees, and notes that refugees are permitted to seek South Sudanese nationality through naturalisation pursuant to the 2011 Nationality Act which allows "aliens" to apply for citizenship after 10 years of continuous residence in South Sudan, and 5 years in the case of marriage to a South Sudanese national.

(iii) 1951 Refugee Convention and the 1969 OAU Refugee Convention

South Sudan is a party to both the 1951 Refugee Convention and its 1967 Protocol. They clarify the rights of refugees and the obligations of states that are party to one or both of these instruments. Protecting refugees is primarily the responsibility of the host country. States are responsible for protecting the fundamental human rights of their citizens.

(vi) The Global Compact on Refugees and the Comprehensive Refugee Response Framework (CRRF)

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[63] Deng, D. et al (2022) 'Perceptions of Peace in South Sudan: Longitudinal Findings' Washington D.C., Detcro Research and Advisory, LLC, p. 34.
[64] Action for Rights of Children (2002) Durable Solutions: Voluntary Repatriation p. 11

The Global Compact aims to transform the way the world responds to large scale displacement by operationalizing the principle of international responsibility-sharing that underpins the protection, assistance and the pursuit of durable solutions. It has four key objectives: ease pressure on host countries; enhance refugee self-reliance; expand access to third country solutions; and support conditions in countries of origin for return in safety and with dignity. This new way of working embraces a whole of society approach to refugee response, creating opportunities for refuges to become resilient.

The Global Compact on Refugees recognizes that the most effective way of achieving durable solutions is by eliminating the root causes of forced displacement. The implementation of the CRRF rests on the pursuit of three key solutions: voluntary repatriation, resettlement and local integration.

(v) *The Guiding Principles on Internal Displacement*

The Guiding Principles address the specific needs of IDPs and identify the rights and guarantees relevant to their protection and assistance during displacement, return or resettlement and reintegration. The Principles are not legally binding, but they are based on provisions of international law which are binding, and hence have assumed moral authority since their adoption in 1998 by the UN Commission on Human Rights.

The Principles reaffirm that national authorities have the primary responsibility to ensure that the basic rights of IDPs to food, water, shelter, dignity and safety are met in addition to facilitating their access to all other rights. Governments should accept the assistance of the international community when they lack the capacity to provide assistance and protection to IDPs. IDPs have also the right to seek asylum in another country.

(vi) The 2009 Kampala Convention

The African Union Convention for the Protection and Assistance of Internally Displaced Persons in Africa or the 2009 Kampala Convention, which came into force in 2012, is legally binding for African governments that have ratified it. It requires them to protect the rights of people who are forced to flee their homes by armed conflict, violence, human rights violations and natural disasters. Enshrined in it are key principles governing durable solutions, including voluntariness, safety, dignity, and non-discrimination; national responsibility to create conditions enabling durable solutions, and to facilitate the reintegration of returned or resettled IDPs; international responsibility to support and assist durable solutions; and the need for a collective and coordinated approach to support durable solutions.

(vii) The 2006 Great Lakes Protocols on the Protection and Assistance to IDPs and on the Property Rights of Returning Persons

The Pact on Security, Stability and Development in the Great Lakes Region serves as a legal framework and an agenda of the International Conference on the Great Lakes Region (ICGLR). It aims to create the conditions for security, stability and development between the member states. It was adopted by the heads of state and government of the ICGLR member states (South Sudan being one of them) in Nairobi in December 2006 and entered into force in 2008. The Pact includes 10 Protocols, which are legally binding for all ICGLR Member States, two of which are particularly relevant to situations of internal displacement and durable solutions: the Protocol on the Protection and Assistance to Internally Displaced Persons and the Protocol on the Property Rights of Returning Persons. The 2006 Protocol on the Protection and Assistance to IDPs was the first legally-binding instrument ever developed on the protection of IDPs and it paved the way for the development of the 2009 Kampala Convention, already requiring member states to incorporate the Guiding Principles into their national legislation.

3. Lessons learned from past resettlement of refugees and IDPs

As pointed out at the beginning of this paper, South Sudan has a substantial experience of resettling returnees and refugees. Many South Sudanese still have memories of how past resettlement activities were carried out as they were involved in one way or the other. The notable mass returns of Southern Sudanese refugees occurred in the 1970s after the end of the First Sudanese War (1955-1972) with the signing of the Addis Ababa Agreement in 1972, and in the 2000s after the conclusion of the 2005 Comprehensive Peace Agreement (CPA), which ended the Second Sudanese War (1983-2005). It is also worth noting that during these periods, large numbers of refugees crossed into the then southern region of Sudan, especially following political upheavals in Uganda. The refugees were resettled in camps or self-settled among local communities. Some Southern Sudanese were involved in the refugee resettlement activities.

The First Sudanese War, which lasted for 17 years, had a devastating impact on Southern Sudan, displacing a large proportion of its estimated 6 million inhabitants. According to the then Government of Sudan, 500,000 displaced persons hid in the bush, and 180,000 people sought refuge in camps and other locations mainly in Uganda, what is now DR Congo, Ethiopia and the Central African Republic.[65]

Before the signing of the Addis Ababa Agreement on 27 February 1972, the Government of Sudan, led by Jaffar Nimeiri, embarked on planning for the resettlement of those who had been displaced during the war, especially to neighboring countries.

The Sudanese government set up a special fund for resettlement activities and established structures to implement resettlement plans. President Nimeiri also appealed for support from the United Nations, the Secretary General of which asked the UNHCR to use its good offices to support the resettlement of displaced Sudanese. Moreover, Nimeiri's government reportedly contributed to the special funds for the resettlement more than what was expected of it, and hence demonstrated its commitment to resettlement efforts.[66] So, it did not only speak about return of displaced persons but took concrete measures to make return feasible.

[65] Holborn, L.W. (1972) 'The Repatriation and Resettlement of the South Sudanese' *issue: Journal of Opinion* **2** (4): 23-26, p. 23.
[66] Ibid, p. 25.

With the special funds, the government based in Khartoum, and the regional government in Juba established in pursuance of the Addis Ababa Peace agreement, gradually put in place the structures, including road networks and other basic facilities, to ease the challenges faced by displaced persons who opted to return to places of origin or choice. These concrete and timely actions by the government, which also got support from aid organizations, generated trust in the resettlement activities.

The UNHCR, which coordinated the activities to facilitate the return of both refugees and internally displaced persons, cooperated with the government and other partner organizations and so accomplished much despite the difficult environment in the then Southern Sudan region.

Clearly, the demonstrated commitment of the Sudanese government, especially President Jaffar Nimeiri, to the resettlement activities and the concerted support of the UNHCR and other organizations were critical for the success of the return of refugees and IDPs.

Unfortunately, the Addis Ababa Agreement was abrogated by the Nimeiri government, causing a relapsed into another round of civil war in 1983. As a result, millions of Sudanese were killed or displaced during the war years. These displaced persons had to be resettle after the CPA was agreed in 2005. However, as highlighted in 2020 South Sudan Durable Solutions Strategy and Plan of Actions, the resettlement activities were dogged by significant shortfalls, including persistence of insecurity in some return areas and so safety of returnees was not guaranteed, inadequate basic services in places of return or choice, inadequate preparation on the part of stakeholders, poor coordination of activities among partner organizations, and insufficient start-up packages for returnees.

To ensure that return of refugees and IDPs is safe and dignified, the RTGoNU, UN agencies and NGOs should draw lessons from the good things done during past mass returns, and avoid shortfalls witnessed. Importantly, the leaders of South Sudan should demonstrate commitment not only by saying the right things but taking the right actions, including providing the funds required for resettlement activities. When adequate funds are availed, the RTGoNU and partner organizations will create a conducive environment for return, including availing security to all and also providing basic services so that people do not starve or fail to receive basic health care when required.

4. Ongoing Support to Refugees and IDPs

The leaders of South Sudan are concerned about the plight of the multitudes of their people in neighboring countries and in displacement sites across the country. In some cases, they have tried to engage with the displaced population. For example, during the South Sudan National Dialogue Initiative (SSNDI), which was decreed by President Salva Kiir Mayardit in 2016, efforts were exerted to solicit their views on a number of key questions, including why the country had been dogged by conflicts and what could be done to get it out of its predicaments. The SSNDI formed a subcommittee to focus on refugees and international outreach.[67] Moreover, as the implementation of the R-ARCSS gains momentum, leaders are increasingly urging the South Sudanese in camps and other locations in neighboring countries to return home. The same message is also being sent to internally displaced persons. These efforts to bring back the refugees and IDPs to their places of origin or choice will intensify as the country inches closer and closer to the time of elections, which are slated for 2024. In fact, bringing back refugees and IDPs to their places of origin or choice does not only indicate that peace has indeed returned, but also will serve to enhance the legitimacy of the elections.

The Government of South Sudan - presented by the Ministry of Humanitarian Affairs and Disaster Management (MHADM), Relief and Rehabilitation Commission (RRC), and Commission for Refugee Affairs (CRA) - has adopted some policies to direct, guide and regulate voluntary, safe and dignified return of South Sudanese to their places of origin, crucial among them the National Durable Solutions Strategy and Plan of Action for Refugees, Internally Displaced Persons and Host Communities in South Sudan. The development of this strategy and action plan was supported by IGAD and other partner organizations. For sure, the government is aware of the immense contribution that returnees can make in the post-war reconstruction and socioeconomic development of their country if assisted and supported to resettle and sustainably integrate into local communities.

Currently, UN agencies and NGOs are working with the government to support refugees and IDPs who are spontaneously opting to return home with no assistance. In line with the Durable Solutions Strategy and Action, the UNHCR launched a solutions initiative dubbed Pockets of Hope which entails providing support to returnees, refugees and local communities in seven locations around the country.[68] The seven locations are: Magwi and Torit (Eastern Equatoria State), Raja (Western Bahr el Ghazal State), Rubkona (Unity State), Yei (Central Equatoria State), Akobo (Jonglei State), Maban (Upper Nile State), and Jamjang (Ruweng Administrative Area), which are selected, in part, because they are low food insecurity and violence places. According to the UNHCR, the initiative "is to ensure that South Sudanese and the refugees they host can have a fresh start in a peaceful, climate adapted environment through area-based and development-oriented approaches that prevent further displacement and foster reintegration." It targets "high return areas and refugee areas through an investment in medium to long-term interventions to build resilience."

5. Measures to ensure safe and dignified return of refugees and IDPs

The 2020 Durable Solutions Strategy and Action Plan clearly spells out the measures that the government and partners should undertake so that return of IDPs and refugees is safe and dignified. Some of these are elaborated below:

[67] SSDNI (2017). A Guide to National Dialogue Process in South Sudan https://globalcompactrefugees.org/sites/default/files/2021-11/Guide%20on%20the%20National%20Dialogue%20Process%20in%20South%20Sudan.pdf

[68] UNHCR (2022) The Pockets of Hope Initiative: Realizing Solutions in South Sudan. https://www.unhcr.org/sites/default/files/legacy-pdf/62b17f7a4.pdf

i. *Ensure the security and safety of refugees, IDPs, returnees and host communities*

The security and safety of refugees, returnees and host communities will be assured if the R-ARCSS, especially Chapter 2: Permanent Ceasefire and Transitional Security Arrangements, is fully implemented by the peace partners. Moreover, there is a need to bring in the groups that have not joined the peace agreement, especially the National Salvation Front (NAS), so that there is comprehensive peace across the country. Ending violence across the country will ensure that return will be sustainable. It is to be noted that in some instances refugees returned to their places of origin in South Sudan only to be forced back to refuge because of upsurge of violence. In particular, Upper Nile and Jonglei states have been dogged by subnational violence which has been fuelling forced migration in the country. So, there is a need to pay more attention to all drivers of violence, including armed conflict, intercommunal fighting and cattle raiding and revenge attacks involving armed youth.

ii. *Provide basic services like water, shelters, health care, passable roads, and education*

Violence and inadequate investment has had a huge negative impact on provision of essential services to people. Moreover, the rampant flooding in the country, blamed on changing climate, has compounded the plight of people. These crises have resulted in severe food insecurity, which is “a primary barrier in return and reintegration.”[69]Consequently, millions of South Sudanese are dependent on assistance provided by humanitarian organizations. Without doubt, it is going to be difficult to persuade IDPs and refugees to return to their places of origin or choice if the problems of food insecurity and inadequate basic services are not adequately addressed. To an extent, the government is already dealing with some of these gaps but much more needs to be done. For example, the government has been investing in major roads constructing using oil but it also needs to work on feeder roads and other road networks that are essential for movement of refugees, returnees and others. Moreover, schools, healthcare facilities, boreholes and other water points need to be provided to facilitate sustainable returns.

The problem of inadequate basic services is recognized in the R-ARCSS, which requires the RTGoNU to establish a special reconstruction fund. Donors are also expected to contribute in the spirit of solidarity that the Global Compact encourages.

iii. *Enhance Peace building, reconciliation and healing*

Intercommunal conflicts are endemic in many parts of the country, especially in Jonglei and Upper Nile. These have caused thousands of deaths and the displacement of civilians, and disruption of livelihoods. Moreover, recurrent flooding in large parts of the country has strained relations among some groups of people, particularly in the Greater Equatoria region where pastoralists coming mainly from Jonglei State have had tense relations with host communities.

[69] Research and Evidence Facility (REF) and Samuel Hall (2022) ‘South Sudan’s decades of displacement: Understanding Return and Questioning Reintegration,’ p. 6.

Therefore, it is essential to enforce law and improve intercommunal relations through conflict resolution and peace building.

The government and partner organizations have undertaken some peace dialogues so as to resolve conflicts and improve intercommunal relations. In 2016, the government initiated the National Dialogue with the promise that it would end all conflicts in the country. In 2020, the government organized a peace conference to address conflict involving mainly youth from communities in Jonglei State and Pibor Administrative Area which caused violence to subside.

There is a need to continue the peacebuilding and conflict resolution activities to create and maintain conducive conditions for the return of refugees and IDPs to their places of origin or choice.

iv. *Implement self-help based livelihood activities*

Rampant conflicts have disrupted the livelihoods of many people. The government and partner organizations should support livelihood activities, such as growing crop and rearing animals for benefits of returnees, refugees and host communities. As the communities rebuild their capacity to feed themselves, reliance on humanitarian assistance will gradually diminish. In reality, most South Sudanese do not want to depend on humanitarian assistance, the supply of which dries up anytime, as it undermines their dignity.[70] Presently, millions of South Sudanese are vulnerable and rely on assistance provided by humanitarian actors. Therefore, the arrival of returnees and refugees will put more strain on the government and partner organizations.

v. *Enhance government institutional capacities*

Promoting and facilitating resettlement of refugees and IDPs demands that relevant governmental and non-governmental organizations have adequate capacity. However, the reality is that some government institutions do not have the right personnel and level of financial and material resources to effectively carry out activities expected of them. Hence, capacity building should be prioritized considering that resettlement of refugees and IDPs is often a daunting task.

vi. *Strengthen partnerships and coordination of services*

Resettlement of refugees and IDPs is a huge and challenging activity in which many organizations are engaged. Therefore, effective coordination and good flow of information is mandatory. The activities of government institutions operating at national, state and local levels as well as non-government institutions should be coordinated to minimize wastes and hence achieve expected result. The Ministry of Humanitarian Affairs and Disaster Management and Relief and Rehabilitation Commission should be fully capacitated so as to deliver on their core mandates. They should be in position to lead the humanitarian activities in the country.

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[70] Moro, L.N. (2019) ‘Dignity in Humanitarian Action: Experience of South Sudanese Forced Migrants’ in Holloway, K. *Dignity in Displacement: Case Studies from Afghanistan, Colombia, the Philippines and South Sudan,* HPG Working Paper.

6. Conclusion and Policy Recommendations

Due to its experience of decades of civil wars, South Sudan has a long history of forced migration. For decades, it has been both producer and host of forced migrants. Over 4 million South Sudanese are currently refugees, mainly in neighboring countries, or internally displaced persons within the country. With ongoing peacebuilding efforts, especially the implementation of the R-ARCSS, the country has the potential of sustainably resettling its people who are displaced as well as refugees from other countries, the majority of whom are from the war-torn Sudan. By successfully resettling refugees, South Sudan will also be demonstrating that its peace efforts are bearing fruits. For now, this is not clearly happening as the overwhelming number of refugees in neighboring countries are hesitant to return to their places of origin in the country despite calls by their leaders to do so. Even international organizations, including the UNHCR, do not think the situation of South Sudan is conducive enough to allow return in safety and with dignity.

There are numerous obstacles to voluntary, safe and dignified returns which the government and partner organizations need to address, critical among them the pervasive insecurity in the country partly blamed on lackluster implementation of the peace agreement and other peace building initiatives. In particular, a number of armed groups are not signatories to the R-ARCSS, and hence pose significant insecurity to people. Moreover, chronic humanitarian crises, including recurrent floods and food scarcity in large parts of the country, make sustainable return challenging. Furthermore, absent or derelict basic infrastructure frustrate safe movements, which are vital for people to establish secure livelihoods.

If mass voluntary returns in safety and with dignity are to be attained, the government, with support of partners, should deal with these obstacles. Foremost, the government and peace partners should create conducive conditions for safe return by fully implementing the R-ARCSS, especially chapter II and III which, among other things, tackle security, return of refugees and IDPs, humanitarian assistance and reconstruction. Connected to this, the government and partners should promote peace and rule of law at the grassroots, especially curb cattle rustling and stealing perpetuated by youth, land grabbing and other disputes, and farmer-cattle keeper violence. Also, critical is spurring economic growth so as to create jobs for the many unemployed youth who are easily lured into violent pursuits and other antisocial endeavors. Furthermore, it is important to provide basic services, in particular road networks, health amenities, education facilities.

Key Policy Recommendations

1. *Ensure security throughout the country:* This is to be done through fully implementing Chapter II (Permanent Ceasefire and Transitional Security Arrangements) of the R-ARCSS; completing negotiations with armed groups that are not party to the R-ARCSS; and ending subnational violence through peacebuilding and conflict resolution initiatives, comprehensive disarmament and adopting other activities to create a safe environment for returns and resettlement of refugees and IDPs.

2. *Continue providing relief to the needy and reconstructing war-affected areas:* This is to be achieved through fully implementing Chapter III (Humanitarian Assistance and Reconstruction) of the R-ARCSS. The government should work with partners to continue and

increase humanitarian assistance as it implements reconstruction activities throughout the country, especially in areas worst hit by violence. Crucially, the government should expeditiously establish the Special Fund for Reconstruction, which obligates the government to make available millions of US dollars for reconstruction work. Moreover, it should work with international and regional actors to hold the South Sudan Pledging Conference so as to mobilize much-needed funds to continue with reconstruction activities, especially the provision of basic services, including access roads, healthcare facilities, and schools. Without putting in the place the essential services would make sustainable resettlement of refugees and IDPs challenging.

3. *Provide access to livelihoods:* For far too long, South Sudanese have been toiling under the burden of entrenched poverty which makes sustainable returns and resettlement of refugees and IDPs in safety and with dignity untenable. The government and partner organizations should promote economic recovery and create employment opportunities for youth who are prone to recruitment into antisocial activities, including rebellion against public authorities. To an extent, this can be achieved through implementing the relevant terms of the R-ARCSS, including setting up Enterprise Development Fund, Youth Enterprise Development Fund, and Women Enterprise Development Fund; as well as combatting endemic corruption through creating and reforming vital institutions, especially with the aim of enhancing governance of the oil sector.

4. *Restore housing, land and property:* The government should urgently deal with disputes over housing, land and property. Many people will find it hard to return when they are not assured land to build their homes and cultivate or rear animals. There are already widespread cases of land grabbing, fights and other challenges linked to land ownership and use, especially in the Equatoria region of the country, such as those involving cattle keepers and crop-growing communities.

5. *Provide access to documentation:* Returnees who do not have essential documents, such as national identity papers, property title papers, and marriage certificates, should be assisted to acquire them from the competent public authorities. These documents are necessary to access services, reclaim property, and participate in national events such as elections.
6. *Enhance participation in public affairs:* Returnees should be able to participate in public affairs in line with relevant laws. This include the right to participate in community affairs, to take part in elections, and to work in all sectors of public service. Women and men should equally enjoy the right to participate in elections as voters or to be voted into public offices.

7. *Provide access to effective remedies and justice:* As required under relevant laws, returnees and refugees have a right to access courts and other justice mechanisms.

Chapter 5.

Intergovernmental Fiscal Affairs

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Executive Summary

- The current system of public financial management is inadequate;
- The financial architecture of a country is important for meeting economic goals and objectives;
- Design of a fair grants-in-aid system must be a top priority;
- The vertical dimension—states, local governments—of financial transfers is inefficient and ineffective;
- Poorer and more remote states should be granted more money for social and economic development and service provision.
- The size of the County Block Grant should be increased every budget year.

1. Introduction

The Republic of South Sudan is governed under a decentralised system with three tiers of government: (1) The National Government; (2) The States, and (3) Local Governments.[71] The Preamble to the Transitional Constitution of South Sudan, 2011 (as amended) states: "… Committed to establishing a decentralized democratic multi-party system of governance in which power shall be peacefully transferred and to upholding values of human dignity and equal rights and duties of men and women…." In Economic Objectives, Article 37 (1) stipulates that the principal objective of the economic development strategy shall be: (a) eradication of poverty; (b) attainment of MDGs (now SDGs); (c) guaranteeing equitable distribution of wealth; (d) redressing imbalances of income; and (e) achieving a decent standard of life for the people of South Sudan. (2) "All levels of government shall: develop and regulate the economy in order to achieve prosperity through policies aimed at increasing production, creating anefficient and self-reliant economy and encouraging a free market and prohibition of monopoly." Furthermore, decentralisation was chosen in the negotiations in Naivasha between the Sudan People's Liberation Movement (SPLM) and the Sudan Government then as a basis of offsetting the federal arrangements that the Sudan had displayed. It was the SPLM *modus operandi* to deny Khartoum the credit of being a federal state – as many critics saw the Sudan Government was highly centralised and concentrated power in the centre.[72] According to SPLM leaders, decentralisation devolves and shares political, economic power, and provides administrative autonomy better than quasi federal arrangements then.

Therefore, as the sub-title of this paper will alludes to, realising these constitutional mandates prompts the quest to re-examine these beautiful pronouncements within the context of multilevel public finance in South Sudan. And inparticular along: (1) Sharing of wealth between the national government and subnational governments (vertical distribution

[71] The number of States and counties have been changing from 10 States, 71 counties, to 28 States, 32 states with unknown number of counties then, and back to 10 states after the 2018 Revitalised Agreement on Conflict in South Sudan (R-ARCSS).
[72] See, Rohan Endrisianha, Lee Seymour and Ann Griffith, A Handbook of Federal Countries, pp.432-442

formula); (2) Equalisation among states (horizontal distribution formula); and (3) rewarding wealth producing states and communities (derivative formula). These corresponds with Richard Musgraves' functions of public finance: (a) the macroeconomic stabilization; (b) income redistribution; and (c) resource allocation.

In most decentralised or federated states, taxes are usually assigned by law—where each level of government has its jurisdictional powers to collect and administer certain taxes for its own revenues necessary to finance its expenditure needs (goods and services). Centralised states, on the other hand, only delegate power to the regions to collect taxes on behalf of the centre. The latter then distributes grants-in-aid to the districts as necessary.

Since independence on 9 July 2011, South Sudan depended much on oil revenues (which accounted for 98 per cent of the annual budgets) before the setting up of the South Sudan Revenue Authority Act, 2016 which came to contribute a modest proportion to the annual budget. The SSRA was established to collect and administer taxes, import and export tariffs, excise duty, fees and user charges. Whereas, the oil revenue administration remained with the Ministry of Petroleum and Nile Petroleum Corporation for upstream operations, and the Ministry of Finance and Economic Planning for control of oil revenues.

Decentralisation in South Sudan also demonstrates a striking dualism in its public finance system. There are taxes that are purely belonging to the National Government as seen in Schedule A in the TCSS; while some taxes are devolved and assigned to the states (Schedule B) and Local Government Councils are granted their own sources of finance, as detailed in Sections 70-78 of the Local Government Act, 2009. Furthermore, Schedule C, assigns concurrent or interjurisdictional powers to both national and States.

This duality, however, is a veneer to untold reality: the economy of South Sudan is undeveloped. Thus, the States and Local Government Councils have very low tax- bases to raise enough revenues to meet the developmental objectives and service delivery to large but scattered rural population. In this context, it is only the Grants-in-aid that become one of the modalities of filling the fiscal gaps. This means, the County Grants should be increased, especially in remote and isolated counties (far away from the river transport and major roads). In such counties, basic services are often non-existent, or poor and irregular.

2. Definitions and Approaches

Fiscal Federalism can be defined by breaking the two words. Fiscal comes from ***"fisc"*** which means "that belongs to the treasury" or a bag containing government mementos as in fiscal year budget presentation. And *federalism*, as a noun, is a system of multi-level government comprising or composed of national, state or provinces, and local governments. And these levels are constitutionally arranged such that neither the union government nor the state government can infringe of the rights and jurisdictional assignments of the other.

Federalism is also in the continuum of governance system. As seen in Table 1 below, there are many forms of governance, such as: monarchies, dukedoms, aristocracies, nomocracies, oligarchies, polyarchies, democracies, and so forth. These typologies of governance fall within the same continuum and, federalism, in political philosophy, is assumed to lie between centralist and confederate systems.

Table 1: The Continuum of Governance Systems in Modern State System

SYSTEM OF GOVERNANCE	UNITARY	FEDERATION	CONFEDERATION
Characteristics	Power is centralised under a monarch, duke, oligarchy, a regimeor junta; Uniformity of Laws; Centralised planning and policy execution. In Centralised Democracies, likeUK, Parliament is Supreme.	Decentralized;Devolved; De-Concentration of power; Subsidiarity; Strong and Unifying Centre;	Union of sovereign andindependent states; States retain most powers except those that united them; and A Weak Centre
Examples	UK, France, Russia, China, former Communist States in Latin America; and the Middle East Islamic monarchies	Argentina, Austria, Australia, Belgium, Bosnia-Herzegovina, Brazil, Canada, Comoros, Ethiopia, Germany, India, Malaysia, Mexico, Micronesia, Nigeria, Pakistan, South Africa, Spain, Switzerland, United States of America, Venezuela, etc.	Examples of Confederate Systems: The Swiss Confederation (1291-1779; 1815-48); German Confederation (1815-66); United Provinces of the Netherlands (1579-1795); United States of America prior to the American Civil War, Regional Association of States, etc.

State or province government is the middle level government between national government and local governments.

Local Government is the lowest level of government where most citizens of the nation live. This level of government is the base of the nation nearest to most citizens, as exhibited in the following characteristics: (1) Political representation in rural councils, city councils, or town councils and national assemblies are directly derived from the geographical constituencies; and (2) local governments altogether represent the civic life and the numbers of democratic participation (average voter). These councils may justify the important existence of local or ethnic governments since pre-modern and post-modern civilizations in Africa, India, Southeast Asia, native American confederations in America and Canada, and in Mexico.[73]

Inter-Governmental Fiscal Relations is the assignment of responsibilities for taxing and expenditure powers in multi-level government arrangements. It seeks to answer questions like: Which activities should take place at which level of government? What is the optimal division of responsibilities across different levels of government?
Why should one level do something than the others? Who provides what public goods and services and how are they financed?

3. The History of Grants-in-Aid System

Grants-in-aid is an old practice in both centralised monarchies and decentralised or federated states. In the USA, for instance, Grants-in-aid originated from unequal distribution of taxes between the federal and subnational governments. As the former traditionally seized lucrative taxes that generate more revenue than the states, the fiscal gap had to be financed through additional funds from the national government. Here, I will use the American and British historical experience of grants-in-aid to demonstrate the case.

In 1879, the United States Congress promulgated "The Federal Act to Promote the Education of the Blind." That was the harbinger to the modern federal grants-in- aid.[74] Subsequently, the Congress made another legislation, the Hatch Act of 1887, meant to provide cash to agricultural experimentation stations, and in 1888 made grants to disabled veterans in state hospitals. Land grant colleges were also funded to improve human resource capital formation in agriculture.

Soon thereafter, Congress pulled the robe tight. The power of the purse, as has been emphasised historically, has been growing and protected by the national institutions: courts, police, army and became coercive instruments of effecting policy. The federal government first introduced matching grants, where the recipient state must contribute towards the grants in proportion or equal to the grant. States that didn't comply, their grants were withheld until they complied or otherwise lose the grant altogether. Second, annual audits and inspections

[73] Kincaid, John and Rupak Chattopadhyay. 2008. Local Government in Federal Systems. New Delhi, Viva Books, pp.36-39.
[74] Robert Jay Dilger and Michael Cecire (eds). 2019. "Federal Grants to States and Local Governments: An Historical Perspective on Contemporary Issues." Washington DC, Congressional Research Service (CRS), p.16

were also introduced to ensure funds go for intended purpose, “value for money.” The Federal Government power was increasingly felt by states, and in 1923 the State of Massachusetts sued the federal government for “unconstitutional infringement of states’ rights.” The U.S Supreme Court dismissed the case stating that: “this form of congressional spending was not unconstitutional because they were optional and not coercive instruments” (ibid).

Objectives of Grants-in-aid System

Grants-in-aid system may have grown out of pure attempts to reach out at the needy individuals in the land. But later on, the federal government outweigh its own philanthropy and it became a coercive instrument of federal policy. The following illustrations may be helpful guideposts:

Financing the fiscal gap: as the national government traditional seized big tax bases that generate more revenue than the states, the fiscal gap had to be financed through additional funds from the national government;

Provision of equitable development, regional convergence and maintaining national cohesion: this objective meant that grants-in-aid was a glue to social cohesion and nationhood among the first generation of federal states (USA, Switzerland, Canada, Australia) as it is today;

Enforcing the Union Pact (Sticks and Carrots): Grants-in-aid system was also an instrument of controlling states and local governments against any whims of leaving the union;

Correcting and harmonizing federal with state laws: The American Civil War (April 12, 1861 – April 9, 1865) had ended slavery through the Thirteenth Amendment to the U.S. Constitution that abolished slavery[on 18 December 1865]. But it didn’t end the “separate but equal” racial divide in the mainstream American social fabric. Federal grants-in-aid, especially in the 1960s, was the instrument used to enabled blacks and minorities to enter and learned in the predominantly “white only schools and colleges,” and better homes for racial minorities.

Seeing from the posterior, this was actually the **“Growth of Federal Power”** from the original “union of equal and sovereign states” into an increasingly giant Leviathan infringing upon the states’ rights. As by 1960s, grants-in-aid became a peaceful instrument for solving the “Civil Rights Unrests” when African Americans fought to tear down the barriers of “separate but equal” civic rights. Grants-in-aid was partly the stick necessary to create law and order. Indeed, federal grants became coercive instruments to enforce racial equality between blacks and whites, Hispanics and White Americans, native Indians to ensure and guarantee educational opportunities for the minorities, etc., which were otherwise resisted by the mainstream American social fabric.

In Britain, which has been historically highly centralised, the initiation of devolution in the 1970s, was accompanied by the introduction of Block Grants to fund goods and services in Scotland, Northern Ireland, and Wales. The ***Barnett Formula*** for Block Grants distribution was popularised. To calculate the size of the grant, the Barnett formula adopted: (1) The population of the region (Pounds Sterling x % given x the population of the region); and (2) Needs-Based System (schools, medical centres, markets, etc); and (3) Every year, a percentage was added to last year's grant for horizontal equalisation between England and the three regions. These three approaches for horizontal equalisation with England and the three regions were considered important factors in assessing and calculating Block Grants.

4. The Theory of Intergovernmental Fiscal Relations

The American grants-in-aid model was borrowed and applied in most federal or decentralised states in the world today. Variances may exist among countries in the design and assignment of revenue-raising responsibilities and expenditure powers depending on their history, natural resource availability and redistribution modalities. But in essence, the assignment and allocation of tax powers was to reduce regionalist inequalities and frictions that may arise. But it was also necessary conduit to secure a shared rule (at the national government level) was also echoed the idea of self-rule as the foundation of society. As the federal government is traditionally in charge of defence, postal services, money, foreign trade and diplomacy, it has been justified that lucrative tax bases be allocated to the national government.

While the States and Local Governments were assign taxes that they could easily collectand administer. Following the American Grants-in-aid model, scholars (Boadway and Eyraud 2018, Shah 1994a &b) generally believe that: (1) states lacked the capacity to collect, administer, and report on major sources of taxes whose jurisdictions cover the whole country; and (2) states are limited in their jurisdictions, and can only manage the taxes assign to them to provide local public goods and services;

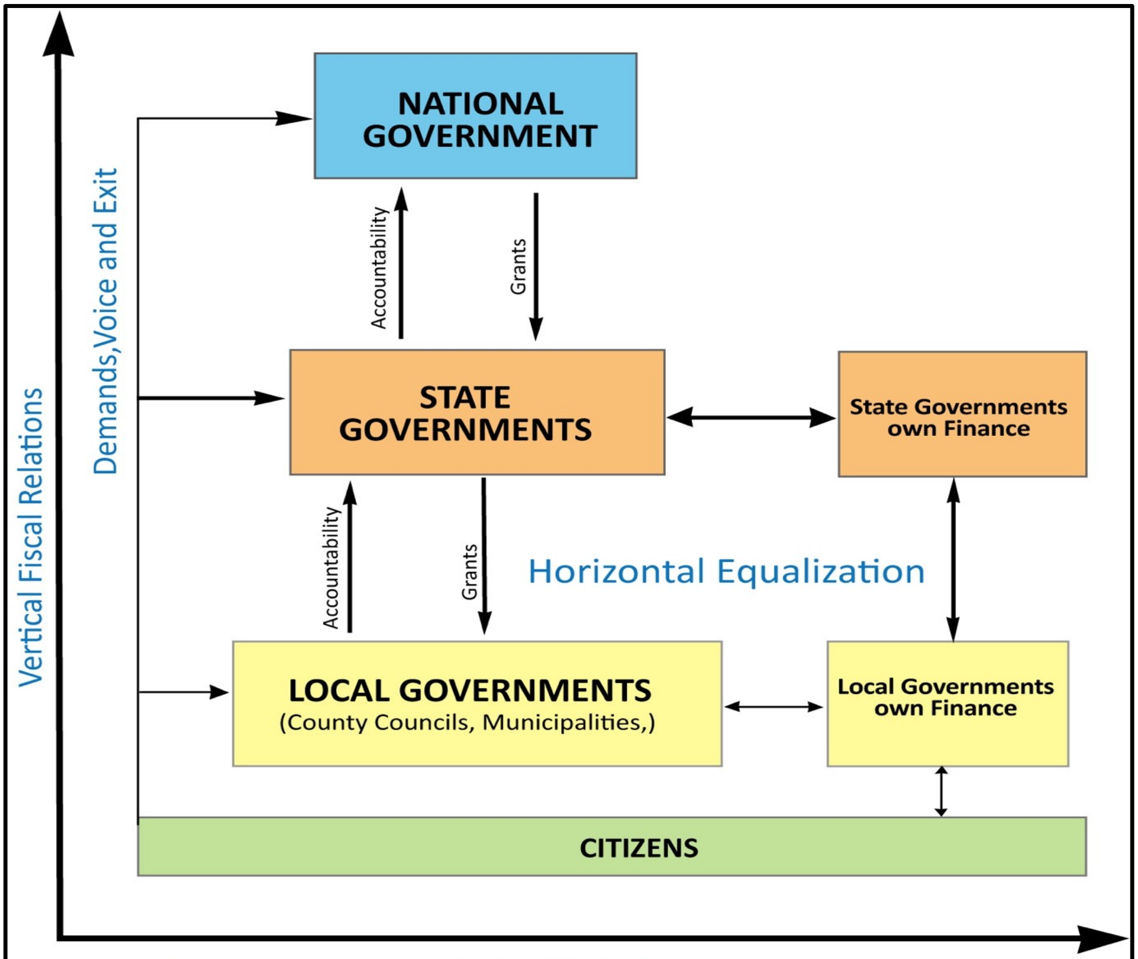

Figure 1: Intergovernmental Fiscal Relations

The ***Tiebout Model*** is based on the ideas of the American economist Charles Tiebout who argued that "local jurisdictions are well placed to efficiently collect taxes closer to them."[75] For instance, property tax, social services tax, etc. -- necessary to provide public goods and services (city lights, garbage removal service, fire protection and cleaning the streets in the municipalities). Following Tiebout, Olson and Oats expanded on the idea of "fiscal equivalence" that: "the jurisdiction of taxation for the public good/service be the same as the jurisdiction that enjoys the benefits of the public good or service." [76]

Since states have limited tax assignments and little collections, the justification for grants-in-aid was then that the national government has to meet the fiscal balance. This is because, vertical and horizontal imbalances among and between states are detrimental to national social cohesion and regional development convergence.

[75] Tiebout, C. 1956. "A Pure Theory of Local Expenditure." Journal of Political Economy, 64 (5), 416-424.
[76] See also: Olson, Mancur. 1969. The Principles of fiscal equivalence: the division of responsibilities among different levels of government. American Economic Review, 59(2): pp. 479-87; Oates, Wallace. 1972. Fiscal Federalism. New York, Harcourt Press.

Inequity in grants provision, can be detrimental to the attainment of regional development convergence, and consequently to the maintenance of national cohesion. In our recent history, the cases of Yugoslavia and Czechoslovakia are pertinent. Slovenia and Serbia, the richest and industrialised regions in Yugoslavia, could no longer afford to continue to subsidise what they considered to be the "poorer states" of Kosovo, Herzegovina, etc. For the first time, richer and stronger regions seceded from the poorer regions. In Czechoslovakia, the Slovak region which was predominantly rural and agrarian grew, after 1968 Soviet invasion, and industrialised quickly. Subsequently the end of Czechoslovakia occurred during our own times—a peaceful divorce and Slovakia was born as an independent state. Early attempts of breaking-up of Nigeria during the Biafra War was another important regional problem.

Indeed, vertical and horizontal inequalities can breed resentments and political schisms as South Sudan and Khartoum witnessed perpetual animosities and fought two civil wars before the South opted for secession in 2011.

The Design and Allocation of Powers in Decentralised Systems

Fiscal federalism allocates expenditure and tax functions to various levels of governments. This practice originated from political calculus of decentralisation policy itself. The art of designing multilevel governments generally decentralises taxes and spending powers as follows:

Decentralising Taxation: South Sudan has decentralised taxation powers to states and local governments (as seen in Schedules B) and in Local Government Act, 2009. The objective of assigning certain taxes to the lower level governments was to make them responsible for collecting their own revenues without having to overtly rely on transfers from Juba.

Decentralising Spending: South Sudan has also decentralised spending powers by assigning such powers and responsibilities to the three tiers of government (as summarised in Schedule A, B, C, and D respectively) and the local government councils are guaranteed both national grants (County Grants) and the Local Government Finance, as stipulated in Sections 73 - 79 of the Local Government Act, 2009. The main objectives of decentralising expenditure responsibilities are: (1) it allows subnational governments to administer their own expenditures; (2) develop efficiency and equity in the delivery of goods and services; (3) empower the subnational governments to make discretion and best choices of projects suitable for them. By assigning responsibilities for spending "money must follow those responsibilities" to be realised. [77]11

The management of bureaucratic atrophy and inertia: the decentralisation of taxation and spending powers assumes more funds would be raised for the assigned expenditure responsibilities. But the central authorities must exercise oversight, including designing regulations, regular inspections and audits and take corrective measures from atrophic tendencies or bureaucratic inertia of local government authorities.

[77] Watts, Ronald L., and Rupak Chattopadhyay. 2008. Emerging Issues in Fiscal Federalism. New Delhi, Viva Books, pp.4-6.

The Taxation System in South Sudan

According to Taxation Act, 2009, personal income tax, customs duties and excise,sales tax and VAT were operational. However, during the austerity measures after the oil-shut down in early 2012, the VAT (which was inherited from Sudan, was abolished and replaced with sales tax. The latter was a State tax, and calls are now underway to re-instate VAT and send sales tax back to the States at 5%. Second, various fees and user-charges are generally revealed in the Financial Act. These are often difficult to predetermined as collection and administration are the function of the South Sudan Revenue Authority (SSRA). Third, Taxation from extractive industries, mostly petroleum taxation, are enshrined in individual Economic Profit Sharing Agreements (EPSAs). In the latter, the true value accrued to the government is often difficult to ascertain because EPSAs are confidential documents agreed upon by the parties at a particular circumstance.

Types of Grants

From the collections enumerated above, comes the quest for equitable distribution of wealth within and among the three tiers of government. There are manytypes of federal grants to states and local governments. They include the following: (1) Block, unconditional, or general purpose grants; (2) Conditional or restricted grants; (3) Matching grants; (4) Discretionary Grants; and (5) Other Grants.

Block, Unconditional or General Purpose Grants: Block grants are general purpose federal support to state and local governments. It is a budget support to the recipient states which can integrate these grants into state budgetary appropriation. The scholars at the Urban Institute define Block Grants as follows:
Block Grants are fixed-sum federal grants to state and local government that give them broad flexibility to design and implement designated programs. Federal oversight and requirements are light, and funds are allocated among recipientgovernments by formula.[78]12

***Conditional or Earmarked Grants**:* these grants are restricted to a particular projectsuch as medic-aid, education, or community development projects.

Matching Grants: these are also restricted grants because the recipient state mustcontribute towards the grant in pro rata or according to a particular ratio. For instance, if the State of Eastern Equatoria wants to build a power plant on Kinati River, but it is short of cash, it can apply for a matching grant which the nationalgovernment could contribute, say two thirds, and Eastern Equatoria contributes
one third of the total cost.
Discretionary Grants**:** most funding for scientific research, or the study of particular medical research, geological and seismic research may fall under thiscategory.

[78] Finegold, Kenneth; Laura Wherry, and Stephanie Schardin. "Block Grants: Historical Overview and Lessons Learned". New Federalism: Issues and Options for States. Washington DC, The Urban Institute.

Other Grants: these are assortment of grants. For instance, "Output-based Conditional Grant" based on proposed project proposal with expenditure details may fall under these grants.

Vertical Fiscal Relations

It has been alleged that a "vertical fiscal gap" arises because subnational governments are assigned and collect less tax revenues than they need to spend on providing goods and services. Were subnational governments to raise enough of their "Own" tax assignments, there would be "fiscal balance and no vertical gap." A vertical fiscal imbalance raises a fundamental issue: inadequate provision of public goods and services at the subnational level.[79] Issues of inadequacy originate from design problems.

Grant objectives should guide grant design, guaranteeing autonomy and flexibility in setting priorities by subnational governments; ensure revenue adequacy to enable subnational governments discharge their responsibilities; and the grant design ought to be predictable. Indeed, if the design is poor, a redesign of responsibilities, tax- base sharing, or tax abatement as corrective measures ought to be undertaken (Shah, 2007, pp.16-17).

The Transitional Constitution of South Sudan, 2011 (as amended), powers have been assigned to each level of government in the Schedules. Schedule A are a set of powers assigned to the jurisdiction of National Government. Schedule B lists a set of powers reserved for the States. Schedule C are amorphously shared or concurrent powers and Schedule D are reserved powers to the States except where the subject matter pertains to an issue that cannot be exercised by one level.

The Local Government Act, 2009 gives the County and Municipal Councils wide area of legislation on taxes, fees and rates (Own Resources). Section 74 addresses the local sources of revenue as follows:

Taxes**:** council property tax, social service tax, council land tax, animal tax, *gibana* tax, council sales tax, capital gains tax, *ushur* (produce tax), and any other taxes the authorities may choose to levy within their jurisdiction;

Local Rates**:** user service charges, license fees, administrative fines, royalties; permits, customary court fees and fines, contract fees, auction fees, and other fees.

Section 75 Community Contributions: the county council may mobilise resources through labour contribution; monetary contributions, and in-kind;

Section 76 Grants-in-aid: donations from the national government and donor agencies help the County Councils to raise additional funds for its expenditure.
Section 77 Government Grants: County Grants-in-aid comes directly from the national government, and includes the conditional grants, block grants, equalisation grants and state support grants.

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[79] Robin Boadway and Luc Eyraud. "Designing Sound Fiscal Relations Across Government Levels in Decentralized Countries." Washington DC, IMF Working Paperc, WP/18/271. pp. 5-6.

Section 78 Donor Grants are the same with Section 76 where direct financial assistance from donors in cash or in-kind assistance (building county hospital or clinics, primary schools, etc); and Section 79 permits the county councils to take loans, based on their credit worthiness, for development or investment projects.

The concept of ***"wealth sharing,"*** as was used in the CPA, was where two parts of the country were unequal in historical and present development. The metropole was relatively more developed than the peripheral districts. The Wealth Sharing Committee stood firm to share wealth with Khartoum at least during the interim period (2005-2011).[80] The legacy of the CPA continued in the TCSS.

Vertical Equalisation

The graphical elaboration in Figure 1, shows a chain of command where responsibilities and finance flows downwards, and accountability flows upwards. Where there are fiscal gaps or imbalances, the general purpose grants are transferred by the national government to the recipient state. Vertical fiscal gap arises where: (a) inappropriate design of responsibilities or centralisation of taxing powers; and (b) lack of tax-bases to raise sufficient revenues.

Some scholars believe that the assignment of revenue-raising powers would resolve the income disparity between levels of government. Junghun Kim et al established:
"These income disparities are directly reflected in differences in revenue- raising power. To the extent that subnational governments are given more independent revenue raising powers, these disparities will widen because the more urbanised local governments have the greatest taxable capacities and the strongest administrative infrastructures." [81]

The authors, however, did not notice the inequality in tax base between jurisdictions. In develop countries, local councils raise sufficient revenue of their own, especially on property tax. But in developing countries, assigning many responsibilities for taxing and expenditure powers as in Local Government Act, 2009, do not necessarily guarantee that sufficient revenue would be collected. This is because County Councils, in particular, will be unable to collect those taxes and provide for public goods and services because the tax bases aren't there. For instance, property tax are difficult to collect when the rural towns are predominantly thatched tukuls. Do you tax tukuls?

Local government councils may also be tempted to tax the agriculture produce or imported goods. Here, they will fall into the Laffer Curve trap – the goods and services in the market will skyrocket to such an extent that the economy is overburdened by trap.

The Laffer Curve Trap and Tax Collection

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[80] CPA. 2005. "The Comprehensive Peace Agreement between The Government of the Republic of the Sudan and the Sudan People's Liberation Movement/Sudan People's Liberation Army." Nairobi, Kenya.

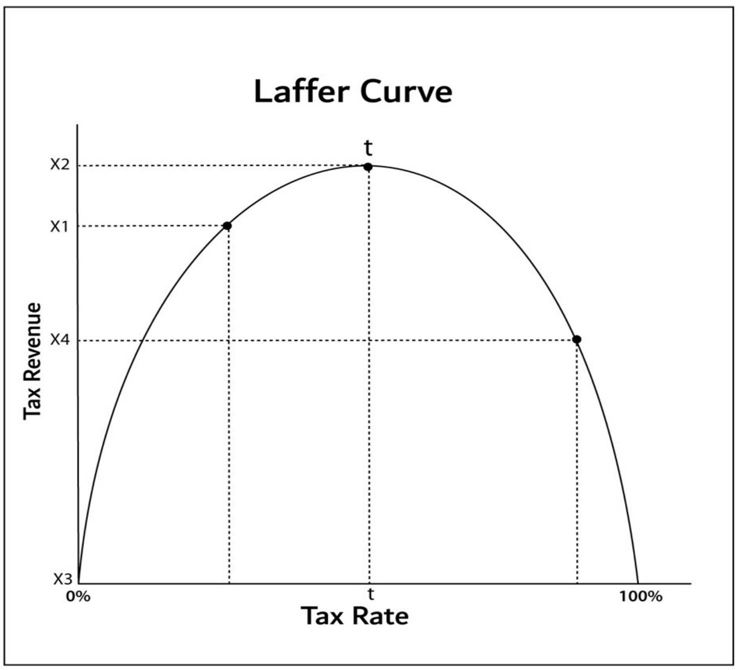
[81] Junghun Kim, Jorgen Lotz and Niels Jorgen Mau (eds.). 2010. "General Grants versus Earmarked Grants: Theory and Practice." Seoul, Korean Institute of Public Finance, p.130

With formula:

t = B(r)
where *t* = the expected tax collection
B = the tax base
r = the tax rate

The more government increases *r*, when *B* is minimal, the tax collected with be minimal. Apart from tax evasion problems, the authorities increasing *r*, may drive the Laffer Curve to its maximum. The Laffer Curve looks like a downward bell-shape.

Figure 2: Laffer Curve



At 0% tax rate, no revenue is collected. And similarly, a tax rate of 100% would generate no revenue because no one would work for nothing. But a maximum tax revenue wouldbe realised at the perpendicular point, t. But beyond that point, the *r* becomes negatively correlated with tax revenue. The reverse may be true. When the *B* is larger, even if *r* is minimal, more tax will be collected.

In 1974, Arthur Laffer, one of economic advisors in President Gerald Ford's administration, got interrupted by journalists as he was at lunch in one of the Washington DC restaurants. He was asked as to why he was opposed to tax increases. Hepicked up a napkin and drew the figure above and explained as stated above. And he argued: "A tax cut increases income for taxpayers, they will spend it. The increase in demand creates more business activity, spurring growth and increase in productivityand employment." [82] Journalists picked this up and called it the "Laffer Curve." The idea influenced President Ronald Reagan administration's massive tax cuts, decrease social spending, market deregulations, trickled down supply side economics or Reaganomics altogether. [83]

Transfers to States and Local Governments

South Sudan transfers to States and Local Governments include:

- Block transfers to States;
- County Block transfers
- County Development Grants
- STAG Transfers; and
- Conditional transfers

Problems with Vertical Fiscal Relations

There are many problems with vertical relations of sharing wealth in South Sudan:

- Wealth sharing is not well distributed, mostly skewed towards the National Government. The latter contributes less than 20% to the states and counties;
- The States' own revenue mobilisation is unknown or not reported in regularbudgetary process;
- State Legislative Assemblies lack capacity to exercise oversight over theexecutive;
- State Governors often operate non-transparent financial system with unreported taxation on natural resources wealth in their jurisdiction; and
- The Conditional and Unconditional transfers to the states, which were meant to fill the fiscal gap, are very difficult to monitor and assess accurately the "unmet needs" of individual states. For this purpose, the States may be required to make their annual budgets before the national budget is approvedby the National Legislature.

The Ministry of Finance distributes transfers to states using 60% based on the population of the state, while the remainder 40% is based on equalisation. This 3:2 ratiofor calculating transfers is simplified for accounting convenience, yet it suffers from inherent difficulties of measuring inequality between and among states. Other factors contributing to inequality ought to be redefined to produce an accurate assessment where unmet fiscal gap can be filled.

Problems of Horizontal Equalisation

Problems witnessed in Vertical Relations are also inherent in the HorizontalEqualization:

- States are unequal in their natural endowments and efforts to mobilise ownrevenue are likely to differ. Remote poor states suffer from low tax bases;
- Distances from major cities where commercial activities are taking place is aserious

[82] Adam Hayes. "Laffer Curve: History and Critique." Investopedia, Feb 16, 2023. Htt//www.investopedia.com.

[83] Will Kentom and Michael J. Boyle, January 10, 2023. "Reaganomics: Definition, Policies and Impact." Investopedia.

handicap;

- Topographical difficulties – swamps and mountains – restrict development in some counties and states;
- Prevalent rural illiteracy (≥ 90%) with customary cultural resistance to change;
- Pastoralism vs sedentary agriculturalists creates communal conflicts that become real barriers to development; and
- Non-existent or poor road connectivity isolates communities and hindering development.

5. Rewarding Wealth Producing States

Taxation of natural resources generate a significant pool of revenues to gross government revenues. [84] Most developing economies assume and control natural resource revenues than the industrialised economies, which do not regard natural resources rents as pivotal to their economies. According to Morgandi, it is traditional practice that wealth producing states (mostly oil and gas) are rewarded or compensated for the exploitation and depletion of natural resources of the land belonging to its inhabitants, especially if these have been occupying the land before the establishment of the contemporary state; replacing the existing revenues with sources for economic development for the future generation; redressing environmental damages caused by the extraction industry; pre-empting autonomous taxation efforts by local authorities; and preserving harmonious political relations between the central government and the states (Morgandi, p.7). In his study, Morgandi found that the percentage of average income to total government revenues ranges between less than 10% to 80%. More than 70% for Nigeria, and Bolivia and Mexico almost 40% of total government revenues come from oil and gas. But Bolivia, Brazil and Ghana each contribute higher than 30% to their GDP from oil revenues. South Sudan, though not included in Morgandi's study, would be an outlier because between 2011-2016, its total government revenue accounted for more than 98% before a revenue institution was established to collect and administer taxation, charges, and fees which now contribute a modest government revenue. Currently, South Sudan's overreliance of oil revenues have declined due to this modest economic outturn generated from non-oil revenues.

Right from Wealth Sharing Agreement in the CPA in 2005, South Sudan negotiated and obtain rewards to oil producing states and oil producing communities granting them 2% and 3% respectively. This derivative formula was revenue sharing mechanism agreed in Naivasha without the basis of reaching those percentages, and has been allowed to continue as such without review whether those percentages meet the requisites of environmental cleaning; community development; and state developmental programmes.

However, the Petroleum Revenue Management Act, 2013, came to redistribute the 3% of the communities' share -- granting 55% to the immediate county councils where oil extraction is taking place. And in order to avoid massive migration to oil producing counties,

[84] Morgandi, Matteo, 2008. Extractive Industries Revenues Distribution at the Subnational Level: The Experience in Seven Resource-rich Countries. New York, Revenue Watch Institute; pp.7-9.

it was agreed that 45% of this 3% should go to the neighbouring non-oil producing counties. To manage these funds, the County Councils concerned have to established Community Development Committees (CDCs), comprised of farmers' union representative, women association representative, youth association, faith-based, trade union chambers, traditional authority, civil society organisation, anda co-opted resource person. The CDCs are expected to recruit qualified persons to its executive, people with proven experience, that can draw policies and guidelines on commthe unity development and investment projects. Nigeria, Bolivia, Indonesia and Mexico adopt similar systems of revenue redistribution, and Brazil and Ghana include both private and customary land owners to permanent shares of revenue, instead of one-off compensation (Morgandi, p.9).

South Sudan uses various mechanisms to reward the resource producing states and counties for the same reasons articulated by Morgandi, except that South Sudan applied it only to oil and gas with exceptions of gold, diamonds, nickel, copper, cement which should attract the same formulas for natural resource taxation. Indeed, as derivation formulas becomes attractive, then non-natural resources tax based sources other revenue generations should also adopt methodology of wealth sharing redistributive formulas. Border points states, generating millions of revenues, should be included in the natural resources sharing ratios because they generate millions of money to the national treasury without "thank you" consideration.

The Behaviour of Subnational Governments and the Promise of 2% and 3%

Why was this derivative formula created? What was it meant to remedy? If the purpose was to develop the communities, more than 10 years of disbursing these funds, there is little development taking place in the oil producing communities. If the purpose was to use some of this money for environmental and water pollution in the oil producing areas, the right answer would be negative! And if seeing is worth believing, then the filth and stench of pollution in the oil producing states and communities can only be compared with the worse morbidities and poverty observed among the natives. The magnitude of damage to water, land, grasses and fauna is beyond environmental assessment, costing and audits. Let alone the animals, human beings (women produce deformed children), and lost fishing (fish swim in oily water and smelly petroleum). [85] There are no new schools, new community centres, new clinics and hospitals, no paved highways, no modern hotels, no modern government buildings.

I am dismayed by the behaviour of the subnational governments. John Garang's philosophy of taking towns to the people, I believe, may not be attainable sooner. Anwar Shah criticises the behaviour of subnational governments in the following terms:

> "If subnational governments are not responsible for raising at least some level of their own revenues, they may have too little incentive to provide local public services in a cost effective way. Similarly, "if subnational governments are assigned more revenues than

[85] Mayo, D. N. N. (ed). 2020. "The Oilfields of South Sudan" A Report of the Standing Specialized Committee of Finance and Economic Planning. Juba, South Sudan.

their spending requires, they may have an incentive to reduce taxes or increase public sector wages.” [86]

Hence, corrective measures from federal authorities ought to prevail to induce local governments to follow priorities and realise fiscal efficiency. Deposit and withdrawals from the banks of people’s money must be transparent, quarterly reports of accountability and regular audits of 2% and 3% such that no king runs away withpeople’s money
.

Moreover, the “assignment problem” can be mitigated when spending responsibilities precedes the assignment of responsibility for taxing, or it may be desirable to decentralise taxation and spending powers at the same time (Shah 1994, p.17). The states receiving 2% and communities receiving 3% must demonstrate that the expected money from oil and gas must be regularly budgeted and audited.

Why Bother with Efficiency and Transparency in Extractive Industries?

Policymakers are generally concerned about efficiency and transparency issues because scarce resources ought to be properly utilised to realise the objectives and expected results of such transfers. This is even more wanting in an economy that relies heavily on revenues from extractive resources. South Sudan which receives more than 90% from oil revenues has every reason to invest in goods and services that are sustainable. Taxes from extractive industries also demonstrates the following characteristics: (i) the rise in revenues at one time can be off-set by high price volatilities at the near future; (ii) information asymmetries between the investors and recipient governments exist such that the technical aspects of the EPSAs – despite calls by EITI -- have been difficult to ascertain; (iii) environmental risks are real and difficult to capture in environmental audits. [87] 21 Therefore, the policy maker would be much worried if the transfers do not the objectives and their expectations.

6. Conclusions

Design of grants architecture has been shown to be a necessary recourse for meeting economic objectives of decentralisation in South Sudan, as elucidated in the literature. In concluding this paper, we have seen problems inherent in South Sudan transfer system and policy making efforts for public finance management reforms will be exerted in the following areas:

[86] Shah, Anwar. 1994. “The Reform of Intergovernmental Fiscal Relations in Developing and Emerging Market Economies.” Washington DC, The World Bank, p. 17.

[87] See details: Carlo Cottarelli (ed). 2012. Fiscal Regimes for Extractive Industries: Design and Implementation; pp. 10-11; Jack Calder. 2014. Administering Fiscal Regimes for Extractive Industries. Washington DC, IMF.; Daniel, Philip; Michael Keen and Charles McPherson (eds). The Taxation of Petroleum and Minerals: Principles, Problems and Practice. New York, Routledge.

1. Design of a fair grants-in-aid system from what is practice now in the country.
2. Policy recommendations on vertical relations by increasing efficiency, transparency and accountability undertaken by the national government to ensure money goes for intended purposes.
3. Policy recommendation on horizontal relations: poorer and remote states should be granted more money for social and economic development and service provision.
4. Policy recommendations on Local Government Finance: this is a function of combining own revenue with a bigger chunk from national government funding of social development and other economic sectors. Thus, the size of the County Block Grant should be increased every budget year.

Chapter 6.

Export Diversification

Action-Oriented Policies for Export Diversification

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Acronyms & Abbreviations

AfCFTA	African Continental Free Trade Area
AFREXIM Bank	African Export-Import Bank
ASCM	Agreement on Subsidies and Countervailing Measures
ASSM	Association of South Sudan Manufacturers
BEC	Broad Economic Categories
BOSS	Bank of South Sudan
CAMP	Comprehensive Agriculture Master Plan
CET	Common External Tariff
CET	Common External Tariff
COMESA	Common Market for Eastern and Southern Africa
COMESA	Common Market for East and Southern Africa
DTIS	Diagnostic Trade Integration Study
EAC	East African Community
FCV	Fragile, Conflict-affected and vulnerable countries
FTZs	Free Trade Zones
GATT	General Agreement on Tariffs and Trade
GATT	General Agreement on Tariffs and Trade
GDP	Gross Domestic Product
GDS	Gross Domestic Savings
ICT	Information and Communications Technology
ICT	Information and Communications technology
IDMP	Irrigation Development Master Plan
IPC	Integrated Food Security Phase Classification
IT	Information Technology
MAF	Ministry of Agriculture and Food Security
MEF	Ministry of Environment and Forestry
MFIs	Multilateral Financial Institutions
MLF	Ministry of Livestock and Fisheries
MWRI	Ministry of Water Resources and Irrigation
NDS	National Development Strategy
NGO	Non-Governmental Organization
NTMs	Non-tariff Measures
PDC	Penang Development Corporation
PPP	Public Private Partnerships
PSD	Private Sector Development ()
ROO	Rules of Origin
RUFI	Rural Finance Initiative
SME	Small and Medium Enterprise
SSBF	South Sudan Business Forum
TFA	Trade Facilitation Agreement
TRIMS	Agreement on Trade-Related Investment Measures
TRIPS	Agreement on Trade-Related Aspects of Intellectual Property Rights
WTO	World Trade Organization

Executive Summary

- Human capital is significant for export diversification, especially the export of services. Secondary school education is associated with increased knowledge and skills for entrepreneurship, research, and development. Quality education equips the workforce with relevant labour market skills. More investment in Science, Technology, Engineering and Mathematics (STEM) education at the secondary and tertiary levels must be geared at improving innovation, entrepreneurial activities, research and development and better management skills.

- Diversification strategies and policies must be built around broader industrial policies promoting horizontal and vertical diversification based on diversification paths taken by other countries. A more feasible product diversification route would be to focus on vertical diversification by making quality upgrades within existing products.

- Policymakers must formulate better infrastructural policies and financing mechanisms, including Public Private Partnerships (PPP), to lower business costs, encourage domestic investors, and attract foreign investment.

- Private enterprises drive export diversification. There is an urgent need to develop and support a new group of entrepreneurs dedicated to agriculture development along the food system from production, storage, processing, transportation, and marketing of food products by encouraging the functioning and growth of adequately functioning markets and creating incentives for private-sector activities.

- The simplification, modernization and harmonization of export and import processes are essential for cross-border trade. Through regional and bilateral agreements, South Sudan should negotiate measures for practical cooperation between customs and other appropriate authorities on trade facilitation and customs compliance issues and implement provisions for expediting the movement, release and clearance of goods. Overall, South Sudan must harness scientific and technological advances, invest in infrastructure, foster higher technical training, and create regional markets to catch up with its peers.

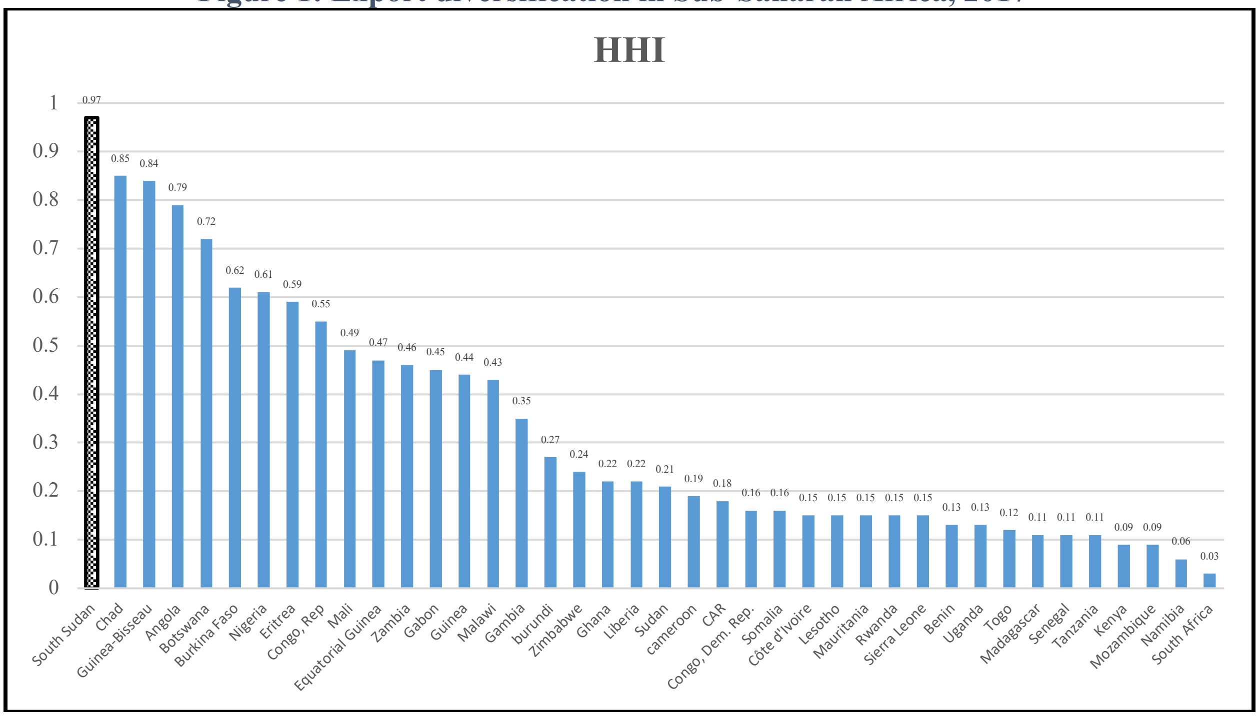
- Institutions are an essential determinant of growth. The rule of law is only as good as the capacity of the Government to enforce it. Therefore, policies and investments must focus more explicitly on expanding public goods, improving the quality of institutions, and developing the financial sector and Export Promotion Agencies (EPA) to overcome foreign trade barriers and asymmetric information problems associated with exporting goods.

1. Background and Context.

In 2021, South Sudan was the number 167 economy in the world regarding total exports and 181 in total imports. The top exports of South Sudan are Crude Petroleum ($455M), Refined Petroleum ($84.9M), Forage Crops ($9.75M), Onions ($2.1M), and Sheep and Goat Meat ($1.99M), exporting mainly to China ($299M), Italy ($88.7M), Singapore ($85.7M), Japan ($66.6M), and United Arab Emirates ($20M). The top imports of South Sudan are Delivery Trucks ($61M), Cars ($50.2M), Other Edible Preparations ($39.3M), Sorghum ($26.3M), and Packaged Medicaments ($21.6M), importing mainly from United Arab Emirates($337M), Kenya ($155M), China ($140M), United States ($57.6M), and India ($28M). At the same time, only a few countries have developed based on exports of primary products alone.

Export diversification is usually measured by the Hirschman-Herfindahl Index (HHI) which shows the degree of concentration of a country's exports. As the HHI approaches 1.0, it indicates that a very large share of a country's exports are concentrated on just a few products. As the HHI approaches zero, it tells is that a country's exports are spread widely across a large number of products. We see in Figure 1 that South Sudan is at the opposite extreme (HHI=0.97) from South Africa (HHI=0.03).

Figure 1: Export diversification in Sub-Saharan Africa, 2017



Source: IMF 2018

South Sudan needs support to attract and build the capacities necessary to implement its Strategic Policy Framework and introduce a modern trade policy regime, starting with an actual tariff structure. Little thought is given to identifying and protecting sensitive products or easing certain imports' flow to shield local production and add value locally.

The absence of a modern trade regime is just one more symptom of the precarious capability of state institutions. Much of the bureaucracy needs to be included. In that context, calls to establish a tariff structure must compete for policymakers' attention with other urgent concerns, many of which could be considered more directly relevant.

Low levels of accessibility, dilapidated infrastructure, and high transport costs characterise the country's transport system. Less than 5 per cent of the existing 7,171 km of primary roads are in good condition. Except for the Juba-Nimule Road and the under-construction Juba-Bor Road, the entire network is gravel, neglected, and largely inaccessible during the rainy season.

As enormous institutional gaps remain, its nascent state structures and embryonic private sectors need to prepare to serve as launching pads for a growth agenda. There needs to be a tariff structure to serve as a starting point for such talks, highlighting the scale of the preliminary challenges the country must face.

South Sudan's macroeconomic policies must meet the criteria for regional integration. Targeted domestic reforms and capacity building should alleviate its low institutional capacity to be an influential regional and continental member to benefit from the economies of scale offered by the regions and continents' markets.[1] Nevertheless, most actions and reforms must occur at the country level.

The food systems are the primary source of livelihood for around 88 per cent of rural households and about half of urban households. It accounts for 36 per cent of the non-oil GDP, therefore offering the best opportunities for value addition and export diversification related to the emergence of medium-sized professional farmers, as seen in other SSA countries when given a job-creation opportunity.

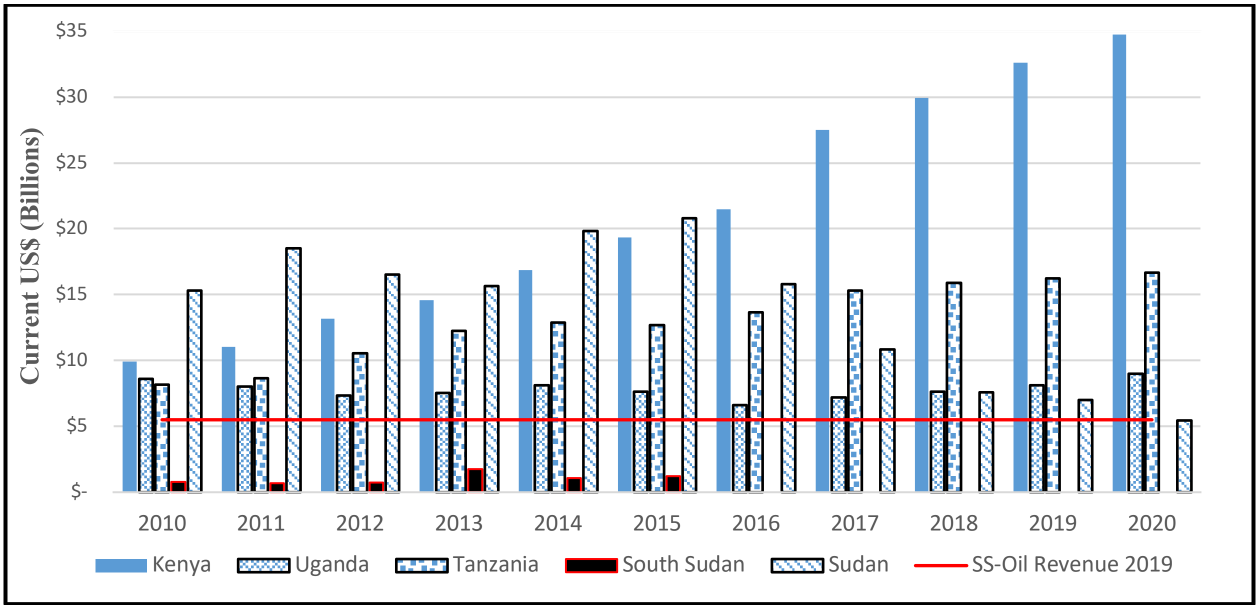
The agriculture sector employed about 50 per cent of the population in 2018. The agri-food systems can have a tremendous job-multiplier effect beyond primary production. However, the sector productivity is currently among the lowest in the world (with an agricultural land productivity of USD 67 per hectare in South Sudan compared to USD 103 in other Fragile, Conflict-affected and vulnerable (FCV) countries in the Sub-Saharan African (SSA) region.

South Sudan vs. comparison countries

Comparing South Sudan's agriculture, forestry, and fishing, value added (current US$) with EAC partners shows South Sudan's exports are tiny (Figure 2) (Bromley 2021) and mostly made up of informal cross-border trading or absent. Because of food insecurity and the limited manufacturing sector, the country must import most items, including foodstuffs, motor vehicles and machinery, and manufactured goods.

South Sudan must realise faster growth in gross domestic product (GDP), which is critical to expanding the overall size of its economy. There are two primary sources of economic growth: the growth in the size of the workforce and the productivity growth (output per hour worked) of that workforce. Either would increase the overall size of the economy, but only strong productivity growth can increase per capita GDP and income.

Figure 2: Agriculture, forestry, and fishing, value added (current US$)



Source: Bromley (2021) DPF: The economic cost of conflict: Evidence from South Sudan
Data: World Bank World Development Indicators, and OECD National Accounts data files. Updated: 10/28/2021

The need to expand and diversify the non-oil revenue base can hardly be emphasised, mainly since there is enormous potential from other sources, such as agriculture and animal resources, mining, industry, trade, and tourism. Relying on oil revenues (about 95% of public expenditure) alone to generate growth is unlikely to be a broad-based growth strategy as extractive industries tend to be highly capital-intensive and only create a few jobs. Structural transformation that supports unlocking agricultural growth and development hinges on the following:

- Increasing productivity and incomes of South Sudan's producers by improving production technology, providing support services, and improving the policy and institutional environment.
- Fostering market-oriented production by addressing the problems of missing markets, diversifying crop enterprises to include higher-value cash crops, and linking farmers to national, regional and international markets.
- Creating an enabling environment for the private sector to invest more in agro-processing and value addition
- Establishing a viable rural financial service to support agricultural production and productivity enhancement and processing

2. Foundations of Export Diversification

The agri-food sector is the most important source of livelihood in South Sudan. Policy actions and investments in the agri-food sector should address critical export diversification and competitiveness challenges to direct the economy towards producing, adding value and exporting sophisticated products to contribute to growth and socio-economic development as explained in Box 1.

Box 1: From value addition to growth

From value addition to growth
Value addition promotes the growth of backward and forward linkages and, in the process, creates much-needed productive jobs for women and youth and increases the purchasing power of citizens. Improved purchasing power boosts demand for locally made products, raising the local market share of manufactured products and the demand for agricultural products. This added demand creates new markets and, ultimately, demand for farm inputs such as fertilisers and better machinery that in turn leads to the expansion of the agricultural sector. Moreover, value addition provides additional foreign exchange earnings by exporting agro-processed products. These can be achieved by implementing policies encouraging local industries' competitiveness and growth. These policies support and promote agribusinesses to supply inputs and link the sector to consumers through the processing, transportation, marketing, and distribution of food and other agricultural products.

This is where the critical role of the government in building competitiveness is essential and is discussed below.

The Role of Government

Although productivity has become an important issue, some aspects must be better understood. First, in thinking about productivity, one must think as much about the value of the products as the efficiency with which the products are produced. Even though productivity indexes are indexes of unit volume productivity, that is not directly what matters. What matters is the value created with a day of work, SSP, or dollar of capital invested, and increasingly, one needs to think about value productivity (Evans and Siegel 1942). Secondly, ownership of the company and where the company is owned is less critical to prosperity. What matters to the prosperity of South Sudan is what companies choose to do in South Sudan, not whether those companies are Ugandan, Kenyan or Ethiopian-owned.

What companies choose to do in South Sudan will eventually drive productivity. Suppose they do very productive things and use advanced technology to produce much value per unit of work. In that case, South Sudan will diversify its economy and become prosperous as the wages will be high. So, increasing ownership of the company matters much less than the environment that the government provides that allows the company to operate sustainably and productively. As long as policymakers see South Sudan as a low-cost rather than a high-value production site, the trend will not be broken.

Government policies can significantly facilitate export diversification and technological development by promoting in-firm learning and skill development, improving the supply of information and skills from markets and institutions, and coordinating collective learning within and across industries. The rationale for industrial policy includes the following:

- Building backward linkages to address the footloose nature of efficiency-seeking investments, especially those operating in the lower value parts of the value chains (clothing industry), which can relocate rapidly.
- Reverse the current situation in which South Sudan is caught in the resource trap where FDIs primarily aim to extract natural resources with limited incentives to invest in supplementary activities.

- Introduce active policies for South Sudan to acquire sufficient absorptive capacity to effectively benefit from technology upgrading and integration in regional production networks.

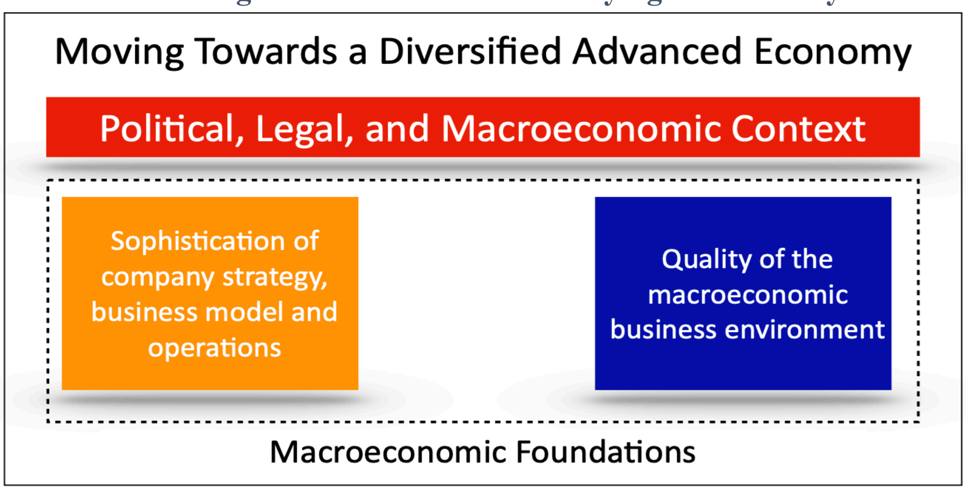
Decisive government intervention can be an engine of technological development if it takes place as part of an export-oriented strategy and is reinforced by policies that boost learning and help one acquire new skills and access information.

Competitiveness and Economic Complexity

Export diversification is often associated with manufacturing. However, exporting manufactures is challenging given the competition within the EAC region and Asia (UNCTAD 2008). The path towards diversification and economic development hinges upon acquiring and utilising productive knowledge, particularly in more sophisticated industries and products. South Sudan must identify and diversify into products that require particular know-how. The emphasis is proactively addressing current technology gaps by strengthening South Sudan's domestic capacities to absorb, assimilate and deploy local and imported technologies (Olawuyi 2017).

Porter distinguishes between two factors that determine competitiveness: the social, political, and macroeconomic, on the one hand, and the legal context and microeconomic foundations (Michael Porter 2004).

Figure 3: Policies for diversifying the economy



Source: Adopted from (Michael Porter 2004)

Diversifying production and exports depend on a firm's ability to produce, manufacture and grow within the local market. To venture abroad, firms must compete. Export performance requires that they are competitive and supported by the business environment with reduced (regulatory) costs for exporters.

Before South Sudanese firms can expand into new markets, many must first learn to produce for the domestic market. To gradually improve their Economic Complexity and orient part of their production across the borders towards regional and international markets. A diverse structure of exports creates more opportunities to enter regional markets and reduces vulnerability shocks. For South Sudan, that ability must begin by transforming agriculture and the core of the food system. Economic development requires accumulating productive knowledge and its use in more complex industries.

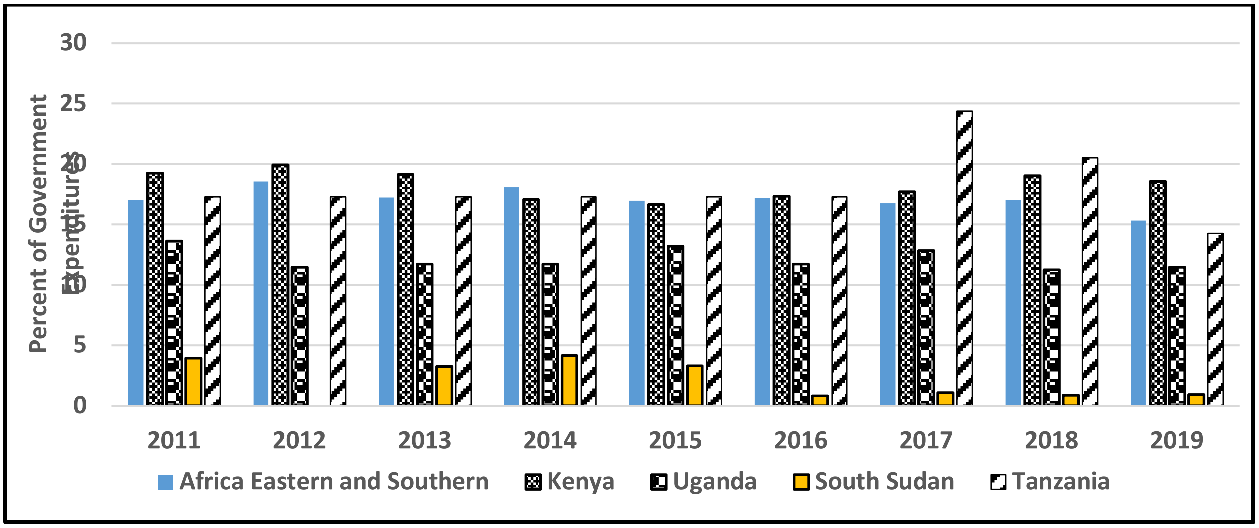
Determinants of Export Diversification

There is a severe human and institutional capacity gap stalling development in agriculture development in South Sudan. Empirical studies by Elhiraika and Mbate (2014) found human capital, infrastructure, per capita income, public investment, and institutional framework to be significant long-run determinants of export diversification (Elhiraika and Mbate 2014). Government policies can influence growth-inducing factors like infrastructure, human capital formation and enhancing functioning markets (van Sinderen and Roelandt 1998). The policy implication is that higher education endowments mean South Sudan is better placed to translate terms of trade improvements into enhancing export diversification. The government can promote export diversification through targeted public investment by providing business infrastructure. Increased per capita income further boosts effective demand for various goods and services. In an open economy like South Sudan, trade openness should stimulate higher specialisation, while financial development could support export diversification (Agosin, Alvarez, and Bravo-Ortega 2012).

Human Capital

Investing in education, or "human capital," is an essential source of economic growth (Dickens 2006). The Government of the Republic of South Sudan was commended for giving greater budget priority to the education sector in FY2018/19, at 9.4 per cent of the national budget. However, FY2019/20 contained a worrying reversal to just 5.5 per cent of the national budget. In comparison, East African trading partners are devoting significant resources to education compared to South Sudan which has the regions worst education spending (Figure 4).

Figure 4: Government expenditure on education, total (% of government expenditure)



Source: World Bank World Development Indicators, and OECD National Accounts data files. Updated: 10/28/2021

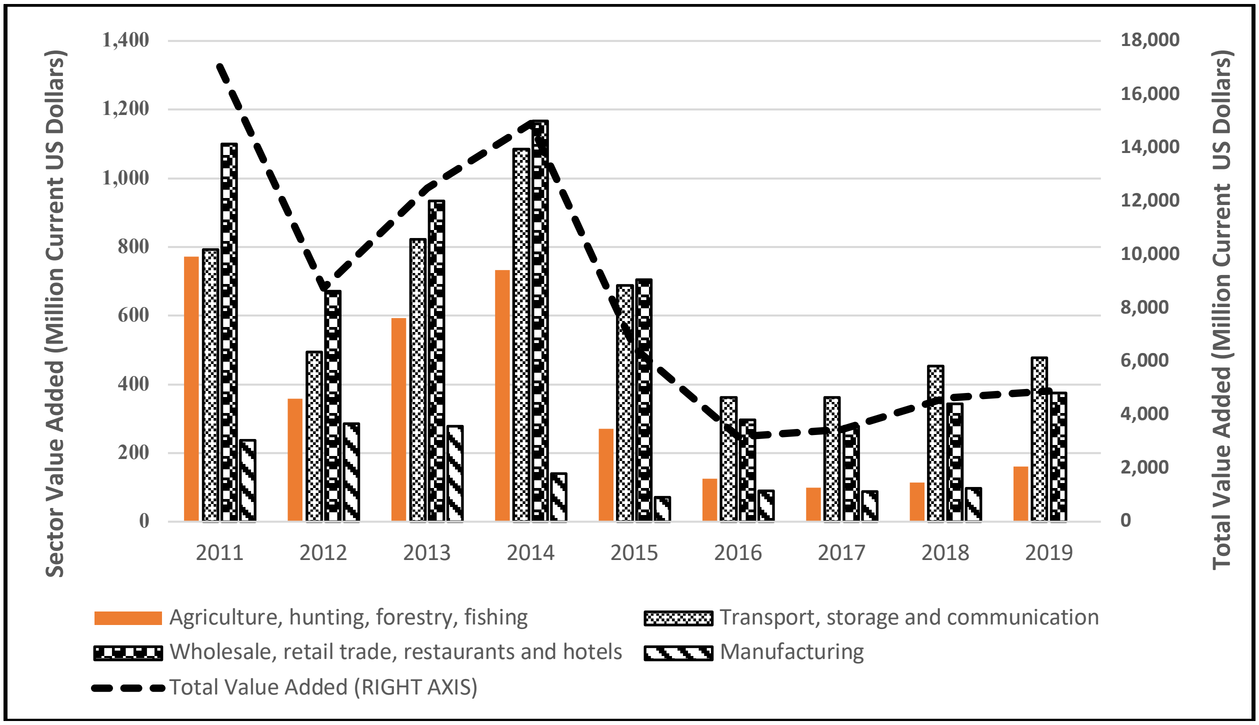
The South Korea Incheon Declaration and Framework for Action for the implementation of Sustainable Development Goal 4 was made in the Republic of Korea at the World Education Forum 2015 to ensure inclusive and equitable education and promote lifelong learning opportunities for all. International and regional benchmarks allocate at least 4% to 6% of gross domestic product (GDP) to education or at least 15% to 20% of public expenditure to education (Adotevi and Taylor 2019). South Sudan must approach or exceed the upper end of these benchmarks to achieve the framework's targets. Currently, it is lagging far behind compared to its regional competitors.

The lack of skilled and unskilled labour and limited physical infrastructure riddled with arbitrary checkpoints (319 checkpoints in South Sudan, of which 253 (79%) are roadblocks and 66 (21%) river checkpoints) are among the factors inhibiting investment in South Sudan (Schouten et al. 2021).

Value Addition

Formers provide raw materials to create final products. At the same time, the industry incorporates agribusinesses into many value and supply chains that drive Agriculture productivity and growth to generate foreign earnings and income through exports. Nevertheless, South Sudan's value addition is low. Agriculture value added is 15 % of GDP, below the regional average of 30%. Figure 5 shows the value added by economic activity since the country's independence.

Figure 5: Value Added by Economic Activity, at current prices - US Dollars

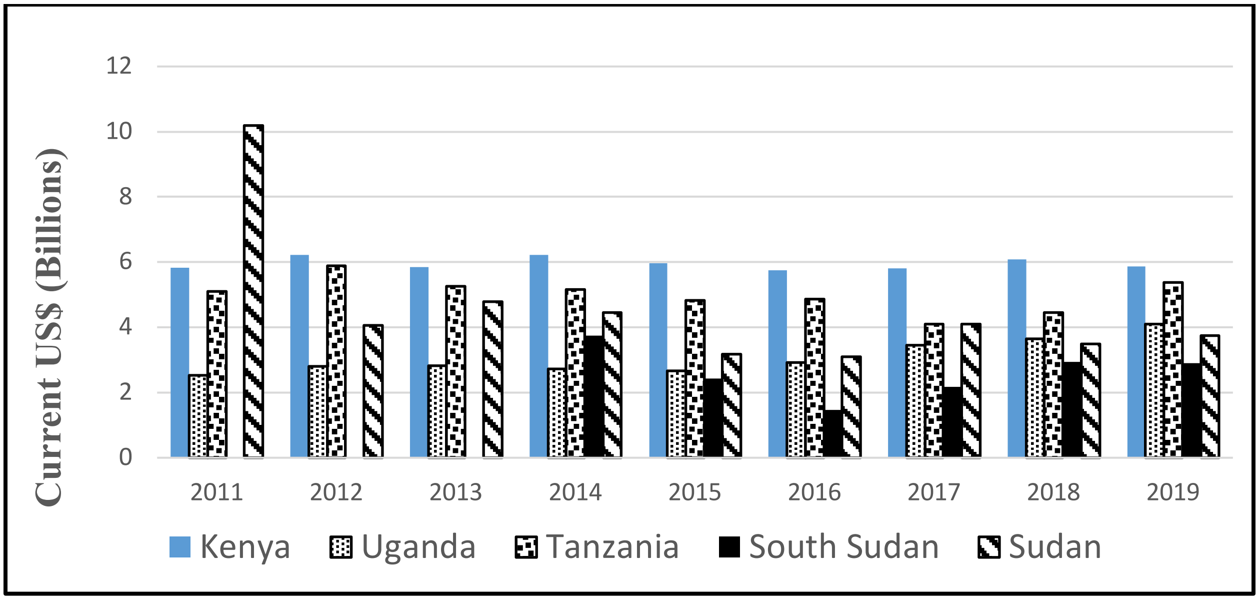


Source: FAOSTAT

Kenya, Ethiopia and Sudan, has grown rapidly and unevenly over the past decade. However, significant transactions were informal and, in several instances, crossed the borders unrecorded. Trade is highly asymmetric, with the volume of exports from each of the four trading partners to South Sudan being disproportionately larger than the volume of exports from South Sudan to these countries.

One of the reasons is that South Sudan's agricultural value added is 15 % of GDP, the lowest in the EAC. Its export of goods and services as % of GDP is overrepresented by crude oil as the single dominant export product. Bromley describes the phenomenon as an arithmetic artefact on display. The figures look impressive when shown as a percentage of GDP because little else contributes to GDP. (Bromley 2021). The 'real' economy involves the production, transportation, and selling of goods and services — as opposed to the exchange of paper assets, which concerns the 'paper' economy of the world of finance. A narrower definition focuses on industry, commerce, agriculture, food markets, and construction sectors. People need the 'real' economy to make a living (Pirounakis 1997).

Figure 6: Merchandise exports (Current US$)



Source: Bromley (2021) DPF: The economic cost of conflict: Evidence from South Sudan
Source: World Bank World Development Indicators national accounts data, and OECD National Accounts data files. Updated: 10/28/2021

Compared to its trading partners, South Sudan's merchandise exports are insignificant as is reflected in the performance of the real economy in figure 6. It is, therefore, not a robust and sustainable basis for a real economy.

Institutions

Institutions and policies promote good economic and corporate governance. They are a pre-requisite to transform the economy through diversification. Institutions are found to affect the potential for diversification. Research on long-term growth emphasises the importance of institutions showing a robust and systematic relationship between various measures of institutions and income level per head, particularly for countries not especially rich in natural resources (Robinson, Acemoglu, and Johnson 2003). Higher levels of diversification along the values chain depend more on vigorous contract enforcement, the rule of law, and a generally strong business environment. Institutional quality is critical to realise an economy's potential to deliver high productivity and high incomes. Empirical studies also strongly underpin the importance of institutions and policies that promote structural changes in production and exports (Elhiraika and Mbate 2014).

Public Investment

Public investment accelerates export diversification including through the provision of basic services. Despite being a critical productive sector, agriculture has yet to be prioritised in the public budgets. The share of the natural resources in the budget is about 5%, while almost 80% of the population lives in rural areas, mainly in agriculture and livestock. Execution was particularly problematic at 2% of total expenditures. It is important to note that while the share of public spending on agriculture is vital for the sector, public spending on other sectors, such as education, roads and water, also supports the development of agriculture. Modalities for investing in improving the agriculture infrastructure and logistics (the Logistics Performance Index) and research and development is a critical aspect of improving export competitiveness along the logistics supply chain of the food system (which includes customs performance, infrastructure quality, and timeliness of shipments (World Bank 2016).

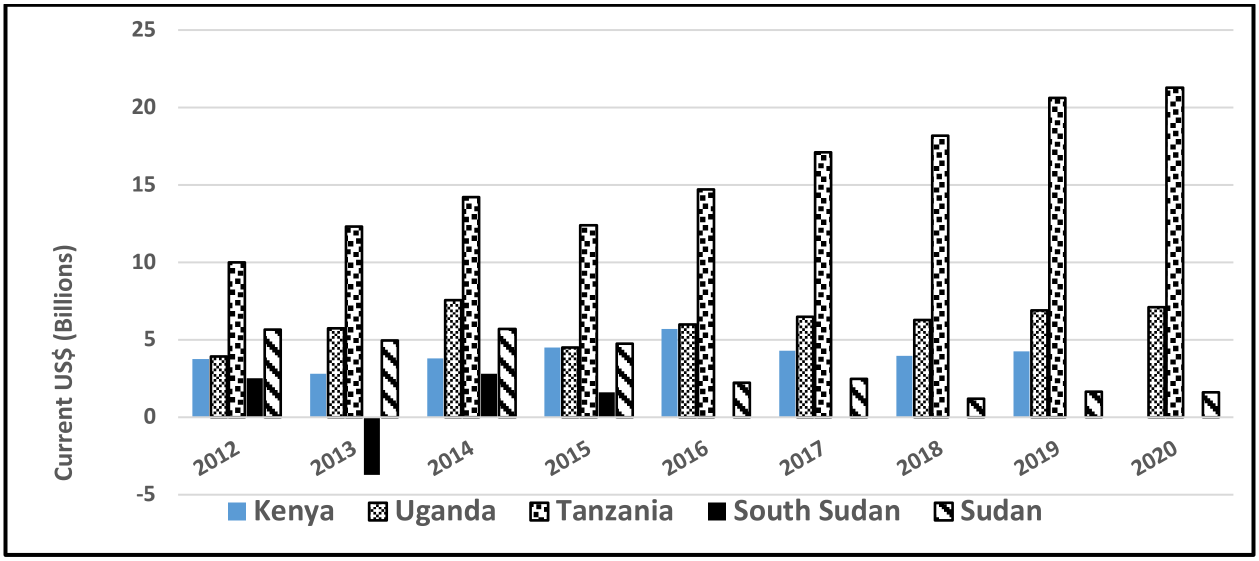
Per capita income

Empirical analysis finds that export diversification may promote economic growth and reduce volatility in low-income countries (Lee and Zhang 2022). The economic benefits of export diversification differ by country size and income level. The findings imply that the economic benefits of export diversification are unrestricted to high-income countries and emerging economies. However, the combination of the small size of South Sudan's economy and poor resource management is a crucial constraint to developing a more diversified export structure. There are more significant benefits for relatively larger and poorer countries within the group of low-income countries. Diversifying exports to a few large and competitive industries would benefit the economy in terms of economic growth and stability.

Investment and gross domestic savings

Gross Domestic Saving (GDS) which consists of savings of household sector, private corporate sector and public sector provides a good indication of economic performance. Gross Domestic Saving (figure 7) represent the annual excess of income over consumption is used to fund investment to create future income and consumption. While there is no optimal figure for savings, the low and negative savings/GDP figure indicates excessive consumption or insufficient income. As a result, the country has experienced inadequate domestic investment as well as excessive borrowing to fund domestic investment.

Figure 7: gross domestic saving (current US$)



Source: Daniel Bromley (2021) DPF: The economic cost of conflict: Evidence from South Sudan
Data: World Bank World Development Indicators national accounts data, and OECD National Accounts data files. Updated: 10/28/2021

Underinvestment has been the main reason for low human development outcomes in South Sudan. Only about 27% of the population (40% of men and 16% of women) above 15 are literate, while only 25% have regular access to basic health facilities (UNICEF, 2021). Under-five mortality rate was 100 per 1,000 children in 2012 and has stagnated at this level since then. As a result, the life expectancy at birth is 58 years -- one of the lowest in the world. In 2020, South Sudan ranked 185th out of 189 countries with a Human Development Index (HDI) (Human Development Report 2021).

Industrial policy

There is need for industrial policies to facilitate vertical and horizontal diversification. With the current state of the economy, export diversification through trade policy cannot be a substitute for bold industrial policies. South Sudan's agriculture and food system requires robust interventions to strengthen its productive capacities.

Table 1: Rationale for industrial policy

Industrial Policies	Economy-wide or horizontal policies[88]	Industry or sector-specific
Objectives	Removing inefficiencies and dead weight losses, thereby creating competitiveness	Change incentive structures and stimulate activities in particular areas.
Examples of policy interventions	Streamlining administrative procedures, lowering business costs, strengthening institutions, investing in human capital and developing infrastructure.	Tariff protection of import-competing sectors, export restrictions to promote domestic transformation, subsidies, local content requirements, and compulsory licenses.
Compatibility with WTO Rules	Generally unconstrained by WTO rules	Limited by existing disciplines (GATT, TRIMS, TRIPS, ASCM).
Main Arguments in favour	Generally compatible with existing rules and unlikely to create trade distortions Diversification strategies built around broader policies and connectivity are less controversial and more supportive of export diversification and complexity.	The need to address market failures that result in resource misallocation. Additional efficiency reasons for the government to intervene in a targeted manner due to GVC (Information, coordination failure).
Main Arguments Against	Benefits may take long to materialise (e.g., education). No guarantee that investors will come even when the government has put all the proper measures in place.	Governments are not good at picking winners: Risk of government failure.

Source: Authors summary and ICTSD Presentations

Besides a stable political and legal context and sound macroeconomic policies, regional integration can help open markets and attract market-seeking FDI. Nevertheless, FDI should not substitute domestic resource mobilisation and ambitious public investment programs to redress the country's knowledge and infrastructural deficits (UNCTAD 2022; OECD 2002; UNCTAD 2003).

Chile and Zambia: Contrasted Trajectories

Chile and Zambia have abundant copper deposits, their main export products. They produced the same levels of copper in the 1970s until they diverged in the 1990s. Chile’s copper production increased steadily, with a sharp increase in the 1990s. The investment environment in which the mining companies operate in the two countries determined the trajectories of copper production in Chile and Zambia. Despite the copper price remaining low and only increasing from 2003-2004, production remained steady despite the 2006 crash in the copper price.

Chile has steadily increased copper production while Zambia has remained stagnant, although there has been a recovery since 2000. Whereas Chile progressively lessened its level of resource dependence, Zambia became more resource-dependent: copper currently represents 50% of Chilean exports while accounting for 80% of Zambian exports.

Chile followed a two-track diversification strategy:

[88] Horizontal policies apply broadly across the country instead of targeting single sectors.

(i) diversification “within” industry (increasing value added in the copper industry by improving the quality of copper extraction and exporting processed products and complementing this with the development of domestic ancillary/logistics services; and
(ii) diversification “across” industries (development of fisheries: high-quality salmon exports, increasing exports of high value-added agricultural goods such as fruit and vegetables and wine production).

In addition, Chile set up mechanisms to save the rents from mineral extraction and invest in critical growth expenditures. Specifically:

(i) a structural fiscal surplus rule that sterilises the country’s spending levels against copper fluctuations. This ensures macroeconomic stability and also generates accumulation of wealth when copper prices are high; and
(ii) sovereign funds to administer the rents saved. Chile invested significant savings in training in advanced skills (i.e., scholarships to enrol Chileans into top global universities) and financing and mentoring high-growth start-up firms.

Chile’s industry growth has been attributed to the country’s change in investment policy environment. With a per capita income (PPP) of over USD 27,020, the World Bank’s rankings classify Chile as a high-income country, while Zambia is a lower middle-income country of just over USD 3,800. Chile changed its incentive structures and stimulated activities in particular areas. It intervened to address market failures that result in resource misallocation and added value to target specific value chain both vertically and horizontally.

Challenges and Opportunities

An acute lack of infrastructure and other logistical facilitation enablers constrains South Sudan’s capacity for trade. Harnessing the opportunities for export diversification requires that the Government effectively address the binding constraints to export diversification. Regarding exporting, the country is barely involved in the global economy (UNDP-EIF 2023) except as an importer. Nevertheless, the case for diversification remains persuasive because of the continued volatility of primary product prices and the uncertainties about long-run price trends (UNCTAD 2008). The related constraints and challenges are discussed below.

The quality of institutions

A higher degree of export diversification is associated with a higher quality of governance (ICRG Index of Quality of Institutions), mainly at the extensive margin. The quality of governance measure is the average of the indices for Corruption, Law and Order, and Quality of Bureaucracy from the International Country Risk Guide database normalised to one. A higher quality of governance can be attributed to Inter-ministerial and departmental communication, coherence, and coordination in decision-making, which is critical in strengthening relations between the Ministry of Trade and Investment with the different bodies in the economic cluster ministries. Poorer governance is associated with export concentrating on fewer products, especially without credible agencies to restrain rent-seeking.

Export product competitiveness would require an institutional mechanism that evaluates and sets science and technology priorities that supports diversification. Based on a science and technology plan, with responsibilities spread over relevant ministries and institutions. Educational and training institutions need to produce enough graduates to satisfy the quantity and quality of industrial development. Besides public institutions undertaking research, private enterprises should be encouraged to finance and undertake research and development (R&D).

The state of infrastructure

South Sudan has one of the lowest road densities in Africa (Table 2). The poor transportation and road infrastructure make aggregating products produced by smallholder farmers challenging. It also creates uncertainties in traders' ability to supply the market with local products and distribute the commodities effectively. As urban consumers are forced to rely on imported food, the disconnect between rural smallholder producers and urban markets exacerbates rural poverty.

Table 2: Benchmarking South Sudan's roads against other African countries

Indicator	South Sudan	East Africa	Low-income countries	Middle-income countries
Classified road density (km per 1,000 km. sq. of arable land area)	15	101	88	278
Primary network paving ratio (% roads)	2	n/a	72	32
Unpaved road traffic (vehicles per day)	53	47	39	75
Condition of national and regional roads (% in good or fair condition)	5	59	86	n/a

Source: World Bank

Communication within the ten states of South Sudan could be better, especially during the rainy season when many towns and villages are isolated for several months. The only paved trunk road is the 192 km road from Juba to Nimule. Most roads in the country are gravel roads that are difficult to use during the rainy season.

Table 3: Infrastructure budgets: National Government Budget Allocations ($M), 2018

Economy	Internal financing ($, Millions)
Ethiopia	536
Kenya	982
Somalia	9
South Sudan	**60**
Tanzania	3325
Uganda	1040
Rwanda	141
Burundi	15
DRC	80

Source: SSNBS, 2022

For example, in flooded areas of Jonglei State, the Government and humanitarian agencies face severe logistical difficulties in transporting relief supplies to affected populations due to washed-out roads. Air and river transport is the only viable means of transportation in these conditions.

Market traders consistently view bad and dangerous roads as one of the most prominent obstacles to do business (Von Der Goltz et al. 2020). A priority is reconnecting as many producers and aggregators as possible to markets (Von Der Goltz et al. 2020).

Box 2: The Cost of Infrastructure Services

High Cost of Infrastructure Services

Domestic transport costs are high and more particularly higher than in neighbouring countries. Transport freight rates in South Sudan can be as high as 20 cents per ton/km. The freight rate from Kampala to Juba is about 18 cents per ton/km, more than twice that of Mombasa to Kampala. The cost of transporting a ton of freight from Mombasa to Kigali, a distance of some 1,700 km, is about $105. Transporting a ton of freight from Kampala to Juba, about one-third the distance, costs $113. Due to the competitive trucking industry and the low fuel price, freight costs align with those in other East African countries. However, South Sudan needs to make more use of Port Sudan; its primary gateway to the sea is Mombasa. The expectation is that reliance on Kenya for access to sea freight will grow in the coming years.

Finance for exporting SMEs

Trade finance is a significant challenge for diversifying South Sudan exports. The supply of finance is small relative to the demand. Banks are risk-averse and reluctant to invest in local firms, particularly SMEs. Interest rates and the cost of finance in real terms are "high" compared to international trade levels. It is a significant constraint on the trade performance of the businesses. The low supply of finance also reflects the underdevelopment of the financial system and the inability of the regulatory and legal framework to use incentives to develop instruments to extend loans to SMEs.

Several factors limit trade finance for SMEs in South Sudan, (1) limited foreign exchange liquidity, especially of the dollar, as trade activities are undertaken in U.S. Dollars (2) limited trade facilitation and access to information on export financing opportunities and options and (3) SMEs are considered highly risky borrowers, given their limited technical capacity and lean financial base (Chauffour and Malouche 2011).

Human capital development.

Human capital constraints limit the economy’s ability to benefit from foreign direct investment (FDI). Any added funds from the Government, donors or FDI would likely generate few benefits. South Sudan gained independence with minimal infrastructure and low human development. Ex-post evaluations of capacity-building efforts have been critical, especially concerning overly short-term support and insufficient attention to sub-national levels.

The country must hasten to develop its human capital to promote export diversification. It needs more skilled labour and a better-educated workforce to drive economic and export diversification for employment to promote competitiveness and economies of scale. It should go on to develop specific technology transfer, acquisition, adoption, and adaptation plans and strategies for potential sectors that are capable of enhancing export diversification.

It is essential to assess the technological capabilities to comprehend the weaknesses in the conditions and policies governing technology transfer, as well as its absorption and use in the manufacturing industry, using the following five indicators:

1. Technological structure of manufactured exports;
2. Industrial performance;
3. Human capital base;
4. Structure of manufactured exports sector;
5. Foreign technology inflows, mainly through foreign direct investment (FDI).

The 'absorptive capacity' of the economy is essential to design and implement trade policy. 'Absorptive capacity' is the degree to which the economy can use resources effectively to deliver the intended outcomes without driving up other economic costs or diverting resources from elsewhere.

3. Entrepreneurship, innovation and business incubation

A long tradition of economic development places entrepreneurship at the centre of explanations of development (Schumpeter 1934). Entrepreneurship is generally viewed as the process of starting a business or organisation. It is a creative act that adds a new institutional element to the economy. Much of the discussion about entrepreneurship focuses broadly on economic transformation and job creation.

As a first step, the economic cluster institutions with strategic roles in the national economy need to map out SMEs to develop and maintain inventories of start-ups and new ideas that need nurturing and incubation and aggressively supporting them with patient capital, entrepreneurial tutoring, and market and investment information, within a framework of facilitating trade into regional and global markets.

Often, Entrepreneurship Hubs carry out such activities. A hub with multidisciplinary training can promote innovation, entrepreneurship and business development among SMEs. It could also undertake market research, financing, training and mentoring and help its client to create helpful business linkages, find trusted partners, and support emerging entrepreneurs and firms through advice and funding.

There is a need to develop user-friendly tools and methodologies for mapping, assessing and realising potential business opportunities. On the other hand, SMEs should be informed about how emerging technologies are used in a broad range of food systems activities of SMEs and uncover how these firms view and capture their benefits.

Private sector engagement

Organisations such as the Association of South Sudan Manufacturers (ASSM) and the South Sudan Business Forum (SSBF), formed in 2009 as part of the South Sudan Private Sector Development, could be leveraged to hold dialogues between private and public actors on economic issues, including legislation, implementation of reforms and administrative processes. The government produced the following national policy documents on private-sector development.

1. South Sudan Private Sector Development Strategy
2. South Sudan Investment Climate Reform Programme
3. South Sudan Access to Finance Programme
4. South Sudan Enterprise Fund

However, these policies need an operational framework and resources to be functional. Small business development in South Sudan has mixed results regarding the number of viable enterprises.[89] Access to inputs, markets, roads, energy, storage, information and finance remain critical for private sector development (Eliste et al. 2022).

PPPs for export diversification

South Sudan's draft Public-Private Partnership (PPP) Policy recognises the importance of implementing and financing infrastructure investments through public-private partnerships (PPP) to contribute to economic diversification. The Ministry of Trade and Industry handbook on PPP outlines the policy and procedures governing PPPs. MTI set up the Public Investment Committee (PIC), whose public investment programme role includes overseeing PPPs. The committee provides regulatory approvals at the various stages of the PPP process, and the Strategic Investment Department within the South Sudan Investment Authority serves as the custodian of the PPP process and provides technical advice and assistance to the Government.

While the GoSS institutional and legal framework encourages the private sector to play a more prominent role in procuring and financing infrastructure projects and services, it is yet to implement notable PPP projects. The section below shows a practical case of implementing PPPs in Penang, Malaysia.

Box 3: Public-private partnerships: the Case of Penang

To promote investment, exports and enterprise development, the government of the Penang region in Malaysia adopted a policy that put various institutions, infrastructure support and incentives into place. These included the Penang Development Corporation (PDC), one of the first examples of Free Trade Zones (FTZs), as a one-stop environment that facilitates interactions between potential investors and the local business community with local authorities. In addition, the Penang Skills Development Centre (PSDC) was developed to pool resources from the private sector, the government and academia to upgrade workers' skills.

The Penang Government also emphasised good transportation facilities, links, utilities, and other physical infrastructure for the business sector. Penang International Airport, the second largest in Malaysia, was upgraded with improved facilities and a new air cargo complex. The Penang marine port is a central regional hub with modern facilities for international and coastal vessels. The national railway line to Kuala Lumpur, Singapore and Thailand supports the Penang region. Adequate electric power was supplied via the National Grid System, and the Penang Water Authority provides water which meets WHO standards. Investments in

89 Lessons learned from the South Sudan Agribusiness Development Programme (SSADP) supported by a consortium of various actors (the Netherlands, Cordaid, SPARK, Agriterra) show that out of 750 potential entrepreneurs, only one-third graduated.

information technology (IT) have made Penang's telecommunications infrastructure and services in Penang one of the best and most modern.

Furthermore, various attractive tax incentives were provided for approved projects to ensure that start-up and operating costs are competitive. Local and foreign enterprises benefit from tax holidays, investment tax allowances, and reinvestment allowances. It is important to note that the incentives are for TNCs and SMEs. Special incentives exist for increasing local content for hi-tech industries, industrial buildings, and research and development activities. Some incentives for training and training facilities are considered an investment.

Financial Sector Development

Access to financial services is a daunting challenge. Commercial banks significantly scaled down their activities after the 2016 conflict and now have marginal activities in the country. Access to formal credit for production activities may be the most challenging financial service to develop.

The supply side is constrained by weak financial infrastructure, lack of credit infrastructure, burdensome documentation requirements and the lack of product innovation. Commercial banks significantly scaled down their activities in the aftermath of the 2016 conflict, and financial intermediation is now a marginal activity in the country. In 2019, the private sector credit to GDP stood at 1.7 per cent compared to the 50 per cent average for sub-Saharan Africa.

Access to formal credit, critical for patient FDI, is the most challenging financial service. In addition, banks are not lending due to continuing shocks (instability, national currency volatility, inflation, and availability of collateral). When available, banks prioritise short-term financing on a timeline of weeks or months (Altai Consulting, 2019). Financial intermediation is a marginal activity in the country.

Alternative models such as group lending and village savings and loan associations serve to alleviate immediate hardships rather than jumpstarting an exporting business. The South Sudan Microfinance Development Facility ceased to operate. The interest rates of The remaining microfinance institutions are incredibly high (54 per cent as of 2020, per discussion with RUFI), and operations are primarily located in Juba.

Only 8.6 per cent of South Sudanese adults (age 15+) have a financial account, 3.6 per cent saved in a formal financial institution, and 3.4 per cent borrowed money from it (Demirgüç-Kunt et al. 2020). On the demand side, barriers to accessing formal financial services include deep distrust, distance, affordability and financial literacy (Altai Consulting 2019).

Easing trade policy barriers

Diversifying exports to higher-income markets is more complex than diversifying exports to regional markets. Standards are often higher, requiring significant investments to raise quality and meet higher health and safety requirements (OECD and WTO 2019). South Sudan must implement its strategy to eliminate Non-Tariff Barriers (NTBs). The EAC defines NTBs as "quantitative restrictions and specific limitations that act as obstacles to trade. The WTO differentiates between the Non-Tariff Measures (NTM) and NTBs.[90]

[90] WTO definition of Non-Tariff Measures (NTMs) and Non-Tariff Barriers (NTBs): NTM = policy measures, other than ordinary customs tariffs, that can potentially have an economic effect on international trade in goods,

The nature and structure of protection in regional and international markets shape the opportunities for export diversification. For example, tariff escalation (the cascading of import tariffs according to the degree of processing) in developed countries has long-constrained opportunities to add value to and develop additional activities around agricultural and mineral products.

Fostering the spread of skills and technology

Most technologies that South Sudan needs to develop its economy already exist somewhere. Technology will drive scientific progress rather than the other way around. Moreover, these technological capabilities usually accumulate in enterprises rather than NGOs. The first step for a latecomer like South Sudan is to understand market needs better and search for existing technologies. It does not need to generate new technologies to create new businesses.

The overriding barrier to MSME development in South Sudan is the need for more skilled entrepreneurs and personnel. Banks require well-formulated and sound business proposals, but only some SMEs are in a position to formulate them. Moreover, newly registered SMEs need a track record, making it hard for new financial institutions to assess their creditworthiness.

Bringing the skills gap through more than just primary education is essential. A skills agenda must look to on-the-job training, mentoring and exposure to different environments as crucial elements in helping create an entrepreneurial class—close supervision of management to overcome informational asymmetries and moral hazards.

Technology is a critical factor that drives productivity growth and global market competition and defines global value chains. Technological innovation spawns' new businesses and shapes the nature of international competition and international trade.

While developing a national innovation system may be a long-term goal for South Sudan, policies can always be guided to support firms and enterprises to innovate. It is critical to foster the spread of technology through sensitisation, mentoring, and educational exchange programs. Figure 8 shows four groups of firms that will require particular training according to their awareness of and absorptive capacity for technology and their desire to innovate. At the lowest level are firms with no capacity for technological change and that do not feel any need for change.

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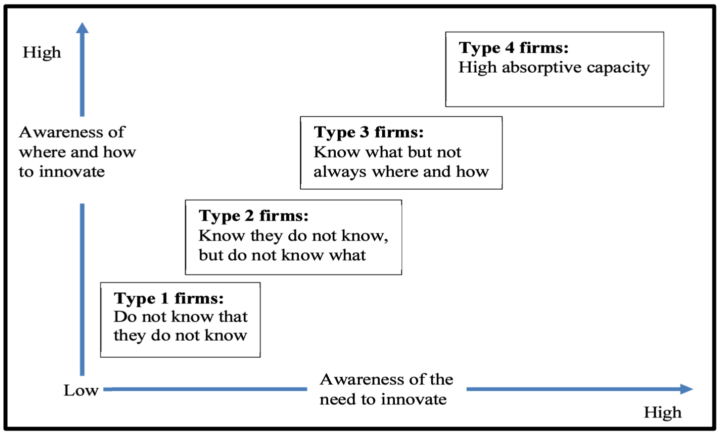
changing quantities traded, prices or both. Some of these measures may constitute non-tariff barriers. NTB = Non-tariff measures that have a protectionist intent. Examples: quotas, tariff-rate quotas, licensing regimes, and price bands.

Figure 8: Classification of firms by their technological capability and motivation to change



Source: Based on World Bank, "Part A: firm-level innovation in the Korean economy", in Korea: Technology, Skills and Internet Services in Korea –Moving Towards a Knowledge-based Economy (Washington, D.C., 2003). Available at https://openknowledge.worldbank.org/bitstream/handle/10986/14615/multi0page.pdf?sequence=1.
Note: The study, published in 2003, focused on firms in the Republic of Korea. However, the discussion is still relevant to many firms in developing countries in the region.

The investment framework

The Agriculture Master Plan (CAMP) and the Irrigation Development Master Plan (IDMP) is the leading investment programme for food security, nutrition, and trade. The programme aligns with national development policies and objectives such as Vision 2040 and National Development Strategy (NDS) and with the policies and strategies of key Ministry of Agriculture and Food Security (MAF), Ministry of Livestock and Fisheries (MLF), the Ministry of Environment and Forestry (MEF) and Ministry of Water Resources and Irrigation (MWRI).

The South Sudan Investment Promotion Act of 2009 establishes a conducive legal environment for investment promotion in South Sudan. It protects investors and provides incentives to facilitate investment in the country. The law created the South Sudan Investment Authority to attract investors, provide assistance and facilitate their operational activities from entry points throughout the investment process. Investment in air, road, water and rail infrastructure would improve food security.

Box 4: Investment Incentives.

Investment Incentives, Capital Markets and Portfolio Investment

The Investment Promotion Act provides various tax incentives, including capital allowances ranging from 20 to 100 per cent of eligible expenditures, deductible annual allowances between 20 and 40 per cent, and depreciation allowances ranging from 8 to 10 per cent. (Gabriel Mading 2017). A foreign tax credit is granted to any resident company paying foreign taxes on income from business activities outside South Sudan. The exact incentive structure must be clarified (U.S. Dept of State).

The Investment Act mentions portfolio investment, but South Sudan does not have a functioning market for financial assets. South Sudan does not have a stock market or related regulatory system. There are no known policies for promoting investment into product and factor markets.

South Sudan's formal financial system offers few financial products. Foreign investors need access to credit on the local market due to the shortage of hard currency, the lack of accurate means of obtaining reliable figures or audited accounts, the absence of a credit reference bureau, and South Sudan's failure to document land ownership properly. According to the World Bank, 50 per cent of South Sudanese firms cite access to finance as a constraint. (U.S. Dept of State).

4. Trade regime and cross-border markets

South Sudan is still building its trade strategy to support economic growth. Given that its non-oil exports are tiny and primarily informal cross-border trading (AfDB Group 2013), Its tariff structure is focused on imports. Its trade tariffs are low compared to those of neighbouring countries; however, non-tariff barriers—such as lack of clarity among government agencies operating at the border, lack of coordination within the government, multiple taxes levied by different administrative units, unclear customs procedures, and significant paperwork, all increase the cost of importing goods.

Since joining the East African Community (EAC) on April 16, 2016, the country is still to adopt the three-tier tariff system and align its tariff structure with the EAC economic bloc. South Sudan is also a member of the Common Market for Eastern and Southern Africa, although it has yet to enter into bilateral investment treaties.

Sustaining the integration process would require fundamental structural changes necessary for boosting economic growth. These include regulatory mechanisms to capitalise on the region’s economic potential, strengthening institutions to enforce existing regulations and preventing food system actors from circumventing the system (Bergo 2015).

Regional trade arrangements have limited potential to boost trade for most countries. Official intraregional business in Africa needs to be higher. Many rules can inform trade policy reforms. However, they can also lead to trade loss; for example, the Rules of Origin (ROO) and the right incentives can increase local content.

Tapping into market access opportunities

With markets, investment and production would be forthcoming. Firms will invest in response to an opportunity when they have market information (Richardson and Teece 1997). The new approach to explaining diversification underscores the need to shorten geographic distances to markets. South Sudan is a land linked country bordering the Central African Republic (CAR), Sudan, Ethiopia, the Democratic Republic of Congo (DRC), Uganda, and Kenya.[91] It depends on its transit neighbours' infrastructure and administrative procedures to trade bilaterally and transport its goods to the port. It is making the country vulnerable to external shocks. The high cost of transport and fragility adversely affect private sector growth prospects. It increases consumption and production costs and creates a significant anti-export bias on non-oil commodities.

Enhancing connectivity between states and bordering nations. Better transportation logistics to effectively shorten the distance by reducing transit times for goods.

The 2022 Diagnostic Trade Integration Study (DTIS) notes that the country is still developing its institutions, legal framework, and building capacity. It, therefore, has yet to be able to take much advantage of market access opportunities, including those accruing from joining the EAC. The private sector's training in different areas of the agreement is required to enhance the utilisation of market access, including adopting and implementing the EAC Simplified Trade Regime.

Trade policy convergence

Currently, the East African Community - Common External Tariff (EAC CET) consists of three tariff bands: 0% (for raw materials), 10% (for semi-processed goods that are to be used as input goods for further processing) and 25% (for finished products) as well; as a List of Sensitive Items offering extreme rates of protection of 35% or above for selected products.

The challenge for South Sudan is to craft a strategy to seize the benefits of deepening economic integration by translating the provisions of the Treaty into economic opportunities for the country. From a trade policy point of view, South Sudan should adopt the EAC's Common External Tariff (CET), considering the qualifications of the CET due to the exemptions list negotiated by existing members and phasing out tariffs on intra-EAC trade. It would also require non-discrimination in terms of other internal taxes. The EAC also requires commitments to phasing out non-tariff measures (NTMs) and harmonisation in standards. The structure of COMESA's common eternal tariff is the same as that of the EAC. Consequently, the policy issues that would arise through applying the COMESA CET are the same as those related to the EAC.

To converge and participate gainfully in regional trade and eventually in the AfCFTA market depends on South Sudan exports' competitiveness, how macroeconomic policies meet the criteria for integration and whether the government is building proper infrastructures and relevant institutions.

The modal rate of tariffs is 3 per cent. The 10 per cent rate applies to a range of primary products and some durable consumer goods. There are no zero duties in the current tariff documents, but a significant proportion of tariffs are between the 1 to 2 per cent range. Essential goods such as medicines face a duty of 1 per cent. The existence of many tariffs between 1 and 2 per cent and nine tariff bands between the range of 0 and 20 per cent may require rationalising the tariff structure into fewer bands.

[91] Several options exist for South Sudan to access ports. It has been challenging to meet the financial requirements for proposed corridors, including the LAPSSET project. Once financial needs are met, it would create a favourable investment and business environment for economic growth.

Uganda, which is an important trading partner of South Sudan on food products advocates the introduction of an additional 5%-band for products which have been subject to minimal levels of transformation and value addition and an additional 35%-band for finished products which are produced in adequate quantities within the EAC region.

Implementing trade facilitation frameworks

South Sudan is critically dependent on transport linkages with neighbouring countries. Nevertheless, it ranks poorly on the "Trading across border" indicator with a below-average comparison with its neighbours. It must, therefore, prioritise the implementation of Trade facilitation measures outlined in Table 5 in the annexe.

States and Counties that produce surplus food may need to be adequately connected to those experiencing food deficit due to poor road infrastructure. This situation serves as a disincentive to produce surplus food products, as farmers find it challenging and expensive to transport surpluses to markets. Farmers in fertile areas are discouraged from producing at capacity, even when there is high demand in the surrounding states.

Regional infrastructure can be a vital enabler of South Sudan's economic integration. South Sudan is critically dependent on transport linkages with neighbouring countries. It depends on reliable access to regional seaports and, therefore, needs the cooperation of its transit countries (Uganda and Kenya, Ethiopia, Djibouti, Sudan, and Tanzania). The country depends on Sudan's pipeline to transport crude oil to the international market and the Northern Corridor (Kenya-Uganda-South Sudan) for goods and services.

Table 4: Capacity shortfalls and potential remedies for Customs Administration

ISSUE	REQUIRED ACTION	COMMENTS
Automation	Implement a modern data management system	Uganda Revenue Authority (URA) has been assisting with computerisation based on a software package developed by URA. It could be eventually upgraded to the ASYCUDA package.
Move from 100% physical inspection to risk-based analysis	Requires automation and cooperation with other customs authorities and the training of personnel. Requires classification of goods according to risk categories. Implementation of trader profiles	Categorisation exists under the import licence scheme. But further facilitation is possible by refocusing the licensing system on specific sensitive or prohibited goods
Multiple inspections and onerous paperwork slow clearance	Implement a Single Administrative Document and a single window system. Initiate information sharing with Kenyan and Ugandan authorities	Requires identification of single window system from an external provider. MoUs with the Kenya Revenue Authority and Uganda Revenue Authority are under development. Requires institutional cooperation with other agencies, notably standards
One Stop Border Post (OSBP)	Requires closer collaboration with Ugandan and Kenyan authorities.	Plans are underway with Kenya and Uganda to establish OSBPs.
Increase possibilities for electronic payment	Develop options for remittances of duties through commercial banks	

Congestion at peak times	Congestion at peak times	
Clearing agents are poorly regulated and resourced	Transfer regulatory and licensing functions to customs and set minimum standards	The longer-term ambition is to do away with the need for clearing agents as customs processes become more transparent and streamlined

Source: South Sudan DTIS

The ECA, AfCFTA and WTO Trade Facilitation Agreement (WTO-TFA) are frameworks to promote regional trading relations and beyond. The World Trade Organization Trade Facilitation Agreement aims to expedite the cross-border movement and clearance of goods, including goods in transit. It also sets out measures for practical cooperation between customs and relevant authorities on trade facilitation and customs compliance issues. The agreement has provisions for technical assistance and capacity building in this area.

The AfCFTA is a blueprint to boost intra-African trade. It provides a comprehensive and mutually beneficial trade agreement among member states, covering trade in goods and services, investment, intellectual property rights (IPR) and competition policy.

5. Conclusion

The paper has shown how export diversification can make south Sudan's economy less vulnerable to external shocks. From an economic standpoint, a country's vulnerability to external economic shocks is largely determined by its dependence on exports, since export earnings fund imports and contribute to investment and development (Phi Minh 2021). The paper has highlighted the enormous yet surmountable challenges to revert to effective governance through the credible formulation and implementation of sound economic policies to achieve a more diversified economy. It involves establishing an excellent macroeconomic environment where the private sector and business development support can take full advantage. These include managing inflation, exchange rate, per capita income, public investment, supportive institutions and policies, human capital and infrastructure as vital long-run determinants of export diversification. There is a need for investment-friendly regulatory policies to eliminate market inefficiencies to support the proper functioning of the market. Among other things, strong property rights policies and a credible rule of law are needed to promote the enforcement of contracts.

The R-TGONU missed an opportunity to demonstrate a sense of urgency at the National Economic Conference (NEC), though it can be rectified. All it requires is the government to deliver a passionate plea for change, building on societal awareness of socioeconomic issues and describing how the outcomes of the first NEC provide a compelling purpose and framework for change. It is vital to make the population understand why business as usual must stop and how the NEC recommendations and course of action will have a speedy and positive result on the economy and livelihoods compared to the past decade's experience.

South Sudan is a poorly diversified exporter. Measures to diversify and improve the quality of its product mix should be high on government priority. These include investment in human capital and strengthening institutions, which drive structural transformation and competitiveness. Exporting fosters productivity improvements through several channels, including providing foreign exchange earnings that finance imports of capital equipment. Successful exporting is indicative of organisational and technological upgrading.

- While in order, the emphasis on value addition and diversification has been chiefly without the desired industrialisation results. Interventions have sought to achieve value addition and diversification through investment incentives into mainly the natural resources or extractive sector. Instead, building the technological and innovation capabilities through dedicated interventions should be done first, or at least simultaneously. Value addition and diversification will follow when such capabilities exist in critical amounts.
- It is critical improve the business environment, build productive capacities and prioritise key areas to strengthen competitiveness and attract investors. So far, South Sudan lags on many indicators of the business environment, such as the infrastructure with energy supply, regulation, logistics infrastructure, and tax administrations, which are all significant bottlenecks constraining export activity, development of a robust private sector and the attractiveness of the country to both local and foreign investors.
- Foreign direct investment and other forms of technology transfer are crucial for targeting specific production and marketing knowledge and experience to meet the demands of markets South Sudan is targeting to improve its quality control, technology and sanitary and phytosanitary standards.
- Without the immediate availability of prerequisites like infrastructure, South Sudan could focus on creating Special Economic Zone (SEZ) and industrial parks and building routes for exportation to regional markets (Lin and Monga 2017). Besides supporting good governance and attracting FDI, the SEZ can stimulate economic diversification and integration in value Chains to raise agricultural productivity. Though challenging, there are promising experiences of local value chains being scaled up (Eliste et al. 2022).
- These innovative policies will require actions to regroup and organise smallholder farmers to benefit from economies of scale in upgrading land preparation, harvesting and post-harvest treatment. Policies on seeds, fertilisers, and irrigation must be implemented and made economically and financially sustainable.
- The role of export promotion should be supported with funding for trade promotion agencies, given their significant effect on improving export performance and GDP growth. The government should introduce export-promoting incentives to encourage businesses to engage in export diversification.
- South Sudan can be transformed into a regional hub for investment by removing bottlenecks, improving access to agricultural inputs that are financially sustainable, and encouraging the pooling of small landholders for a package of services to improve agricultural productivity.
- On regulations, e-governance and online interactions would improve governance, make transaction more transparent to encourage investment from foreign investors and South Sudanese SMEs. e-governance would contribute to implementing private sector policies, level the playing field for SMEs and FDI to invest, and ensure that firms based in South Sudan are regionally competitive.
- South Sudan could consider joining the Regional Authorized Economic Operator (AEO) programme. Economic operators that demonstrate that their customs-related procedures and business practices are efficient and compliant and meet

minimum supply chain security standards would receive various trade facilitation benefits and customs services as they can minimise administrative burden and reduce business costs. It will require a robust and sound data management.

PRIVATE SECTOR ENGAGEMENT

The government would need to implement policies and institutional changes to boost productivity. Ambitious programs to sustain private sector-led growth and create space for SMEs and FDI will be critical to promoting export diversification and quality upgrading. More generally, policies aimed at encouraging exports by helping domestic firms, including through learning by exporting to overcome barriers to entering foreign markets (i.e., investing in education and training, investing in trade infrastructures and providing low-cost access to market intelligence) could foster firms' productivity and competitiveness.

South Sudan's vibrant private sector associations include the Association of South Sudan Manufacturers (ASSAM), South Sudan Business Forum (SSBF), South Sudan Business Council (SSBC), and South Sudan Chamber of Commerce (SSCC). Representatives of these associations should actively participate in export diversification discussions at the national level and during international engagements.

AGRICULTURAL TRADE DEVELOPMENT

There is a potential to increase productivity and agricultural diversification substantially:

1. Crop yields are about half of those in the neighbouring countries.
2. Cropped areas can be substantially increased beyond 4 per cent of agricultural land without significant environmental pressures.
3. The diversity of agroclimatic conditions allows for a wide range of crop and livestock production systems.

In addition, livestock and fish-based protein production can significantly contribute to export diversification (See Table 6 in annexe).

TRADE FACILITATION DEVELOPMENT

Promote trade facilitation beyond the movement of goods to include standard and electronic messages for trade transactions. There is also a need for an easily understood legal and regulatory framework, functioning information and communication technology systems, and transport infrastructure capable of facilitating trade across the board. Subregional institutions should assist in developing the needed policies, instruments, and infrastructure for promoting trade facilitation. In this respect, South Sudan needs to, at minimum, undertake the following:

(a) Implement/strengthen the EAC Customs I.T. Regulations.
(b) Implement/strengthen the EAC Project on Customs Connectivity that will interface South Sudan Customs with their counterparts at Uganda Customs.
(c) Migrate to the Automated System for Customs Data (ASYCUDA) World.
(d) Undertake a comprehensive programme for the automation of Customs systems.
(e) Procure the necessary computer equipment and software to cater to the need to comply with the EAC Customs Strategy.
(f) Recruit and train I.T./Computer Experts to run the relevant computer systems.

Macroeconomic policies

Macroeconomic stability to support export diversification. In most cases, export diversification depends on fundamental structural measures, such as regulatory reform, civil service reform, improved governance, and banking sector reform.

Maintaining a commitment to economic and public finance management reforms to stabilise the economy, ensure the efficient use of public funds, and build credibility with the private sector and the public and development partners.

(a) Implement sound macroeconomic policies (particularly inflation, exchange rate, currency convertibility, and capital mobility) to support trade and market access.
(b) Improve allocation of resources for service delivery to enhance living standards and broad-based economic recovery.
(c) Socio-political governance (corruption, government efficiency, maintenance of the rule of law, the sustainability of policies, and, in general, political stability); and
(d) Compliance with appropriate regional standards and codes (these being international standards and codes that relate to economic governance and management in general as well to particular areas such as the financial sector, monetary and fiscal policies, and international trade)

Implement policies and procedures to lower trade costs while considering existing commitments with regional trade arrangements. The policies include:

(a) Reduce administrative barriers to trade (that is, licenses, approvals, permits);
(b) Support to production, formal and informal markets, institutions and information flows.
(c) Create a legal environment and system conducive to dealing with business enterprises, in general, and cross-border trade activities, in particular); and
(d) Improve the ease of doing business by enhancing and simplifying the regulatory framework.

Investing in road infrastructure.

(a) Increase budget significantly
(b) Enable trade and transportation of domestic food from food excess areas to food deficit areas.
(c) Addressing the lack of infrastructure by introducing irrigation, incubators and special economic zones

Collaboration with transit countries.

(a) Simplify taxation for SMEs (all forms of taxation that affect international trade activities of enterprises).
(b) Creating modern, state-of-the-art facilities (integrated border management and customs, power systems, ICT, multimodal transport, storage and logistics, building and zoning codes)
(c) Identify capacity-building interventions critical to successfully implementing T.F. reforms within EAC-AfCFTA and WTO-TFA.
(d) Conduct a complete cost-benefit analysis of linkage through Ethiopia to Djibouti compared to existing routes through Kenya.

(e) Seek collaboration with authorities in neighbouring countries to improve the state of transit roads.

Harmonisation of standards

Recognising that the harmonisation of standards and technical regulations is an essential factor in the development of regional and international trade, develop and implement technical regulation and standards through the following:

(a) Policy framework for standards and related legislation
(b) Study how East African standards can be adopted in, or adapted to, South Sudan
(c) Establish a process for developing, validating and implementing standards
(d) Develop a risk analysis framework
(e) Outreach activities to the private sector on the role and importance of standards
(f) Strengthen integration with customs administration and streamline verification at the border
(g) Further, develop collaboration with standards authorities in the region.

Financial Sector Development

There is a need to explore innovative options that complement traditional export diversification-financing instruments. One such innovative financing option is structured financing. Export diversification financing ensures the sharing of trade-financing risks based on the capability to bear such risks. Exporting firms, usually SMEs that are considered risky given their limited financial capacity, could transfer the risks to more financially capable institutions to assist SMEs in borrowing operating funds from commercial lenders. Continental institutions like the African Export-Import Bank (AFREXIM Bank) should take the lead in helping in thinking through, developing, testing and deploying the various innovative financing options for export diversification.

(a) The role of the Bank of South Sudan in Financial Sector Development should be strengthened. BOSS can and should promote, by every possible means, the development of the financial system by addressing the needs of savers and investors without exceeding the limits of intervention dictated by prudence, efficiency, and effectiveness.
(b) The lack of linkages between MFIs and the local banking sector limits access to additional capital to serve their clients' businesses,
(c) Encourage financial institutions to support the private sector by boosting the financial planning options and increasing the share of financing SMEs in banks.
(d) Financing options for export diversification adheres to relevant international standards to ensure the financial stability of the financial services sector.

Annexes

Table 5: Social and Economic Upgrading through Global and Regional Value Chains

Policy Objectives	Rationale	Trade and investment policy measures
Attract foreign Direct Investment (FDI)	Participating in Value chains (GVC) is driven by the investment decisions of lead firms.	• Address constraints that impede FDI entry • Target first-tier suppliers of lead firms • Provide support for the creation of backward linkages.
Reducing the cost of doing business and facilitating trade.	Functioning and effective value chains (GVC) require adequate connectivity infrastructure, coordination and the ability to move goods rapidly across borders.	• Trade in services: Transport, logistics, ICT, business services; • An open trading regime with low protection on intermediate goods; • Customs procedures, single window; • Quality infrastructure to comply with sanitary and phytosanitary measures (SPS) and technical barriers to trade (TBT)[92]
Development of regional value chains	On average, countries source 15% more of their foreign value added from members of the same PTA.	• Promote regional integration processes and preferential trade agreements with neighbouring countries; • Adopt flexible rules of origin (ROO) • Regulatory cooperation: to promote inter-operability of systems, norms and standards (inc. SPS, TBT)

Source: Authors summary and ICTSD Presentations

Table 6: Trade facilitation measures in scope

Areas	Trade Facilitation Measures
Transparency and predictability	1. Publication of laws and regulations (GATT Article X)
	2. Internet publication (option or mandatory)
	3. Internet publication (mandatory)
	4. Enquiry points
	5. Cooperation or consultation with the business communities
	6. Prior publication
	7. Prior consultation
	8. Advance rulings regarding the origin of goods (Agreement on Rules of Origin)
	9. Advance rulings regarding tariff classification
	10. Advance rulings regarding Customs valuation

[92] Sanitary and phytosanitary (SPS) measures aim to protect the health of humans, plants and animals, while technical trade barriers (TBT) ensure product quality and safety.

	11. Appeal procedures (GATT Article X)
	12. Administrative appeal procedures (mandatory)
	13. Uniform, impartial and transparent Customs procedures (GATT Article X)
Disciplines on fees	14. Elimination or limitation of a fee or charge
	15. Prohibition of consular transaction requirements
	16. Administrative penalties (mandatory)
Release and clearance of goods	17. Pre-arrival processing
	18. Separation of release from final duty payment
	19. Release of goods at arrival points without transfer to other facilities
	20. Risk management
	21. Post-clearance audit (PCA)
	22. Release of goods within 48 hours of arrival
	23. Authorised Economic Operator (AEO)
	24. Separate expedited procedures for express shipments
Border agency cooperation	25. Border agency cooperation
Formalities and documentation requirements	26. Simplified Customs procedures (GATT Article VIII)
	27. Periodical review of Customs procedures
	28. Use of international standards for Customs procedures
	29. Use of information technology
	30. Use of international standards for I.T. application
	31. Use of WCO Data Model
	32. Single window (S.W.)
	33. Prohibition of pre-shipment inspection (PSI)
	34. Prohibition of mandatory use of Customs brokers
Transit and temporary admission	35. Freedom of transit (GATT Article V)
	36. Facilitation of transit procedures
	37. Temporary admission
Customs cooperation	38. Notification of Customs laws and regulations or their changes
	39. Sharing of information on best practices or Customs techniques
	40. Exchange of information for Customs Mutual Administrative Assistance (CMAA)
	41. Technical assistance and capacity building
	42. Cooperation for regional integration
	43. Cooperation in international fora

Source: WCO Research (Tadashi Yasui 2014)

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Chapter 7.

Using Oil Revenues to Diversify and Stabilize the Economy[93]

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Executive Summary

- Since independence in 2011, South Sudan has pursued broadly pro-poor and socially inclusive policies with varying levels of success. At independence, South Sudan made rapid structural transformation the main thrust of its economic policy, although minimal progress has been made. First, the oil legacy has made South Sudan heavily dependent on a sector exposed to external shocks. Second, independence marked the start of internal frictions that deflected policy attention from economic diversification and social inclusion.

- South Sudan is endowed with significant natural resources including oil and minerals, which if well harnessed can lead to economic transformation and diversification of the economy. Despite these resource endowments, the general lack of infrastructure, market integration and investments, along with several years of conflict, have led to widespread economic challenges for its people beyond food insecurity.

- The transition to 'net zero' by 2050 generates additional challenges for oil export countries. As the world transitions to net zero by 2050 with emissions reduced by 45 percent by 2030, there are expectations for declining oil demand in global markets, which will dry out export revenues from oil exporters, such as South Sudan. According to estimates from the International Energy Agency, oil dependent countries may lose up to 70 percent of their GDP in such a scenario. South Sudan's financing needs to achieve its green growth ambitions are estimated at an annual average of USD 10.17 billion.

- The absence of a clear plan for economic diversification is a key concern. This limitation has prevented oil revenues from being deployed to productive sectors of the economy such as agriculture and infrastructure to expand job creation and accelerate poverty reduction. Slow progress towards economic diversification can also be linked to low productivity and limited competitiveness. Countries such as Botswana and Mauritius present diversification lessons for South Sudan, notably the development of enablers such as robust institutions and governance frameworks.

- In this context, the following key priority reform areas could be considered by the government to effective deploy oil resources for a diversified and stable economy: (i) accelerating the implementation of the peace agreement; (ii) designing an economic diversification strategy; (iii) building human capital; (iv) enhancing transparency and accountability; (v) investing in essential infrastructure; (vi) promoting private sector investments in the extractives sectors; and (vii) deepening regional integration.

1. Introduction

South Sudan is endowed with significant natural resources including oil and minerals, which if well harnessed can lead to economic transformation and diversification of the economy. Despite these resource endowments, the general lack of infrastructure, market integration and investments, along with several years of conflict, have led to widespread economic challenges for its people beyond food insecurity. With its significant oil reserves estimated at 3.75 billion barrels, South Sudan is among the most oil-dependent economy in the world as oil accounts for over 90 percent of exports and government's revenues.

This policy note aims at providing some entry points on how the Government could efficiently use its oil resources for economic diversification and stabilization, to achieve a sustainable, inclusive, and climate-resilient socio-economic growth. South Sudan economic diversification efforts should not depend solely on the oil revenues, but include other sectors like mining, agriculture, and manufacturing, since oil revenues may not be predictable and sustainable in the long term.

Evidence suggests that diversified economies are likely to improve their performance in the long run (Hesse, 2008; Lederman and Maloney, 2007). However, the impact of diversification is not homogenous across countries. Gelb (2010) reported that although improvements can be seen in the long run, successful economic diversification depends on several factors such as geography and ecology, among others. While most countries have options in terms of strategic orientation, the main question is how strongly these countries are motivated to diversify and whether they are ready to implement the necessary reforms. This in turn underscores the need for sound macroeconomic management.

Bravo-Ortega and De Gregorio (2007) found that high skilled human capital will have a positive effect on natural resource abundance and growth. The quality of institutions is equally important and determines whether resource rich countries achieve sustainable growth and development or not. Collier (2007) underscored that the issue is not only whether countries are democratic or not. Accordingly, the absence of an effective accountability systems (checks and balances on power), contest for natural resource rents can make democracies malfunction. The importance of functional institutions was further corroborated by Acemologu, Johnson and Robinson (2003) when assessing the success story of Botswana, reported that institutional foundations were in place before the discovery of diamonds.

South Sudan's 2012 Mining Policy and Petroleum Act are the two main legislative frameworks guiding policy implementation and management of the operations in the sectors. Both frameworks recognize the need to ensure operations are conducted in a socially and environmentally responsible manner by minimizing any harmful impacts as well as protecting the interests of local communities.

In terms of institutional governance, the minerals and mining sector is regulated by the Ministry of Mining, while the petroleum sector is regulated and managed by the Ministry of Petroleum through the Petroleum Exploration and Production Authority. Furthermore, South Sudan has developed a National Export and Investment Strategy (NEIS) 2023-2027, which was funded by the African Export-Import Bank and being implemented by the International Trade Centre. As part of NEIS, strategies for gum Arabic, oilseeds, natural honey, wildlife conservations, hides and skins, among others, are being developed to sustain the country's diversification efforts.

2. South Sudan's Evolving Development Model and Rising Oil Dependence

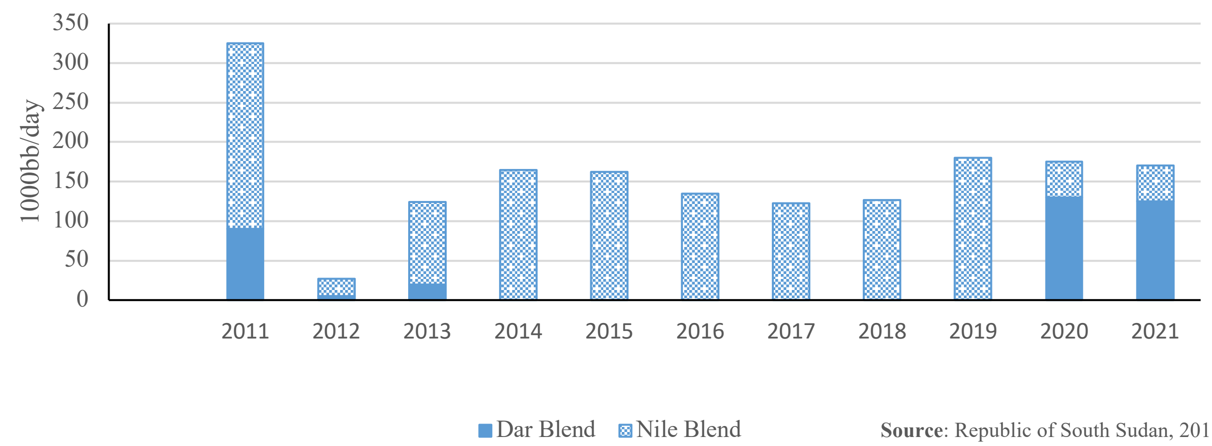
Since independence in 2011, South Sudan has pursued broadly pro-poor and socially inclusive policies with varying levels of success. The development model was built on rapid economic development. But as in many other African countries, the march toward modernity has had to be balanced with the need to preserve national unity and traditional values—including a rural way of life, to ensure that the bulk of the population is not left behind. Given South Sudan's vast natural resources, its economic development prospects could have been much more promising than is the case today. For example, its oil reserves, estimated at 3.75 billion barrels, are the third largest in Sub-Saharan Africa after Angola and Nigeria. The oil sector has been both a blessing and a curse for the country during the political hiatus. Oil has been the only reliable source of revenue during the conflicts, while, on the other hand, the sector's lack of operational transparency has often led to rent seeking, which calls for improvement in institutional governance, accountability, and civil society participation in the sector.

The oil sector is the main source of domestic resource mobilization. It accounted for over 90 percent of total exports, 96 percent[94] of total revenues, and about 70 percent of GDP in 2020. Before secession, thanks to new investments in South Sudan's oil sector, production increased tenfold—from 35,000 barrels a day in 1999 to 380,000 in 2009. South Sudan's secession gave it control over three-quarters of the then-Sudan's oil reserves. Among options for transporting recovered oil, Sudan's pipeline to the sea was deemed the most credible option. Under the financial agreement subsequently reached, South Sudan agreed to pay Khartoum USD9.10 a barrel in transit fees and another USD15 a barrel as a form of solidarity payment (subsidy) in support of Sudan's frail economy.

Since secession, production has averaged 125,000 barrels a day, less than a third of previous production levels. But since 2014 it has stabilized higher, hitting 148,000 barrels a day in 2018—another dividend of peace (figure 1). Still, it took less than a decade after independence for South Sudan to become overly dependent on oil production (for exports, revenue, growth), with its attendant implications for structural and economic policy. In just a short time the economy was showing all the classic signs of oil dependence: external shocks caused by oil prices, swings in foreign exchange reserves, and high import dependence. Moreover, appreciation of the local currency and the subsequent worsening of export competitiveness reduced agricultural exports and contributed to stagnation of domestic production.

[94] 2019/20 Fiscal Year State Budget

Figure 1. Oil production, 2011-2021



Source: Republic of South Sudan, 2018

The oil sector continues to support the Government's expansionary fiscal policy in its quest to finance its development needs. For example, the 2022/23 state budget amounts to South Sudan Pounds (SSP) 1.4 trillion (USD1.3 billion) from SSP338billion (USD337 million) in 2021/22. Total revenue stood at SSP 833billion (USD832 million) in 2022/23 with oil resources accounting for 86 percent of the total revenue. Oil production declined to 156,000 barrels a day in 2021/22 from 169,000 in 2020/21 after several oilfields were damaged by floods, speaking to the vulnerability of the oil sector to climate change[95].

3. Climate Change and the Future of Oil

South Sudan is vulnerable to changes in weather patterns. The combined changes in temperatures and rainfall have made the country more prone to droughts and flooding. The Climate Resilience Index (CRI) used in the AfDB's 2022 African Economic Outlook showed that in 2011–2019, South Sudan was one of three least resilient African countries with a CRI score of 2.4. Furthermore, according to the 2020 Notre Dame-Global Adaptation Index, the country was classified as the most vulnerable to climate shocks in the world, with the least readiness.

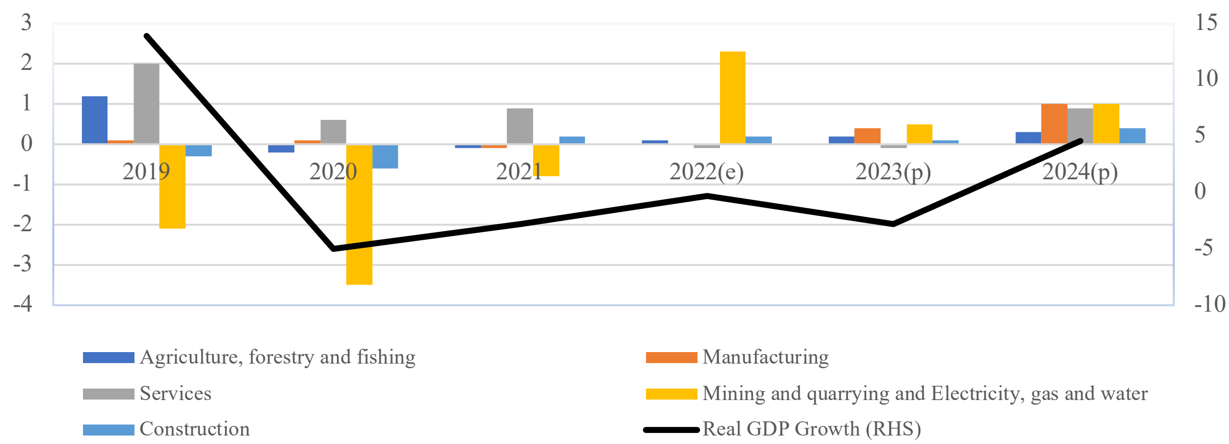
The transition to 'net zero' by 2050 brings additional challenges to the oil sector. This becomes critical for oil export countries as international climate change sentiment is pushing for an end to the era of hydrocarbons and for the frontloading of green technology. As the world transitions to net zero by 2050 with emissions reduced by 45 percent by 2030, there are expectations for declining oil demand in global markets, which will dry out export revenues from oil exporters, such as South Sudan. According to estimates from the International Energy Agency's, oil depending on countries may lose up to 70 percent of their GDP in such a scenario. South Sudan financing needs to achieve its green growth ambitions are estimated at between USD 101.70 and USD 102.12 billion over 2020-2030, representing an annual average of USD 10.17

[95] https://www.afdb.org/en/countries/east-africa/south-sudan/south-sudan-economic-outlook

billion to address climate adaptation and mitigation across various sectors. This calls for mobilization of climate financing including from the private sector to build resilience and advance South Sudan's just energy transition ambitions.

At independence, South Sudan made rapid structural transformation the main thrust of its economic policy. But little progress has been made. First, the oil legacy has made South Sudan heavily dependent on a sector exposed to external shocks. Second, because independence marked the start of internal frictions that deflected policy attention from economic diversification and social inclusion**.** With the return of peace in recent years and despite COVID-19 that reduced growth in 2020 (figure 2), South Sudan is returning to its Vision 2040 and the promise of inclusive growth and structural transformation.

Figure 2. Contributions to real GDP growth, 2012-2023 (percentage points)



Source: AfDB Statistics

South Sudan inherited a technologically advanced oil sector that contributed 90 percent of its exports and government revenue and a peasant-dominated agriculture that sustained the livelihood of 80 percent of the population. The civil war and climate-induced shocks have had pervasive negative impacts on both sectors and the rest of the economy. Table 1 indicates that the share of industry (notably oil, manufacturing, and mining) in GDP declined from 56.8 percent in 2012 to 41.5 percent in 2020, while that of services, in reverse, increased from 39 percent to 52 percent of GDP. In both cases, shifts in sector shares were caused by non-economic factors, i.e., the direct and secondary effects of the civil war, including the destruction of productive infrastructure and weaknesses in the management of oil revenues.

Table 1. Sector Shares of GDP, 2012-2020 (percent)

Sector	2012	2015	2020
Agriculture (including hunting, forestry, livestock, and fishing)	4.1	4.16	5.48
Industry (oil, mining, and manufacturing)	56.8	45.16	41.57
Services (including social services, transport, wholesale trade, tourism and related)	39.1	50.68	52.45

Source: Economic Commission for Africa (ECA), https://ecastats.uneca.org and Author's estimates

If the government can jumpstart transformation, nonoil sectors such as agriculture, mining, services, forestry, and manufacturing this could create a lot of job opportunities. But the process requires good preparation, with features that might not be entirely market driven. First, something drastic must be done to improve South Sudan's human capital and skills. Most South Sudanese workers lack the skills for most jobs beyond subsistence farming. For a growing number of educated young people, there is a skills mismatch that must be addressed. It should be possible for small and medium-size firms—including those in the informal sector—to identify the type of skills they need. Young people could also learn to start small businesses. Furthermore, there is also a need to promote mining, especially by creating conditions for private sector involvement in the exploration of minerals needed for the energy transition.

Structural transformation will also require changing South Sudan's informal sector. The sector is by far the main source of livelihood outside agriculture (and is concentrated in urban areas), and experiences in neighboring countries show that it is susceptible to transformation in a manner different from peasant agriculture. Given the informal sector's urban dominance, high employee turnover, structural flexibility, and large engagement by young people there, it could be a locus for structural change. Low skills and access to working capital are among the most pressing constraints in the informal sector. Most informal entrepreneurs depend on relatives and friends for credit to start a business or buy supplies and equipment. They also go to moneylenders for credit—at exorbitant rates—to stock up on supplies.

The industry sector in South Sudan, dominated by the oil sector, has not provided the backward and forward linkages that are essential for the country's economic diversification and structural transformation. The start of oil refining in Bentiu in Unity State in 2021 marked a crucial step in adding value to the country's crude oil. With several such refineries planned in the future, the country could well become self-sufficient in petroleum products, reduce the cost of fuel, a substantial part of it a transport markup, while also exporting fuel to neighboring countries. Technical skills are still quite limited in South Sudan and the country depends on expatriates from China and Malaysia to run its oil sector. The rate of the consortia transfer of technical competences to South Sudanese is not known for certain but should be of concern to the Government as accumulating such skills will be key for the planned expansion of the oil sector. Furthermore, collaboration between the government and private sector is important to partly address the skills gaps, but South Sudan should put the right conditions in place including basics such as infrastructure and education for strengthening skills, but also optimizing the revenue from natural resources and investing it efficiently.

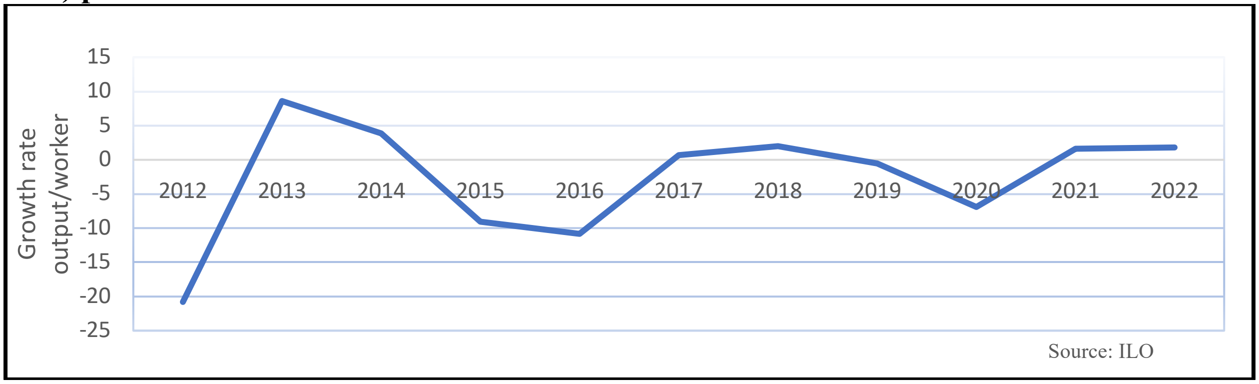
Addressing the above challenges requires effective local content frameworks, to promote local employment, boost private sector involvement in the oil sector, and address issues of low-skills and informality. Local content frameworks could include provisions to ring fence (reserve) certain services in the oil sector for the locals. For instance, the Government could work with oil companies to earmark some contracts for nationals and /or train nationals. This will bolster the national skills base, address informality, and integrate the enclave oil sector into the broader economy.

Strategic investments in oil infrastructure are necessary but should recognize security challenges and market trends. For example, whereas the small refineries are quicker and cheaper to construct, they may not compete against imports. Given the country's plans to build or revamp more refineries, it may be more efficient to consolidate these into a bigger refinery, to take advantage of economies of scale. Excess refined oil production could be exported competitively in the region. Investments in an oil export pipeline should consider security concerns and projections about long-term export revenues. South Sudan oil export pipeline crosses zones of conflicts, putting the oil revenues at high risk. Alternative routes should be explored such as the Lamu Port-South Sudan-Ethiopia Transport (LAPSSET) project, a multi-modal regional infrastructure initiative. This underscores the importance of strengthening regional economic ties with neighboring countries.

While sector-specific wage data for South Sudan are not available, data modelled by the International Labour Organization (ILO)[96] suggest that labor's share in value added has remained flat, at about 42 percent, since 2010. Kenya's labor's share in value added increased by six percentage points between 2011 and 2019 to 47.2 percent. In Tanzania, labor's share increased by 25 percentage points between 2011 and 2019 to 54 percent. In the bargain between capital and labor over income share, Kenyan and Tanzanian workers did better than their South Sudanese counterparts during the 2010s. Furthermore, ILO also modelled South Sudan's annual growth rate of output per worker in South Sudan based on GDP estimates (in constant US dollars) (figure 3). This derived indicator for changes in labor productivity captures well the highs and troughs of recent economic growth in the country – including the impact of oil prices, which affect that dominant sector's productivity, and, hence, that of the rest of the economy. Figure 3 also captures the impacts of the civil war on productivity but suggests a recovery post 2020.

[96] The ILO has modelled the labor income share as percent of GDP for South Sudan. See www.ilo.org.

Figure 3. South Sudan - Annual Growth Rate of Output per Worker (GDP in constant 2015 US$) percent



Thus, structural transformation is still a distant prospect for South Sudan but not beyond reach. The average South Sudanese is currently low-skilled, while for educated young people, there is a skills mismatch between available jobs and their skills profiles. The country's human development indicators are very low. Adult literacy rate (above 15 years) was estimated at 34.52 percent (10 percent female) in 2020[97] from 27 percent[98] with youth literacy estimated at 44 percent[99]. A steady process of structural transformation will require an elevated level of both human and physical capital accumulation as well as large-scale infrastructure and institutional capabilities. To create short-term opportunities for mass employment, it might be necessary for the Government to embark on public works programs across the country tailored to suit local needs and with full participation of local communities. There is an urgent need for the reconstruction of social infrastructure such as schools, hospitals, and markets and a broad program of rural and urban reconstruction will be necessary at all state levels to enable local economies to operate normally once again. Part of the humanitarian support could be allocated to this type of job creation to ensure the sustainability of livelihoods post-crisis.

4. Economic diversification-Lessons from other countries

The lack of a clear policy plan for diversification is a key concern. Such limitation has prevented resources from oil being deployed to a more productive sector of the economy such as agriculture and infrastructure with potential for job creation and poverty reduction. The lack of diversification can also be linked to low productivity and competitiveness. However, the Government could learn from success stories on economic diversification from other economies such as Mauritius (Box 1) and on extractive industry governance from Botswana (Box 2). Empirical evidence from Leiderman and Malone (2007) indicated that diversified economies perform better in the long term.

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[97] Education Sector Analysis 2021

[98] South Sudan National Bureau of Statistics, 2008

[99] https://knoema.com/atlas/South-Sudan/topics/Education/Literacy/Youth-literacy-rate

Box 1- Mauritius Success Story	**Box 2 - Botswana Success Story**
Mauritius is a small island in the Indian Ocean with an estimated population of 1.3 million (2021) but has no mineral resources. At independence in 1968, its economy was highly dependent on sugar cane farming accounting for 20 percent of GDP and over 60 percent of exports earnings, thus exposed to trade shocks. Between 1980 and 2009, Mauritius's average GDP growth stood at 5 percent. In 1980, the country embarked on structural transformation focusing on industrialization with the introduction of the free trade zone (FTZ). The FTZ, inspired by the Taiwanese model, allowed for resurgence of competitive service and tourism sectors. By 2009, sugar accounted for less than 3 percent of GDP, while textiles exceeded 5 percent and tourism 10 percent. The FTZ contributed significantly to the creation of the global business sector by exporting financial services and outsourcing.	Botswana is a landlocked country located in Southern Africa with an estimated population of 2 million. At independence in 1966, agriculture, particularly livestock, was the main driver of growth accounting for over 40 percent of GDP. The country was also dependent on imported goods from South Africa for private consumption as well as exporting all its production. And a few years after independence, it discovered significant deposits of diamond. Between 1974 and 1994, exports of diamond increased in value averaging 30 percent per year[100]. As a result, the mining sector accounted for over 40 percent of GDP while agriculture represented only 2.2 percent of GDP during 2000s. In addition, real GDP growth averaged 6.8 percent between 1990 to 2009. Botswana's success story was due in large part to political stability, and Government measures to use diamond resources to finance the livestock sector. It also created conditions for private sector development (i.e., recognized international contract law, trade and monetary integration with South Africa economy, tax concessions on profits and capital transfers). Creation of a joint venture between De Beers and Botswana - Debswana enhanced the domestic diamond value chain, which increased value from the natural resource. Other measures included the creation of Botswana Development Corporation, the National Development Bank.

South Sudan's Government need to ensure alignment between its priorities and commitment within the context of limited resources. The priority setting process is politically driven though a shared responsibility between the Government and the entire citizens and stakeholders' groups. It also helps the Government in decision making after an in-depth analysis of the current context.

Efficient oil resources management is constrained by using oil-backed loans on terms perceived to be unfavorable for the country[101]. For instance, according to the Ministry of Petroleum report (August 2023), the outstanding oil collateralized loans currently stand at USD 1.1 billion. Repayments of these loans in barrels of oil could significantly reduce oil revenues for the state and hamper development efforts. This in turn will compromise its efforts to ensure debt sustainability due to high risk of debt-distress, as per the IMF and WB debt sustainability analysis released in March 2023. The challenge is compounded with lack of transparency and accountability. For instance, South Sudan's was ranked at the bottom of African countries (53rd out of 54 countries) with an overall score of 20.7 points in the 2020 Mo-Ibrahim index of African Governance. Similarly, it was ranked at the bottom (180th out 180 countries) on the 2021 Transparency International's Corruption Perceptions Index, with a score of 11 on a scale of 0-100 (0 representing highly corrupt and 100 clean).

5. Policy Recommendations

Several key actions are required to accelerate South Sudan's economic diversification aspirations. These actions comprise: implementing the peace agreement; designing an economic diversification strategy; building human capital; enhancing transparency and accountability;

[100] Article by Arthur Silve-Afrique Contemporaine 2012/2 (No 242)

101 https://www.reuters.com/article/southsudan-oil/imf-urges-south-sudan-to-stop-taking-oil-backed-loans-idUSL8N2163H3

investing in essential infrastructure; enhancing the private sector enabling environment; and deepening regional integration.

1. Accelerate the implementation of the peace agreement and address post-conflict challenges to set a foundation for stability, which is critical for the success of the national economic diversification agenda.

2. Design an economic diversification strategy to reduce dependence on oil revenues. The strategy should focus on supporting Government to diversify its sources of revenue away from oil and reduce exposure to fluctuations in oil prices and production and mitigate the energy transition risks as revenues from petroleum resources start to dwindle in the coming decades. Domestic resources mobilization in the oil sector will also create headroom for investments in other critical sectors such as agriculture and infrastructure for job creation and poverty reduction. Furthermore, improving macroeconomic policies and public financial management systems, deploying financial modeling to inform investment decisions and design of oil fiscal regimes; and ceasing the use of oil- backed loans are equally important.

3. Building human capital to address identified skills gaps in the public and private sector including on oil revenue management to create jobs and foster growth. Focus should be placed on collaboration with the private sector to strengthen technical and vocational training as well as placement and apprenticeships in industries to boost employability for youths in key emerging sectors such as construction, agro-industry, and hospitality. Aligning skills training with market demand will reduce skills mismatches, promote entrepreneurship, and job creation. Addressing the above challenges requires designing effective local content frameworks and strategies for promoting Small and Medium Enterprises.

4. Enhancing transparency and accountability by strengthening the policy, legal, and regulatory framework. For instance, the Government could make efforts to join the Extractive Industries Transparency Initiative (EITI) and begin implementing its provisions. Furthermore, South Sudan should accelerate the application of best practices related to oil transparency, prudent fiscal management, and enhancing civil society engagement in the sector. There are also needs to balance policy priorities in terms of upfront investments in needed infrastructure versus operationalization of the oil revenue stabilization and future generation funds requiring government's commitment. For example, Botswana has been using its mineral wealth resources to invest in infrastructure as well as saving in the Pula Sovereign Fund.

5. Investing in essential infrastructure such as roads, energy, and ICT, among others. These investments have the potential to reduce the cost of doing business, thereby catalyzing private investment and finance. The resulting improvements in competitiveness will bolster higher value-added economic activities including manufacturing and agro industrialization.

6. Promoting private sector investments in the extractives sectors to drive economic diversification, enhance climate resilience and support the just energy transition. Thus, domestic, and international private sector actors should work together with the government in renewable energy to exploit the potential for such energy, including identifying opportunities, sharing examples of successful models, and working jointly with relevant stakeholders on risk sharing instruments.

7. Deepening regional integration: Regional integration initiatives are consistent with the country's National Development Strategy, which identifies "economic infrastructure development" and "fast-tracking the development of legal, regulatory and institutional frameworks” as priority actions to jumpstart economic transformation. South Sudan should make efforts to complete the protocols including Customs Management Act, labour, and capital movements, to fully benefit from its memberships in regional bodies such as EAC.

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2. *www.ilo.org.*

Chapter 8.

Infrastructure Finance: Options and Challenges

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Executive Summary

- A robust system of physical infrastructure is a pre-requisite for national economic development.
- Such infrastructure requires sustainable political stability, improved security, and enhanced governance.
- South Sudan can position itself as a forerunner by incorporating green projects and financing them through Green Bonds.
- Regional collaboration such as the LAPSSET Corridor initiative involving Kenya, Ethiopia, and South Sudan can be important innovations for improving infrastructure.
- Public-Private Partnerships (PPPs) encourage private-sector involvement in infrastructure development.
- South Sudan could issue infrastructure bonds, enticing both domestic and global investors to contribute to the nation's progress. The revenue from those projects could then form a cyclical model, rewarding those initial investors, and leading to yet further investments.
- A ***Sovereign Wealth Fund*** (SWF) can invest portions of oil revenues in infrastructure, thus ensuring that the wealth of today serves future generations.
- ***Development Impact Bonds*** (DIBs) are promising instruments for ensuring accountability. In these arrangements, investors realize returns only when predefined developmental outcomes materialize.
- ***Tax Increment Financing*** (TIF) is a "value capture" mechanism to return some of the increased land value associated with infrastructure investment back into funding of those projects.
- ***Infrastructure Investment Funds*** (IIFs) consolidate funds from an assortment of sources and can nurture a series of infrastructure projects.

1. Introduction

I here explore the complex issue of South Sudan's infrastructure deficit, a major obstacle to the country's economic growth and development. The paper offers an analysis of the constraints associated with financing infrastructure projects and proposes opportunities for improvement. Within this context, the paper suggests critical policy interventions designed to surmount these challenges and catalyze infrastructure development, thus ultimately fostering overall economic progress. The infrastructure deficit in South Sudan extends across essential sectors, including transportation, energy, water supply, and telecommunications, significantly hampering economic activities and limiting access to fundamental services, thereby undermining the country's attractiveness to investment.

The structural challenges and institutional constraints facing South Sudan are also recognized as formidable obstacles. These encompass political instability, inefficient regulatory frameworks, and capacity limitations, which hinder both project execution and financial stability. The paper notes the country's constrained access to capital markets and the added complications posed by global oil price fluctuations.

In response to these multifaceted challenges, the paper highlights several effective strategies to mitigate them. These include Public-Private Partnerships (PPPs), which stand out as a means to leverage private sector expertise and resources. Additionally, innovative financing mechanisms, digital solutions, and regional collaboration are presented as avenues to mobilize resources and enhance project efficiency.

The paper underscores the importance of pursuing policy reforms that would help address South Sudan's infrastructure deficit comprehensively. These reforms span enhanced governance, improved resource management, refined project planning, robust capacity building, and strengthened regional cooperation. Equally important are initiatives related to debt management, the promotion of the local private sector, and the implementation of effective environmental and sustainability guidelines.

The paper underscores the necessity for South Sudan to adopt a strategic and holistic approach to infrastructure finance. By addressing challenges and seizing opportunities, the country can stimulate inclusive growth and enhance the quality of life for its citizens. The implementation of the proposed policy reforms, along with the establishment of an effective SSIF, has the potential to reshape South Sudan's infrastructure landscape and drive sustainable development.

2. The Context

Emerging from the shadows of a very tumultuous past, South Sudan is the world's newest sovereign nation following its secession from Sudan in July 2011. There was immense hope on the eve of independence that the country would be able to provide its long-suffering people with real dividends in the form of peace and broader economic progress. Notwithstanding the optimism prevailing then, it was also widely recognized that the country faced immense headwinds as a land-locked economy emerging from conflict, and beset by internal political and ethnic fault lines that were likely to complicate the process of nation-building.

Despite its triumphant emergence from decades of civil war, the nascent nation inherited deeply entrenched socio-political cleavages and a legacy of systemic underdevelopment. Factional political tensions among the country's elites—and disputes over power and control of revenues from natural resources—threatened to undermine the delicate fabric of national unity. Moreover, the limited institutional capacity, even during the years of de-facto self-rule ushered in by the Comprehensive Peace Agreement in 2005, rendered governance a herculean task after independence. The bureaucratic apparatus was largely embryonic, lacking the necessary focus and requisite institutional infrastructure to effectively administer and govern a newly independent state.

These structural impediments severely hamstrung South Sudan's state-building endeavor. Most specifically, the paucity of essential infrastructure—roads, schools, healthcare facilities, and more—presented a formidable barrier to socio-economic development. Without a robust infrastructure framework, attracting foreign investment and fostering economic diversification became impossible. As a consequence, instead of leveraging its independence to craft a unified national identity and a prosperous future, South Sudan found itself ensnared in a cycle of internal strife and developmental stagnation, with its foundational challenges acting as persistent obstacles to genuine creation of a well-functioning nation-state.

Additionally, these persistent bouts of civil unrest exacted a terrible toll on the nation's already anemic infrastructural base. Numerous essential structures like roads and public edifices have either been compromised or completely razed in major towns and smaller hamlets all over the country during the civil war. Amidst all this turmoil, South Sudan continues to grapple with resource allocation problems as it tries to pursue development—while straining to manage a polarized polity using dwindling revenues from its oil sector.

Foreign investment, a crucial driver for infrastructure growth, remains beyond reach due to the attendant political volatility and insecurity. The continuous strife not only interrupts infrastructure undertakings, it also dissuades private-sector participation and foreign direct investment. Therefore, it goes without saying that for South Sudan to tread the path of socio-economic evolution and stability, it is imperative to address its pronounced infrastructure inadequacies. It calls for decisive policy actions, broader avenues to global funding, and an unwavering commitment to transparent governance.

In what follows, I discuss the hurdles that South Sudan faces in financing its infrastructure, seeking a comprehensive understanding of their internal and external nuances. Subsequently, I explore the potential pathways—both within the purview of the government and on the international stage—that can catalyze infrastructure development efforts in the country. Finally, I offer an array of policy measures by which these severe obstacles can become stepping stones for the upward evolution of the country's critical infrastructure capacity

3. The State of Infrastructure in South Sudan

South Sudan, emerging as the world's youngest nation in 2011 after a prolonged period of civil strife, faced an uphill battle in terms of infrastructure development. Boasting an expansive land area and abundant natural resources, the nascent nation is faced with an acute infrastructure deficit that continues to hamper its growth and the overall welfare of its citizenry. This shortfall is evident across multiple domains. The nation's transportation framework is particularly dire. Roads, often in a state of disrepair, render transportation arduous, and the onset of the rainy season makes numerous areas virtually unreachable. Furthermore, a stark absence of bridges over key rivers obstructs seamless movement and trade, while the aviation infrastructure can only be charitably described as rudimentary.

In the realm of energy, vast sections of the population are bereft of electricity, resorting instead to traditional energy sources like firewood and kerosene. This is paralleled in the water and sanitation sector. Many rural locales lack access to clean drinking water, posing a significant health risk, and comprehensive sanitation facilities remain a distant dream for many. The education and healthcare sectors are equally afflicted. Schools, where they exist, often lack basic amenities, and healthcare facilities are few and far between, restricting access to vital medical services. Telecommunication infrastructure is in its infancy, with many areas having little to no access to mobile phone and internet services, constraining communication and commerce. Lastly, the agricultural sector, pivotal for the nation's economy, is beleaguered by the lack of proper market structures and storage amenities, which dampens both productivity and trade potential.

Looking back into the evolution of infrastructure investments in South Sudan illustrates a story of historical marginalization and missed opportunities. In the era predating independence, when the region was part of “rump Sudan,” national infrastructure development was predominantly restricted to the north, leaving the south in a state of pronounced neglect. The devastating second Sudanese Civil War, from 1983 to 2005, further prevented infrastructure growth. Over two decades of deadly armed conflict saw the few roads, bridges, and transport networks in place either severely damaged or rendered obsolete by lack of use and maintenance.

The ensuing years witnessed a few infrastructure development initiatives, including road rehabilitation projects and the establishment of pivotal transport corridors, with the Juba-Nimule Highway linking the country to neighboring Uganda being a notable accomplishment. Yet, the outbreak of civil conflict in 2013 derailed many of these ambitious projects. Recent years have seen a resurgence of infrastructure undertakings, with notable advancements like the Juba-Bor route, and continuing work on the Bahr El-Ghazal Highway Network offering some bright lights in an otherwise dismal history.

4. Challenges to Infrastructure Investment in South Sudan

South Sudan, with its vast natural resources, stands as a paradigm of potential in the heart of Africa. However, beneath this façade of wealth lies an intricate web of structural impediments that continually undermine its ability to finance critical infrastructure. Since its independence in 2011, the nation has been plagued by political instability and recurrent civil conflicts, which have not only diverted essential resources away from development projects but also deterred potential investors. The intricacies of the problem deepen with the country's recurrent security concerns, making the planning and execution of infrastructure projects almost insurmountable. Furthermore, the nation’s inability to tap into international capital markets, due to an underdeveloped financial system and its tumultuous political history, further curtails its fundraising capabilities.

Equally problematic is South Sudan's reliance on oil revenues. This situation means that global oil price fluctuations can dramatically sway the country’s fiscal strength, thereby hindering the consistent allocation of funds to crucial infrastructure endeavors. This fiscal imbalance is exacerbated by the government's stretched budget, which is torn between the pressing demands of security, humanitarian aid, and other vital services. Yet, the barriers do not end there. The specter of corruption and mismanagement loom large, eroding trust and pushing potential donors and investors away due to fears of misappropriation. Moreover, a significant bottleneck arises from the nation's inherent lack of technical capacity to efficiently oversee intricate infrastructure projects, often resulting in unfortunate delays and escalating costs.

In the broader geographical context, South Sudan's landlocked status further complicates its infrastructure development. Reliant on neighbors such as Sudan and Kenya for crucial port access and transport corridors, the country often finds itself negotiating intricate transit agreements to ensure smooth cross-border trade. Construction difficulties, stemming from South Sudan's rugged terrain and the inherent costs of building infrastructure from the ground up, further strain its limited resources. To cap it off, the nation grapples with the myriad of regulatory hurdles and perceived political risks that stymie efforts to build an effective private sector.

As above, South Sudan must prioritize sustainable political stability, improved security, and enhanced governance as prerequisites. By strengthening institutions, diversifying revenue streams, and fostering a transparent, investor-friendly climate, the nation potentially paves a way forward, turning potential into progress.

5. Leveraging Finance for Infrastructure

South Sudan is at a crossroads, faced with significant infrastructure problems, but also capable of creatively pursuing avenues to begin to address those problems. One of the most promising avenues lies in fostering Public-Private Partnerships (PPPs). By encouraging private sector involvement in infrastructure development, South Sudan can tap into the expertise and capital that private entities bring, sharing both the rewards and risks. A synergy between the government's vision and the efficiency of private companies could lead to sustainable and quality infrastructure projects, so long as proper governance, risk management, and transparency reforms are implemented to attract the right partners with the requisite technical and financial capacity to join in mutually beneficial public-works projects.

Yet, PPPs are just the tip of the iceberg. South Sudan could issue infrastructure bonds, enticing both domestic and global investors to contribute to the nation's progress. The revenue from those projects could then form a cyclical model, rewarding those initial investors, and leading to yet further investments. Additionally, the establishment of a sovereign wealth fund that can invest portions of the oil riches in infrastructure, would ensure that the wealth of today serves the generations of tomorrow. Another groundbreaking option is ***Development Impact Bonds*** (DIBs), an outcome-centric mechanism. These bonds are revolutionary in ensuring accountability—investors witness returns only when predefined developmental outcomes materialize.

But innovative financing models don't stop here. Notice that parcels of land that benefit from infrastructure investments can also contribute to the financing of that infrastructure. Through ***land value capture*** mechanisms—such as tax increment financing (TIF)—a portion of the increased land value from new infrastructure could be channeled right back into funding the project. South Sudan could also pioneer Infrastructure Investment Funds, a model that amalgamates resources from an assortment of sources. Whether it's public coffers, benevolent grants, or private injections, these funds can nurture a series of infrastructure projects.

As the world moves towards environmentally conscious choices, South Sudan can position itself as a forerunner by incorporating green projects and financing them through Green Bonds.

This not only caters to global environmental concerns but also attracts investors with an eco-friendly bent.

Another significant avenue worth exploring is bilateral development partnerships. Organizations like the United States Agency for International Development (USAID), or the United Kingdom's Department for International Development (DFID), have a history of offering long-term, low-interest loans to countries with pressing infrastructural needs. Their expertise and resources could be invaluable for South Sudan's transport ambitions. Moreover, regional development banks, especially the East African Development Bank (EADB) and the Eastern and Southern African Trade and Development Bank (TDB), might possess tailor-made programs aimed at nurturing transport infrastructure in the region.

Though the African Development Bank (AfDB) and the World Bank are actively engaging in the country, diversifying the nation's financial resources will be essential. For instance, the African Development Fund (ADF), affiliated with the AfDB, offers concessional loans and grants that could further complement the nation's infrastructural needs. In a similar vein, while the World Bank's International Development Association (IDA) has its advantages, other opportunities must be actively sought out.

As global attention shifts towards sustainable development, this could be leveraged by integrating climate-friendly strategies into projects. By doing so, South Sudan might attract concessional financing from institutions like the Green Climate Fund (GCF). Exploring debt relief initiatives, which provide loans or grants in return for debt restructuring, could be another innovative solution. To tap into these opportunities fully, South Sudan should emphasize open dialogues, showcase the potential of its projects, and strictly adhere to financing eligibility norms. Above all, embracing transparency, effective governance, and adept project management is imperative to ensure a robust infrastructural foundation for the nation.

Engaging strategically with the neighbors along its vast borders is imperative if South Sudan is to make progress in its dismal infrastructural deficit. This is an area that deserves greater and sustained attention from the government in Juba. A significant cornerstone in this regional collaboration is the LAPSSET Corridor, a transformative initiative involving Kenya, Ethiopia, and South Sudan. This ambitious project encompasses the development of transport infrastructures, such as roads, railways, pipelines, and notably, the construction of the Lamu Port in Kenya. By weaving these nations closer together, the corridor not only enhances connectivity but also catalyzes trade and provides South Sudan with coveted access to the sea.

Another opportunity for South Sudan to leverage regional cooperation towards infrastructure development is its active participation in the East African Community (EAC). As a member, South Sudan is eligible to benefit from an array of road projects aimed at fortifying cross-border connectivity. This initiative touches several countries, including Kenya, Uganda, Tanzania, and Rwanda. Furthermore, discussions about reinforcing road connectivity between South Sudan and Kenya are underway, envisioning a future where trade and the movement of goods between the two countries are seamless.

6. The South Sudan Infrastructure Fund

An urgent institutional imperative is the establishment of a ***South Sudan Infrastructure Fund*** (SSIF). This fund is envisioned as a distinct legal entity, either government-owned and directed or in partnership with the private sector. It would operate under a clear governance framework, secure funding from diverse sources, and align its investment mandate with the overarching national development goals. If properly structured and managed, The SSIF offers the government a focused and efficient platform to fast-track infrastructure-related initiatives. However, the success of the SSIF hinges heavily on its design. Firstly, it ought to be a distinct legal entity, to ensure transparency, accountability, and sound management. Ideally, while the government could be the majority shareholder, a public-private partnership (PPP) structure might be beneficial in harnessing private sector expertise and investments. A well-defined governance framework, headed by a board comprising government representatives, independent experts, and perhaps private sector participants, is also crucial.

The SSIF's main objective should be the development, financing, and supervision of infrastructure projects. The focus should be on initiatives that not only align with South Sudan's developmental objectives, but also hold promise in terms of economic and societal returns. The Fund must have robust systems in place for project selection, prioritization based on their economic and societal impact, and a keen eye on alignment with national goals. This includes undertaking meticulous due diligence, financial risk analyses, and feasibility studies. Financial propriety, too, must be at the core of the SSIF's operations. Adopting and maintaining high standards in financial management, including budgeting and accounting, will ensure the judicious use of funds. The Fund could either take the lead in developing infrastructure projects, or enter into collaborations with entities from the public and private sectors. A continuous dialogue with stakeholders, especially local communities, is key, to ensuring that all projects are both environmentally and socially responsible. Moreover, public-private partnerships stand out as a significant pillar in the Fund's operational strategy. By offering risk guarantees and a well-defined framework for private sector involvement, the SSIF could effectively attract greater private capital.

The Fund will also foster a keen focus on developing local expertise in domains like project management and infrastructure planning, ensuring a sustainable approach and lessening the dependency on external aid. But it's not just about initiating projects; an exit strategy is crucial. The SSIF needs to have a clear roadmap for its eventual disengagement from projects once they attain self-sustainability or get transferred to suitable governmental bodies.

7. Conclusions

Comprehensive policy reforms are critical—primarily from the Government—but also buttressed by the private sector and multilateral organizations. These measures must be implemented with diligence to harness potential investments, bolster governance, and ensure optimal resource allocation:

1. Strengthening Governance and Transparency: Prioritize transparency across all stages of infrastructure development— from procurement to execution and financial management.

This will serve as a pivotal deterrent to potential corruption. Furthermore, refine the existing regulatory structure for infrastructure development to offer clearer guidelines on project selection and execution.

2. Natural Resource Management Strategy: Develop a coherent strategy for deploying revenues from natural resources to back infrastructure endeavors. Simultaneously, deliberate actions to diversify the economy must be taken to lessen the dependence on oil revenues.

3. Robust Project Planning: Invest in detailed project planning and feasibility studies to ensure alignment with national development goals. It's equally vital to introduce rigorous project management techniques and consistent monitoring mechanisms to avert cost overruns and project delays.

4. Fostering Public-Private Partnerships: Forge ahead with establishing a robust legal and regulatory framework that makes South Sudan attractive for private sector investment in infrastructure. Simplify approval processes and offer risk assurances to potential investors.

5. Create an Investment-Friendly Ecosystem: Reduce bureaucratic hurdles and provide enticing incentives to both domestic and international investors. It's essential to offer legal protections that can allay concerns of political or financial uncertainties.

6. Enhance Institutional Capacity: Channel investments towards training programs for government entities overseeing infrastructure development. This will refine project management and monitoring capabilities. Additionally, forge alliances with international organizations to access specialized expertise.

7. Regional Collaboration: Work hand-in-hand with neighboring countries to bring to life regional infrastructure projects, thus bolstering cross-border ties and facilitating trade. Utilize platforms like the East African Community (EAC) and the Northern Corridor Transit and Transport Coordination Authority (NCTTCA) for regional integration initiatives.

8. Incorporate Environmental Social Governance: Integrate ESG principles comprehensively into infrastructure projects. This includes conducting thorough impact assessments to ensure ecological balance and sustainability.

9. Prudent Debt Management: Institute a sound debt management strategy to safeguard against excessive borrowing. Any debt undertaken for infrastructure initiatives must guarantee positive returns.

10. Boost Local Participation: Champion the involvement of local enterprises in infrastructure projects. This not only stimulates economic growth but also fosters job creation. Complement this by launching skill development programs, enhancing the employability quotient of the local populace.

The above reforms must be spearheaded with unwavering political commitment, a dedication to pristine governance, and a proactive approach toward international collaboration. Implementing these measures will undeniably pave the way for South Sudan's sustainable development and economic resurgence. South Sudan boasts numerous avenues to overcome obstacles and harness its infrastructure potential. By embedding principles of good governance, transparency, and strategic foresight, the government can draw both domestic and international investments. Further, fostering public-private partnerships and capitalizing on its abundant natural resources can serve as financial pillars for infrastructure projects. Additionally, forging stronger ties and cooperative efforts with neighboring nations could amplify regional connectivity and boost trade prospects.

As the nation charts its course forward, adopting a holistic strategy becomes paramount. This includes introducing well-thought-out policy reforms, nurturing capabilities, and exploring innovative funding avenues to ensure infrastructure initiatives fuel economic advancement, and employment opportunities, and elevate the quality of life for the people. This transformation will equally require collaboration from the global community, regional allies, and all pertinent stakeholders, emphasizing a united effort in bolstering South Sudan's path to peace, security, and development.

Chapter 9.

The Importance of Human Capital in Economic Growth

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Executive Summary

The government of South Sudan should:

- Increase its investment in human capital formation and social services, through raising spending on education and health. Efforts must be made to improve health and education, including by enhancing digital skills through adopting the *One Laptop Per Family* policy.

- Enhance resource allocation, through strengthening spending efficiency, and upgrading the quality of learning environment.

- Improve policy coordination and planning through effective budget costing, improved data collection, and forecasting. It is also vital for policy planners to consult with the public on how and where resources should be allocated to ensure evenhanded development.

- Upgrade active labor market outcomes through investing in vocational schools or TVETs, to increase employable skills, and create jobs for the surplus labor. Achieving sustained economic growth is one of the main macroeconomic goals for a given economy to absorb its growing labor force. Therefore, effective labor market active policies, including how to track employment, unemployment, and job loss benefits, need to be initiated.

1. Introduction

Literature has demonstrated the great importance of human capital formation in fostering economic growth and achieving macroeconomic goals (Romer, 1988, 1989, 1994; Lucas, 1977; Mincer, 1958; Jibir, Abdu, & Buba, 2023). Received knowledge, including Romer (1990), posit that the available stock of human capital determines the rate of economic growth. Simply defined, human capital formation signals the act of acquiring and boosting the number of people possessing real-world skills, education, and experience. These characteristics have been established as imperative for economic, social, and political development of a given country. Broadly conceived, human capital formation is linked to investment in people and their advancement as well as innovation capacity for companies (Diebolt, & Hippe, 2019; Mariz-Pérez, Teijeiro-Álvarez, & García-Álvarez, 2012). This insight underscores that human capital improves the technical and creative skills of the labor force, with implications to augment productivity, growth, and quality of life.

Human capital punctuates everyday life. Its aspects include communication skills, education skills, technical skills, creativity, experience, problem-solving skills, good health, and personal resilience, among others. As available evidence indicates, human capital formation is critical in improving firm productivity, promoting innovation, and invention, while adding value (Bagdasarian, Stupina, Goryacheva, & Shmeleva, 2020; Jibir, Abdu, & Buba, 2023).

Before examining the indicators and outcome of human capital formation in South Sudan, the paper starts from the premise that human capital is key in the production process. It is a vital tool to reduce unemployment, poverty, and lessen inequality (Prasetyo, & Kistanti, 2020). The paper examines two growth theories by Paul Romer and Robert Solow to illustrate human capital as a key driver in inducing a greater national output. It first establishes the connection between growth and human capital, a form of wealth that can used to achieve national objectives, including poverty reduction, and achieving full employment. Human capital comes in diverse forms, including knowledge, social, and emotional capital. Many theories explicitly connect investments in human capital to education, development, productivity growth, and innovation. These connections justify the need to provide subsidies for education and skills training, which are seen as public goods.

Human capital remains vital to foster growth, and public attitudes towards innovation, and entrepreneurship. Earlier theoretical underpinnings linked factors of production to output. Examples include the Harrod—Domar technology with fixed coefficients and an excess supply of labor as well as the use of disequilibrium models, where wages and prices are not equated across sectors. Yet, the Solow growth model became a distinct one. This model takes exogenous factors, linking output to capital, labor, and technology. While different models exist and explain the mechanics behind economic growth, they nevertheless point to the centrality of labor, capital, and technology. In this connection, human capital is subsumed in the workhorse of macroeconomic model growth, which is the Solow model. In addition to the Solow growth model, the groundbreaking work by Paul Romer focuses on human capital. The empirical results by Romer (1989) indicate that the initial level of literacy does a decent job in explaining the subsequent rate of investment, and accounts for the rate of income growth.

No doubt that the authorities in South Sudan have documented clear policy positions that support the need to invest in human capital formation. These range from the National Development Plan (NDP) (2011-2013), Revised National Development Strategy(R-NDS) (2021-2024), the 2012 SPLM National Booklet, and the earlier policies and programs, including the SPLM policy from war to peace. While the intention exists, critics argue that they have not been fully translated into reality as decades of conflict have induced weak health and education systems (Sami, Mayai, Sheehy, Lightman, Boerma, Wild, & Spiegel, 2020). Critics further argue that education, health, and social welfare receive a small proportion of the national budget since independence in 2011. Statistics show that spending on education and health in South Sudan has fallen short relative to regional averages. While a lot of support about education and public health has been left in the hands of the development partners, one can submit a conjecture that lack of investment in human capital could be thought as a contributor to disappointing growth narrative in South Sudan.

Broadly, the paper tries to verify the criticality of human capital in economic growth in South Sudan and raises two related research questions:

(i) How critical is human capital as a key driver in theoretical growth accounting?
(ii) To what extent have South Sudanese authorities enhanced human capital to support growth?

This study contributes to the ongoing debate by exploring the connection between human capital accumulation and economic growth in general and how South Sudan has been faring relative to her peers from 2015-present. It does so by demonstrating that the country's pronouncements, crafted in many policy documents (See NDP 2011-2013; NDS 2018-2021; R-NDS, 2021-2024), among others, do not match with resources required to support investments in human capital. It concludes that South Sudan lags peers when it comes to actual spending on education and health, while it spends considerable resources on security, especially during the conflict period from 2013-2018. This paper, therefore, validates the view that South Sudan spends less on human capital and relegates more of its role to development partners.

2. The Literature on Human Capital

The section considers two production functions by Professors Robert Solow and Paul Romer. These models relate capital, labor, technology, human capital, and other intangibles to output.

The Solow Growth Model

The Solow growth model is one of the main neoclassical workhorses. As an exogenous model popularized in the 1960s, it makes several simplifying assumptions, including the proportional population growth, while the level of output (Y) or GDP, labor L, and capital K are linked by a production function that takes coefficient of adjustment or technology (a) as given. The Solow model assumes constant returns to scale, indicating that if inputs double, then the output also doubles. This assumption leads to the focus on output per worker and capital per worker. For the theoretical framing, the model links the current capital stock (K), future capital stock (K prime or K'), the rate of capital depreciation (δ), and prevailing level of capital investment (represented by I) via capital accumulation equation, with K'= K(1- δ) + I. Technology is considered as a nonrival input in production in the sense that the same design can be used simultaneously in as many production processes as warranted by cost considerations. The design is subsumed under the label of R&D, which includes invention, construction of a pattern, testing, and modification.

The Solow model leads to income convergence since there would be no growth when countries have the same level of savings (Solow, 1956). Hence, poor countries can catch up with advanced economies, and the outcome is a conditional convergence. However, countries with different savings rates will have different levels of output, and different steady states. Therefore, the model does not end in a catch-up among countries. According to the Corporate Finance Institute (CFI) (2019), the Solow Model examines changes in the level of output in an economy over time due to changes in the population growth rate, savings rate, and rate of technological advancement. Adopting this specification (CFI, 2019), and letting national income be Y, capital K, labor L, and Technology a, the production function (f) can be constructed and solved as:

$$Y = af(K, L) = aK^{b}L^{1-b}, \text{ where } 0 < b < 1 \quad (1)$$

Which is an example of the Cobb-Douglas production function. Assuming that firms are price-takers, the coefficient b represents the share of income that capital receives while 1-b is what labor receives. Considering this formulation and dividing through by L, output per worker becomes:

$$y = ak^{b}, \text{ noting that } y = Y/L \text{ (output per worker and } k = K/L \text{ (capital stock per worker)} \quad (2)$$

Letting C denote consumption; S for savings; and I for investment, the competitive equilibrium assumption indicates that income-expenditure identity must hold, as equilibrium condition:

$$Y = C + I \quad (3)$$

Analogously, the consumer's budget constraint takes the following form:

$$Y = C + S \quad (4)$$

Therefore, in equilibrium, investment equals saving which is proportional to national output:

$$I = S = sY \quad (5)$$

The capital accumulation equation becomes:

$$K' = (1-d)K + sY \quad (6)$$

The capital accumulation equation in per worker over time is arrived as follows:

$$(1 + g)k' = (1 - d)k + sy = (1 - d)k + saf(k) = (1 - d)k + sakb \quad (7)$$

The formulation leads to a steady state, which is a situation here the level of capital per worker does not change. The steady state is found by solving the following equation:

$$k' = k \Rightarrow (1 + g)k = (1 - d)k + sakb \quad (8)$$

Therefore, collecting like terms and solving for k, the steady state value of capital per worker and the steady state value of output per worker are stated as constants, viz:

$$K^* = \left(\frac{sa}{g+d}\right)^{\frac{1}{1-b}}$$

This formulation indicates that there should be no differential growth in the long run assuming that countries have the same g (population growth rate), s (savings rate), and d (capital depreciation rate). They cannot thus help but have the same steady state and should converge, emphasizing that the Solow growth model predicts conditional convergence. Along this convergence path, we can clearly see why poorer or developing countries must grow faster than the advanced economies.

The obvious weakness of the model lies in its assumption of constant returns to scale, exogeneity of key inputs, and lack of agency in the human capital formation. While capital, labor, technology, and other skills are important, they are assumed to be given and as thus, the model does not explain how they come about. These weaknesses in growth accounting leads to the search for other models, especially when one notes that labor is a produced intermediary, and it takes years of investments.

The Romer Model

Paul Romer popularizes the role of human capital in growth under the endogenous model. In the words of Bareke et al. (2021, p. 1), "Romer criticized the failure of neoclassical growth models to make an endogenous technological change and human capital development that arises from intentional investment decisions by economic agents on education and training." Therefore, Romer provides a theoretical framework to think about the role of human capital in a model of endogenous growth. In his articulation, he raises questions on how intangibles like education and experience on one hand and science or knowledge on the other affect production.

The standard endogenous growth model, Y = f(K, H, L, A), relates *Y* (per capita GDP growth) to *K* (physical capital), *H* (human capital), *L* (labor force), and *A* (proxy for technological progress). As Lucas (1988), Grossman and Helpman (1991), and Romer (1990) indicate, the endogenously generated human capital determines the level of output. This underscores that higher productivity in the education and knowledge sector can enhance the marginal productivity of the labor force, inducing higher earnings. Augmented human capital can, therefore, accelerate innovation and technological change, which are imperative for long-term sustainable development.

Adopting the model by Bareke et al. (2021), the endogenous growth model goes as follows:

$$Y_t = H^{\Psi}{}_t K^{\alpha}{}_t(A_tL_t)^{1-\alpha} \quad (9)$$

This shows that the current aggregate output is produced according to the following Cobb–Douglass production function, with Ψ measuring human capital elasticity of aggregate production, and α representing the share of capital. By taking natural logarithm on both sides of this equation in #9, and rearranging, the above model can be respecified as follows:

$$\text{Ln } Y_t = \Psi \ln H_t + \alpha \ln K_t + 1 - \alpha (\ln L_t + \ln A_t) \quad (10)$$

Human capital depends on the schooling decision of individuals who face exogenously given prices in the markets (Acemoglu, Gallego, & Robinson, 2014) and schooling decisions are determined by the net present value of the individuals and other factors. While emphasizing the role of institutions, Acemoglu et al. assume that economic actors are endowed with some level of human capital (H>0), which evolves according to the following modified differential equation:

$$\dot{H}_t = f(t, H_{t-1}, S_t, X_t) \quad (11)$$

Where S_t is the fraction of resources devoted to education, t is time, and $f_{(t)}$ determines how human capital changes as a function of time, the existing stock of human capital, schooling decisions, and other socioeconomic factors X_t and H_{t-1} refers to previous level of human capital. The evolution of schooling over time depends on the proportion of people in education and population growth (Papageorgiou & Perez-Sebastian, 2002). By combining equations #10 and #11, the human capital growth model can be recast thus:

$$\dot{H}_t = F(t, H_{t-1}, Y_t, K_t, L_t, S_t, X_t) \quad (12)$$

Where K_t captures the externality effect of physical capital accumulation on human capital. It is understood that household decision regarding education determines the supply of human capital, while technological change determines the related demand of human capital. This means that technological change increases the demand for a skilled workforce, increasing return to education and consequently prompting human capital growth (Bareke et al., 2021). Yet, in a country boasting of a huge resource gap, human and physical capital may exhibit tradeoffs, each competing for limited funds from the state and private sector. Therefore, investing more in physical infrastructure or human capital involves tradeoffs.

Empirical Research

Romer (1989), in a cross-country regression, finds that the initial level of literacy has a greater potency to predict the subsequent rate of investment, and by extension the rate of growth. To simplify, his model ignores other interactions among variables. He also considers the different skills acquired which make up human capital. These include scientific skills, which are acquired after postgraduate education; normal skills or cognitive skills, like reading and writing, which are acquired from primary through secondary education. Romer shows that certain aspects of literacy also have proxies, and which can be tangible. First, he chooses literacy partly because it is a variable that is available for a broad sample of countries, and partly because cross—country measures of literacy should be more comparable than cross—country measures of educational attainment. Second, it is also easy to find proxies for literacy. To resolve the issues of multicollinearity, Romer identifies several instruments, which include the number of radios per capita, which was expected to act largely as an indicator of income per capita.

Literacy skills foster production, with agricultural productivity positively correlated with the level of education of the farmer (see Jainison, & Lau, 1982). This indicates that improvements in education correlate with growth. Different skills enter production function, while job experience grows over time. Human capital is broad, and education differs from invention. Education skill is bounded to ensure that growth is also bounded, thereby the growth conforms to bounded inputs.

In revisiting the relationship among institutions, human capital, and development, Acemoglu, Gallego, and Robinson (2014) show that human capital can have a diminished effect on long-run development, especially when human capital and institutions are modelled as endogenous variables. The authors indicate that modelling these as exogenous leads to misspecification and biased results, which show large returns for human capital. They also find no evidence to support the view that differences in the human capital endowments of early European colonists have a material impact on the institutional development of former colonies. In addition, they find that the impact of institutions on long-run development is robust.

Itoro Praise and George-Anokwuru (2018) use the Nigerian data to assess the determinants of economic growth. They use primary, secondary, and tertiary education enrolments, and find positive relations between health expenditures and economic growth. On the other hand, they find a bi-directional negative and significant relationships between education expenditures, and economic growth, even when expenditures on education increased over the years. This finding indicates that expenditure is not always adequate in transforming the educational system even when financing increases over time. They recommend the need for the government to increase expenditures on fostering positive contributions to human capital formation, while invigorating the education sector, through effective and transparent spending.

Jibir, Abdu, and Buba (2023) find a positive correlation between productivity and investments in human capital. Taking the GMM approach and using the World Bank Panel Business Enterprise Survey data for Nigeria, their findings indicate that stocks of and investments in human capital contribute significantly to the firms' productivity, including by achieving organizational objectives such as profitability and firm survivability. They also find that R&D and bonus systems improve human capital and productivity gains while absence due to HIV/AID leads to productivity losses.

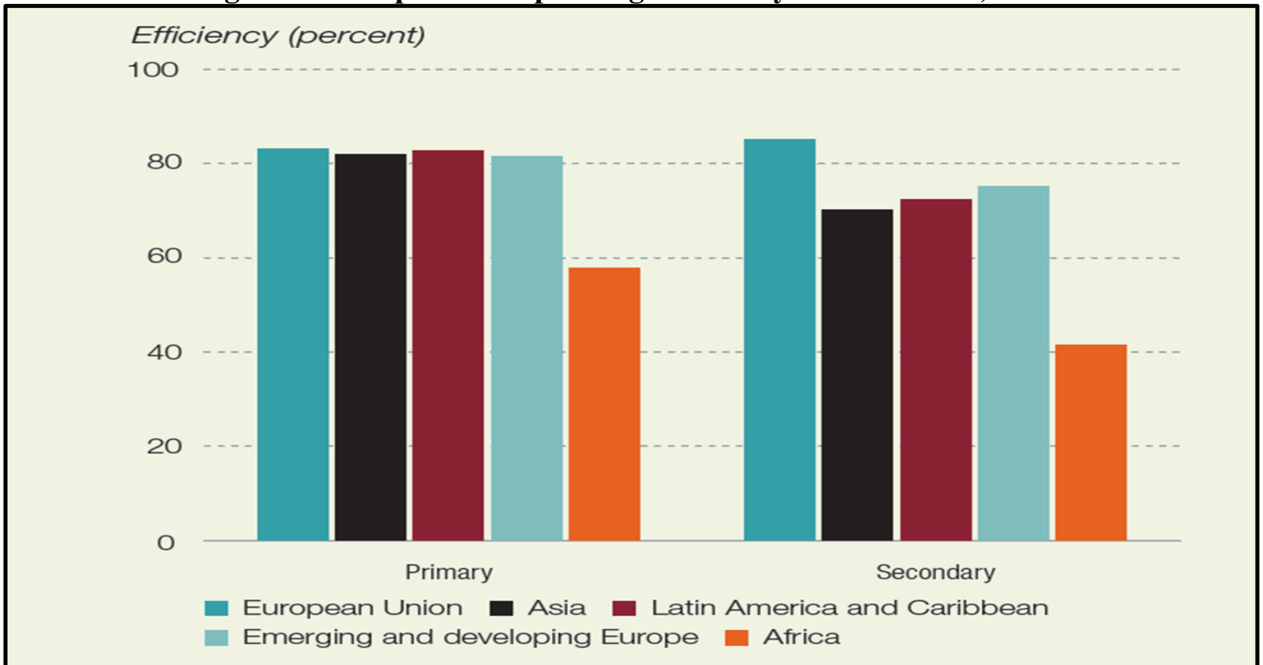
Tsaurai (2018) investigates determinants of foreign direct investment (FDI), raising questions as to whether the interactions between human capital and financial development enhance FDI into emerging markets. He finds that interactions between human capital development and stock market value traded; and human capital development and stock market capitalization enhance both the size and significance on FDI. He also finds that heightened level of inflation negatively affects human capital formation as it increases the cost of capital needed to invest in education and health.

Chevalier, Harmon, O'Sullivon, and Walker (2013) use the UK Labor Force Survey data to establish the relationship between early school-leaving, parental education, and paternal income. Their OLS estimation results are revealing, indicating some effects of income, and stronger effects of maternal education relative to paternal. Hence, they find that parents' income has a significant effect on educational spending, which has a positive contribution to human capital development.

A paper by Ogbeifun, and Shobande (2022) show that human capital, savings rate, and openness of trade play a vital role in OECD countries' economic growth whereas inflation and lower life expectancy register the adverse effects on growth. To some extent, their results indicate that human capital—education and health— has a positive and significant relationship with economic growth.

In the 2020 report by African Development Bank, the authors find an average spending on education in Africa as estimated at 5 percent of national budgets. They indicate that half of the countries in Africa continue to meet recommended spending targets, according to the UN. These targets notwithstanding, the report notes spending efficiency as worst in Africa compared to other regions (see Figure 1). In addition to closing an annual $40 billion gap in education financing, the report recommends strengthening Public Expenditure Tracking Surveys, using performance-based financing to enhance outcomes, and raising teacher quality to lessen class repetition (Gandi, 2020).

Figure 1: Comparative Spending Efficiency on Education, 2020



Source: Staff calculations based on data from UNESCO Institute of Statistics.

The call to enhance education financing has been rising in recent years. While addressing a gathering in New York during the Transforming Financing of Education Event, the UN Secretary-General, Antonio Gutierrez, made an ambitious call to increase investment per student by 2025. He provided staggering statistics, indicating that poor countries spend about $200 (not in PPP terms) while rich countries spend about $8,000 per student in a year (Guttierez, 2022).

The above call is in line with the SDG4-Education 2030 commitments. The GPE Heads of State Declaration on Education Financing, the Paris Declaration on Education Financing, and other frameworks proposed the need to augment fiscal space for education and ring-fence outlays to social protection and education. On the heels of the Incheon and Paris Declarations, governments are advised to allocate at least 4-6 percent of GDP or about 15-20 percent of total public expenditure to education. Broadly, shielding public education budgets from the prevailing constrained fiscal environment, and increasing real investment per student and per school-age person remains imperative as countries seek to achieve the ambitious national benchmarks.

Financing agriculture also matters. While the African member states made a pledge in Maputo in 2003 and Malabo in 2014 to allocate 10 percent of their national budgets to food and agriculture, to spur social and economic growth, a paper by Pernechele, Fontes, Baborska, Nkuingoua, Pan, & Tuyishime (2021) indicate that those pledges remain unmet today. Only Malawi met this target.

Critics say that human capital is not the only game in town. They argue that signaling effects of a worker account for higher wages. They note that UN Human Development indices suggest that human capital is merely a means to an end for human development. Further, others think that education creates compliance and an illusion of meritocracy in the educated worker. Further, transferability of human capital between tasks is something that critics emphasize, again minimizing the role of human capital across the board. According to early proponents of human capital, task-specific human capital exists and is not always transferable across firms. Social relationships, individual instincts, and instructional details which can be valuable within one firm, might be less transferable across firms.

It is costly to produce knowledge and hard to make it excludable since it is a public good which if produced becomes nonrival in some sense. Thus, a low level of a is associated with low income per capita, while upsurge in the total stock of scientific talent translate to increases in the amount that gets allocated to the production. So, education or scientific talent will be correlated with both the growth of income per capita, and the share of total output allocated to investment in physical capital. Arrow (1962) models a nonrival knowledge which is privately produced, but only as an unpremeditated side effect of other activities. These formulations (see Romer, 1988) conceptualize a form of knowledge that are partly excludable and rival, and partly nonexcludable and nonrival. Hence, the nonrival knowledge is produced as a byproduct of other activities.

3. Research on Human Capital in South Sudan

The analysis here is based on data from South Sudan Ministry of Finance and Planning, covering the period 2006-2022. We also obtain complementary data from the World Bank Development Indicators, including on Human Capital Index, literacy, enrollment, spending, and select variables for South Sudan and six comparators— Ethiopia, Kenya, Namibia, Rwanda, SSA averages, and fragile situations. I will review the literature, identify two production functions to anchor our approach, and rely on data from various sources to arrive at findings.

Existing policy documents in South Sudan emphasize the role of education, health, and social services. The NDP (2011-2013), for example, includes themes such as achieving freedom, equality, justice, peace, and prosperity for all. The NDP listed the main objectives as improving governance; achieving rapid rural transformation to improve livelihoods and expand employment opportunities; expanding education and health services; and deepening peace building and improving security (GoSS, 2011). It is self-evident that the objectives to enhance education and health services emerge as the main pillars underpinning human capital formation in South Sudan. In addition, the country's R-NDS (2021-2024) also emphasizes the need to support human capital. To draw lessons from implementation of the past NDPs and strategies, while availing opportunities to safeguard the R-NDS, the overall theme focuses on the need to *"Consolidate Peace, Stabilize the Economy,"* while urging collaboration with partners to achieve those objectives.

South Sudan's interim constitution 2011 is also clear about the need for the government at all levels to promote public health and education (free at primary level), declaring them as rights. Under Part II, Article 2.9, Sub-article 1, the Interim Constitution stresses that "Education is a right for every citizen and all levels of government shall provide access to education without discrimination as to religion, race, ethnicity, health status, including HIV/AIDS, gender or disability."

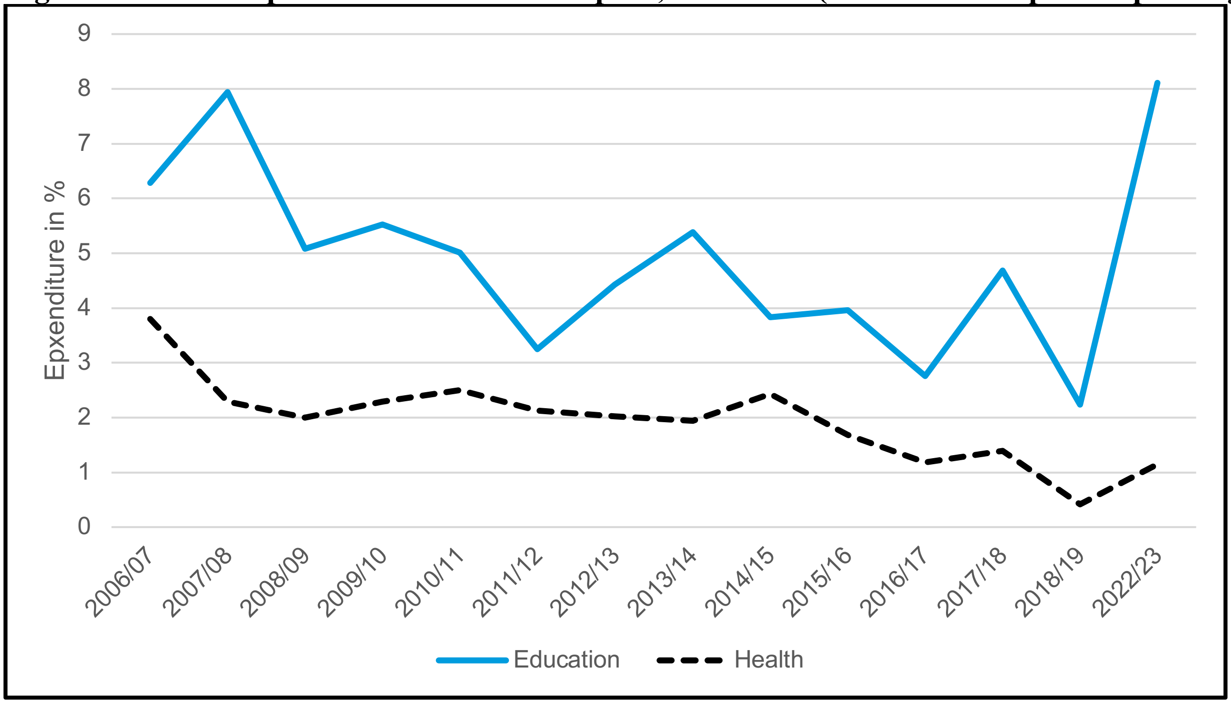
Furthermore, the need to develop human capital goes back to the liberation era. This submission is epitomized by the famous speech that Dr. John Garang delivered to the Red Army members in 1988 in Pignudo, telling them to "hold pens in the right and guns in the left hands." This suggests that development objectives, and policy speeches by various South Sudanese leaders recognize the role of human capital, starting in the late 1980s to independence South Sudan in July 2011.

Unfortunately, the country has been long on speeches and short on actions in allocating resources to boost human capital formation. First, so little resources have gone to education and health, especially when one looks at the approved budget and spending outcomes. Second, development partners have been shouldering more of this responsibility, and the trend is not relenting. Third, the immediate outcome of paying less attention to education has been characterized by low quality teachers. Consequently, some qualified teachers have left the education sector in search for *greener pastures* elsewhere; while the learning environment is plugged by dilapidated classrooms; unequipped laboratories; and low pay to health and education professionals. In addition to poor service delivery, there is little to no public consultations over the use of public resources.

The question then arises: What are the current challenges facing education system in South Sudan? Available evidence indicates that lack of sufficient spending in education and health has translated into other problems perturbing both health and education systems in South Sudan. The consequences are already evident. As we know, lack of investment in useful skills has negative implications on labor market outcomes. The dimension of the problem goes beyond the education. Some graduates do not find employment, with many lacking employable skills. Even those who have gone for further studies are ignored or not deployed accordingly. This has an indirect link to growth and achieving SDGs. Actual spending on education in South Sudan has been modest compared to regional average, which is 5 percent of national budgets. As a percentage of national budget, actual spending has been less than 2 percent in South Sudan, indicating that the country spends just 40 percent of SSA average, as comparable data show momentarily. Sadly, what is approved is more than actual, again indicating that the country disburses less than the approved budget. The shocking statistics also apply to public health. From the existing data for South Sudan, we see higher figures for education and health (Figure 2). Note that FY2023/2023 share for human capital is higher because it is not actual but budgeted amount, which remains subject to fluctuations, as always. Yet, given data discrepancies and inherent methodological weaknesses with most data in South Sudan, we see lower resources devoted to education and health when we examine the most comparable data from the World Bank.

On the contrary, critics argue that the security sector has been receiving more resources than human capital and other growth-promoting sectors such as agriculture and social services. Sadly, it has been argued that increased spending has not always translated to improved human security, while rent-seeking behavior diverts resources away from key investment areas (Garang, 2021a). Further, whether the figures are low or moderately comparable does not mean a lot sometimes in South Sudan because budgets do not translate into material impact. This is due to the knowledge that the public resources are stretched thin across vast geographical locations with poor quality teachers and poor health facilities. In addition, methodological weakness is another reason to be warry about budget data. South Sudan usually reports using fiscal years and others report on calendar year, which can also show discrepancies in the numbers reported. However, with the end of the active conflict and transition waning, there is every reason to reverse trends toward human capital formation areas, away from the security. It is evident that the war years correspond to reduced investment in human capital areas.

Figure 2: Public Expenditure on Human Capital, 2006-2023 (A % of overall public spending)



Source: May 2019; revised in 2023.

Lack of funding is just one problem, but its ramifications are plentiful. Many schools in South Sudan experience large class size due to growing population and inability to build additional classes. Second, there exists differential literacy and attendance rates for boys versus girls from primary to secondary to university level. These differential outcomes call for targeted support, which has not been forthcoming heretofore (See IMF, 2023). Therefore, lack of funds and poor infrastructure constrain education in South Sudan. Other constraining factors for education indicate that schools are usually inaccessible during certain seasons, overcrowded, underfunded, and operated by unqualified teachers. Early marriages and early pregnancies are among the culprits which restrain education. As Faye (2010, p.8) notes, "Social and cultural barriers are also important factors that hinder women in higher education, and are reproduced in values, norms, beliefs and practices about gender and education even in modern Southern Sudan." Major challenges to girls' education in South Sudan include gender inequality, poverty, and early marriages (Joseph, 2017).

The health sector also faces similar challenges, all rooted in lack of funds. Hospitals and clinics lack modern facilities; doctors are underpaid; admission wards are overcrowded; and facilities lack constant power which leads to fatal operations. A large doctor-patient ratio exists, which indicates lack of focused care. Weak health system did not allow the country to engender a swift response during the pandemic in 2020 (see Garang, 2021b; Mayai, Awolich, & Tiitmamer, 2020). The results showed an uneven capacity in terms of response and preparation to face the learning losses derived from school closure, both in low-income regions and within middle- and high-income countries.

Notwithstanding weaknesses in the human capital formation in South Sudan, non-governmental organizations (NGOs) have undoubtedly been more influential in policy direction and providing services than the government (Storeng, Palmer, Daire, & Kloster, 2019). This influence on policy and services come with the application of *soft power* and in the backdrop of declining official development assistance or shrinking aid, as focus shifts to Sudan and Ukraine. Extant literature has shown that international aid groups operating in conflict settings have the propensity to create and impose a rules-based order on the citizens that they hire and on the domestic organizations that receive funds from NGOs (Massoud, 2015). Thus, external funding comes with conditionalities that are hard to avoid, especially by cash-strapped governments.

It is not always clear what is really behind the low execution of the health and education spending relative to the budget. From a cursory look, low absorptive capacity, mistake on the budgeting process chain or revenue overestimation, and lack of will have been cited as the culprits.

Cross-Country Development Indicators and Outcomes Between South Sudan and Others

Let us examine how South Sudan fares relative to three EAC members and SSA peers on literacy rates, education expenditure, health spending, HDI, and enrollment rates. Table 1 shows expenditure on education, with South Sudan spending less than 2 percent of the GNI, while other comparators spend a little higher, with Namibia devoting 9 percent of its GNI to education. It is true that Namibia is a middle-income country, and might not be a comparator for South Sudan, yet the figures for fragile and conflict situations still provide a measure of where South Sudan stands.

Table 1: Adjusted Savings: Education Expenditure, as Percent of GNI, 2015-2021

Country Name	**Time**						
	2015	2016	2017	2018	2019	2020	2021
Ethiopia	3.07	3.07	3.07	3.07	3.07	3.07	..
Kenya	4.87	4.87	4.87	4.87	4.87	4.87	..
Namibia	8.92	8.92	8.92	8.92	8.92	8.92	..
Rwanda	3.32	3.07	3.07	3.07	3.07	3.07	..
South Sudan	1.67	1.76	1.76	1.76	1.76	1.76	1.76
Fragile and Conflict Affected Situations	2.44	2.48	2.63	2.68	2.65	2.65	..
Sub-Saharan Africa (excluding high income)	3.15	3.16	3.33	3.36	3.34	3.32	..

Source: World Development Indicators, 2023.
Key: The number on this table are the same for all countries over time (except for Rwanda in 2015 and the averages for FCSs and SSA). That said, we keep it to show differential rates among countries, mot years.

Table 2 indicates human capital index (HCI), which is measured from zero to one. From the World Development Indicators, the HCI calculates the contributions of health and education to worker productivity. Again, South Sudan lags peers on this key category (No data exist for SSA and Fragile situations). This obviously correlates with lower productivity levels in South Sudan, which translate into lower earnings and higher incidence of poverty.

Table 2: Select SSA and South Sudan Human Capital Index, 2015-2020

Country Name	**Time**			
	2017	2018	2019	2020
Ethiopia	0.39	0.38	..	0.38
Kenya	0.52	0.54	..	0.55
Namibia	0.44	0.45	..	0.45
Rwanda	0.37	0.38	..	0.38
South Sudan	0.30	0.31	..	0.31
Fragile and Conflict Affected Situations	..	..	..	..
Sub-Saharan Africa	..	..	..	..
(Excluding high income)				

Source: World Development Indicators, 2023.

Table 3 presents literacy rates between South Sudan and select countries and you can see for 2018 where more data exist. South Sudan boasts of the smallest literacy rate among the comparators.

Table 3: Comparative Literacy Rates for Adult Total, Percent of People Ages 15 and Above

Country Name				**Time**			
	2015	2016	2017	2018	2019	2020	2021
Ethiopia	..	..	51.77	..	..	..	..
Kenya	..	..	..	81.53	..	..	82.62
Namibia	..	..	..	91.53	..	..	92.25
Rwanda	..	..	..	73.22	..	..	75.90
South Sudan	..	..	..	34.52	..	..	..
Fragile and Conflict Affected Situations	63.30	65.08	65.81	64.17	65.14	65.08	..
Sub-Saharan Africa	63.59	64.30	64.68	66.14	67.06	67.27	..
(Excluding high income)							

Source: World Development Indicators, 2023.

In terms of gross enrollment for primary school (see Table 4) and for other categories not shown here, South Sudan equally lags peers.

Table 4: School Enrollment Rates for South Sudan and Select Countries, Primary (% Gross)

Country	2015	2016	2017	2018	2019	2020	2021
Ethiopia	100.97	102.97	102.74	102.40	97.17	91.90	106.03
Kenya	103.66	103.21	..	..	77.32	..	..
Namibia	122.80	122.51	124.18	124.25	125.57	124.63	125.70
Rwanda	139.62	141.28	137.68	133.04	131.31	..	140.70
South Sudan	72.99	..	..	..	..	..	..
Fragile and conflict affected situations	94.78	95.27	95.70	96.64	96.40	96.01	..
Sub-Saharan Africa (excluding high income)	97.90	98.09	98.53	99.15	99.05	98.75	..

Source: World Development Indicators, 2023.

In addition, Table 5 displays domestic government general health expenditure. These figures are given as percent of current public expenditure, and from 2015-2020, South Sudan spends less than it peers. Ethiopia, Kenya, and Namibia, for example, spend about 25, 43, and 47 percent in 2017, respectively. South Sudan spends only resources close to 8 percent of current health expenditure.

Table 5: Domestic General Government Health Expenditure, as Percent of Current Health Expenditure, 2015-2020

Country Name		Time				
	2015	2016	2017	2018	2019	2020
Ethiopia	25.25	25.00	24.94	23.20	22.60	28.23
Kenya	40.38	42.81	42.94	43.11	45.98	47.40
Namibia	42.21	46.90	46.50	46.53	47.31	49.50
Rwanda	31.64	32.09	34.88	34.96	39.54	40.01
South Sudan	..	..	8.44	10.92	16.46	7.93
Fragile and Conflict Affected Situations	29.26	28.36	33.34	32.13	30.39	32.25
Sub-Saharan Africa (Excluding high income)	36.67	36.24	38.11	39.39	39.63	41.48

Source: World Development Indicators, 2023.

Yet, when we examine domestic general government health expenditure as percent of GDP, we see that South Sudan has the smallest average expenditure relative to comparators.

Table 6: Domestic General Government Health Expenditure as Percent of GDP)

Country Name		Time					
	2015	2016	2017	2018	2019	2020	Average
Ethiopia	0.97	0.90	0.86	0.77	0.73	0.98	0.87
Kenya	1.92	2.04	1.71	1.77	2.01	2.03	1.91
Namibia	4.21	4.37	4.06	3.87	4.00	4.40	4.15
Rwanda	2.11	2.23	2.23	2.34	2.50	2.93	2.39
South Sudan	..	..	0.70	0.69	0.77	0.42	0.64
Fragile and Conflict Affected Situations	1.16	1.12	1.30	1.35	1.31	1.51	1.29
Sub-Saharan Africa (excluding high income)	1.85	1.81	1.88	1.88	1.86	2.05	1.89

Source: World Development Indicators, 2023.

Notwithstanding inadequate resources injected into human capital, others, including participants during the National Economic Conference (NEC), believe that serious problems started with colonial government and successive regimes in Khartoum which neglected investment in education in the South Sudan. Hence, education was relegated to the missionaries at the time (see Deng, 2003) as a British colonial legacy under the South Sudan policy, as it is consigned to development and NGOs today in South Sudan).

How Select Countries Have Prioritized Investments in Human Capital and Related Lessons

Several countries in SSA focus on improving education and public health. Over the years, the Ethiopian Government, for example, has increased resources going to education and health, although the empirical evidence shows modest results. Bareke et al. (2021) do not find quality improvements in human capital though huge resources have been devoted to education. They regard this anomaly as due to inefficiency in spending or other intangible factors beyond financing.

Kenya offers lessons to South Sudan, including in human capital formation bedside in judicial system, banking sector, and more. Kenya is the largest economy in the EAC and financial hub of the region. Given South Sudan membership in the regional body, the country cannot help but learn best practices from Kenya. Kenya has made solid progress over the years in the areas of education and public health. This includes improvements in funding, and investment in technology which fostered learning during the pandemic, with students attending online courses. This contrasted with South Sudan where majority of students stayed out of classrooms during the lockdowns (Garang, 2021b). Kenyan 's seriousness is exemplified in supporting key public health centers, and vocational trainings. The recent speech on education by President Ruto in July 2023 speaks volume about quality teachers, TVET (Technical and vocational education training), and funding universities.

We now examine two SSA countries in terms of their investments in education and health.

Namibia

Namibia spends about 9 percent of its budget on education. This amount is close to five times the spending on education in South Sudan.

Figure 3: Namibia Spending on Education 1999-2023

Source: Source: World Bank, 2021.

Table 7: Namibia Ranked to Similar Country

Country Name	Education Spending (% of GDP)
Namibia	24.71
Dominican Republic	22.44
Malaysia	20.20
South Africa	19.75
Guatemala	19.40
Peru	18.22
Algeria	15.35
St. Vincent and the Grenadines	15.23
Thailand	14.64
Ecuador	14.34
Azerbaijan	13.00
St. Lucia	12.67
Tonga	11.94
Paraguay	10.94
Grenada	9.87
Dominica	7.07
Nauru	6.98

Source: World Bank, 2023

Besides spending resources on education, the 2020 Human Development Index makes this outcome clear in Namibia (see United Nations, 2021, p. 1):

> Namibia's HDI value for 2019 is 0.646, which puts the country in the medium human development category, positioning it at 130 out of 189 countries and territories. From Sub-Saharan Africa, Namibia is compared with Botswana and South Africa, which have HDIs ranked 100 and 114 in 2019, respectively. Between 1990 and 2019, Namibia's HDI value increased from 0.581 to 0.646, an increase of 11.2 percent. Specifically, Namibia's life expectancy at birth increased by 2.1 years, this means years of schooling increased by 1.4 years and expected years of schooling increased by 1.5 years. Namibia's GNI per capita increased by about 57.0 percent between 1990 and 2019.

The report went on to note that the country remains focused on delivering in key areas. These include transforming the economy and ensuring affordable financing modalities. Advancing integrated gender-responsive policies and programs and promoting as well as setting up an efficient social protection system for all citizens have been underlined as key development objectives in Namibia. Investing in the R&D, improved measurement, and data collection and analysis, to deepen the understanding of inequality in Namibia, remain imperative to the Namibian authorities.

Rwanda

Following the carnage in 1994, Rwanda chose a development path that today delivers quality, inclusivity, and innovation, with implications on good macroeconomic outcomes. All available indicators show how Rwanda has prioritized education and health, in addition to other priorities such as environment, efficiency, and accountability over scarce resources. Let us mention a few areas where Rwanda has placed a premium on human capital.

First, the One Laptop Per Child (OLPC) policy is such an initiative that goes a great length to show the government intention to ensure equity, while enhancing learning and productivity. The OLPC started small in 2008 and has reached higher heights and successes today.

Second, the country has come to prioritize good management over donor resources, thereby achieving other internal efficiencies in education. Success stories include the reduced student-teacher ratio, and enhanced donor support, which supports the thesis that education has been prioritized in Rwanda. In terms of resources, education receives a good share of the national budget and the same applies to public health. One of the initiatives under the outcome-based education (OBE) in recent years has been the need to improve quality of teachers and improve outcome for students. The OBE project components is intended to achieve objectives.

Component 1: Enhancing teacher effectiveness for improved student learning:

- *Improve teachers' English language proficiency and digital skills*

- *Support professional development of mathematics and science teachers*
- *Strengthen the preparation of new teachers*
- *Develop model schools to support innovative instructional practices*

Component 2: Improving the school environment to support student learning:

- *Enrich early learning environment*
- *Support gender sensitive teaching and learning environment*

Component 3: Developing institutional capacity to strengthen teaching and learning:

- *Support quality assurance systems-Learning assessment and Teacher recruitment*
- *Strengthen project management, implementation, and monitoring capacity*

Third, Rwanda has made significant improvements in public health over the years, achieving efficiency and upgrading quality of life. While it was initially inefficient, registration of new births has seen record numbers in recent years. The government made efforts to register all births under the "Making Every Life Known," enhancing human capital formation in Rwanda. Births in government facilities, for example, reached 93 percent in the 2019/2020 Demographic and Health survey (DHS). It is reported that with more complete and accurate databases, the government can now target social welfare support to the right beneficiaries.

Successes in Namibia and Rwanda should serve as exemplary for efforts to enhance spending efficiency on educational resources; improve the quality of teachers; and encourage the public to seek better educational outcomes. Such can enhance producing informed citizenry, yielding better labor force, and securing productive economic actors in South Sudan (see Gandhi, 2020).

Adopting One Laptop Per Family Policy in South Sudan

South Sudan can take a leaf from Rwanda's success in One Laptop, One Child policy. Given its financial limits and challenging initial conditions such as lack of social safety nets and unreliable power, South Sudan could start with One Laptop Per Family (OLPF) policy. This calls for investing in digital infrastructure to support the proposal. If the government embraces this proposal and seeks support from partners and citizens alike, then it can cover more ground.

The OLPF proposal received a wide coverage, through national TV, local newspapers, and online outlets. The attendees at the National Economic Conference (NEC), however, pointed to challenges. Critics indicate that the OLFP policy face huge obstacles, emphasizing that South Sudan lacks social safety nets and that other needs include child vaccinations, school feeding programs, and investing in reliable power, which should take priority than focusing on personal computers.

In response, we argue that rollout strategies could be worked out in stages. These include piloting the OLPF in rural areas before moving to towns; testing it in select states; and liaising with existing computer support programs in collaboration with the Ministries of General and Higher Education. Further, the pro-OLPF agree that investing in reliable power is key; that alternative sources of energy such as solar need to be exploited; and that seeking support from the private sector and development partners is vital to implement the OLPF. Broadly, funding does not have to come from the government alone, and South Sudan cannot wait to *solve all her problems* before investing in other priorities. Therefore, creating synergies among education, health, digital technology, electricity, and climate policies can foster sustainable development in the long run.

4. Conclusion and Policy Implications

Investments in human capital such as good health, employee knowledge, and other intangible skills bring high economic returns. Human capital is substitutable, but not transferable. Investing in human capital foster material improvements in both quality and production. While education is sung by the authorities in South Sudan, the actual spending does not match the needs.

The literature reviewed indicates that South Sudan can draw useful lessons from related findings. First, improving the learning environment, upgrading teacher training, and increasing resources going to public health appear logical. Second, the examples reviewed indicate that resources alone are not enough. If anything, good policies are needed, and they must be acted upon. This entails the need for effective mentoring and evaluation framework. Third, no matter how ample the resources are, examples from others indicate that increasing spending efficiency is needed. Finally, there is a need to improve education outcome through increasing collaborative activities among students. Lack of supportive learning modules and digital support is constraining in South Sudan. In other places, we have seen that virtual group meetings, virtual conference facilities, and providing personal gadget, such as one laptop per student in Rwanda, can enhance learning.

Considering the foregoing discussions and findings, four policy options seem urgent:

1. Education and Health Resource Considerations

- South Sudan should devote more resources to education and health given the foregoing evidence pointing to limited budgeted resources relative to peers. A careful balance of priorities is needed among growth-promoting investments such as human capital, agriculture, and physical infrastructure. Physical infrastructure investment competes with education.

- The quality of teachers and learning environment need improving. Quality can be improved through improving teacher’s professional development and digital skills. Enhancing early learning, and gender sensitivity in classroom teaching can upgrade learning.
- Instead of One Child, One Laptop policy like Rwanda, South Sudan should be creative and innovative in supporting early learning. The paper proposes *OLP*F given the cost implications and unaffordability of OLPC during these challenging times. For this proposal to succeed, the

government will need to invest in IT or digital infrastructure, which is key in promoting digital literacy. Other challenges such as power shortages, or initial computer illiteracy within a family would need to be addressed as they affect mass rollout. Suggestions include rolling it out by steps or state by state or county by county, investing in solar energy, and setting some centers to train trainers. Above all, if the government seeks support from donor and set a long-term goal, say ten years to implement the OLPF, then this can be achieved.

- Remuneration of both education and health professionals need to be improved, to deliver quality outcomes. However, South Sudan does not have resources today, indicating that it can be funded gradually, through identifying resources first before increasing pay.

2. Increasing Spending Efficiency

- Increasing spending efficiency can support education and health outcomes. Since resources are always scarce, efforts must be made to get a big bang out of every buck. This is an area where South Sudan has fallen short relatives to peers. Broadly, school and health administrators need to invest in better systems to support efficiency gains and deliver quality. This also calls for more consultations with the beneficiaries, on how and where to use the allocated resources.

- South Sudan should monitor resource utilization, through setting up effective mechanisms for evaluation. Therefore, supporting quality assurance, teacher recruitment, and remuneration while strengthening project management, implementation, and monitoring capacity. This reduces rent-seeking behavior or agency creation.

3. Improving Active Labor Market Outcomes

- South Sudan should invest in vocational schools, to increase employable skills, and create jobs for the surplus labor. Achieving sustained growth is one of the main macroeconomic goals of any economy to absorb its growing labor force. This calls for effective active labor market policies to be instituted, including how to track employment, unemployment, and more on job search aid, support for SMEs, and public work programs.

4. Improving Policy Coordination and Planning

- The government, through the Ministry of Finance and Planning, should coordinate closely with education and health sectors, as it prepares the resource envelope. Coordinating and planning are key in releasing resources on time to key sectors. Proper budgeting or costing or improving data collection and forecasting methods is vital. It is also key in consultation with the public on how and where resources are allocated for development purposes.

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Chapter 10.

Public Sector Salaries and Wages in South Sudan[102]

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[102] The data was collected over several months and recommendations leading to choices of the adapted framework for wage adjustment for public sector employees were shaped by views of the members of University of Juba Salaries and Wages Review Working Group which was instituted by the Administration of the University of Juba in January 2021 in collaboration with individuals from the SUDD Institute, Ebony Centre, and Ministry of Public Service. The Working Group met on Saturdays over a period of several months from February to June 2021. The recommendations of the Working Group were first presented to a meeting of Government's Economic Cluster in June 2021. The authors therefore acknowledge the contributions of the members of the Working Group, the input by the Minister of Public Service, as well as financial support of the University of Juba to the Working Group

Executive Summary

- Spiraling inflation in South Sudan since 2016 has produced skyrocketing prices of essential commodities and rising cost of living.
- Salaries of civil servants, teachers, doctors and nurses, and members of organised forces and law enforcement agencies have remained static.
- Low pay among members of the organized forces and law enforcement agencies are blamed for criminal activities. If left unchecked, the situation can lead to mass discontent, increased crimes, and social and political upheaval
- The status/baseline information from budget reports and inflation adjustment methods were established by reviewing South Sudan’s finance and economic progress reports.
- We also conducted comparative analysis of share of wage bills as percentages of government revenue and expenditure with other countries.
- South Sudan’s Labour Act (2017 Art 50) requires minimum wage be determined based on employees’ basic needs: food, housing, cost of living and productivity level, and South Sudan Civil Service Act (2011 Art 59) allows for an annual increment to base salaries and wages, but no adjustments have been made since 2011.
- Labour laws are not being observed nor strictly enforced by the Ministry of Finance and Planning.
- Low-paid senior government officials supplement their incomes with bloated travel and sitting allowances, unnecessary travel and unregulated payment of allowances for medical treatment abroad. Low pay also leads to mass exodus of academics in search of better payment.
- Total public sector costs are enormous, but employee wages are low. The large wage bill is caused by over employment of particular sectors. The organized forces and security sector absorbed about 78% of public revenue in FY 2015/2016.
- In FY 2023/24, the government is budgeting for **376,226** personnel in security sector that may not exist.
- Large numbers of “ghost employees” in the oragnized forces is both corrupt and hinders efforts to bring the total wage bill in line with what the country can afford.
- The current national wage bill is not sustainable.

1. Introduction

Increasingly, concerns have been expressed among academia, research circles, and the general public about the spiraling inflation, skyrocketing prices of essential commodities in the markets within South Sudan for the last six years, which has resulted in high cost of living. Despite that, salaries have remained static for a great majority of public sector employees over the same period. This has caused economic hardships as stagnant wages in the public sector (and some parts of private sectors such as banks) continue to push the employee below the poverty line. This is in stark contrast with many economies such as OCED countries (US, UK, Australia, and Japan) in which wage determination is linked to consumer price inflation (see Sachs 1980, p. 733, Van Gompel 1994, p. 292).

As a contribution to finding home-grown solutions to the political, social, and economic challenges facing the nation, and in recognition of the primary role of the academic and research institutions in society in providing evidence-based solutions that inform national policy design, a team of academics from the University of Juba, in collaboration with researchers from the SUDD Institute, individual members of the Transitional National Legislative Assembly and the Council of States proposed a framework for reviewing the salaries of employees in the public sector.

Specifically, the study gathered information on the remuneration of civil service employees; identified suitable method for pay adjustment in line with the cost of living at national and local government, as well as meeting the cost of pension, health insurance, payment for essential public goods such as education, and provided recommendations for policy change.

2. Methodology

The study on wages and salaries for public sector employees used quantitative and qualitative methods of data collection. Primary data included interviews with various actors, Focus Group Discussion and consultation meetings. The secondary data involved the review of government policies, budget circular and reports including: South Sudan Country Annual Budgets for years 2011, 2014/2015- 2020; Payroll data (2015- 2020); Payroll data from 3 selected States- Central Equatoria, Jonglei, Warrap and Ruweng Administrative Area; Head counts/Number of people employed across all grades; Budget of 4 East African Community Countries (Tanzania, Kenya, Uganda and Rwanda) and National Revenue Authority. To compare payscale, information from private sectors with staffing size above 15 including UN agencies/INGOs and NNGOs and Security Companies, Hotel Industry and Shops were examined.

The status/baseline information from budget reports and inflation adjustment methods were established by reviewing the Country finance and economic progress reports; Ministry of Finance and Economic Planning, Audit reports - National and State levels, South Sudan Civil Service Grades, Human resource -Ministry of Public Service head count report (2019); GoSS Manual of Public Service Procedure (2007), Labour Act 2017 and Civil Service Act 2011. Other important documents included findings and lessons learnt from similar countries and experiences from the region, Assessment of monthly exchange rates both official and black markets rates (2015- 2020);

Consumer Price Index (CPI) data and analysis to assess the depreciation of purchasing power; GDP data analysis; Relevant literature on South Sudan looking at similar work.[103]

A purposive sampling technique was used to select government officials, beneficiaries and key influential actors from national and state government/sectors that include Ministers/Undersecretary/HR for Focus Group Discussions (FGDs) and Key Informant Interviews (KIIs) with sound knowledge of the context and who were willing to contribute information. **Key Informant Interviews (KIIs) were a**dministered at national and State levels- from Ministries of Finance, Labour, Public Service and Undersecretaries: East African Community, Finance and Petroleum; National Revenue Authority – Office of the Commissioner; Governors/ State coordination offices in Juba; and Bank of South Sudan (BOSS). ***Focus Group Discussion (FGD) and meeting were*** held with civil servants at State levels from grade 1- 17 to get an in-depth understanding of economic conditions: their life experiences, specific needs and challenges encountered as a result of low salaries and wages.

Data collected was coded, categorized and analysed using SPSS and spread sheet to identify emerging themes that helped the reviewers address the key issues identified (Braun and Clarke 2006). The analysis looked out for convergence, divergence and relationships between primary and secondary data sources and triangulated some information to avoid extreme views from respondents.

3. Why Assess Salaries and Wages for Public Sector Employees?

South Sudan's Labour Act (2017 Art 50) requires minimum wage/salary be determined based on employees' basic needs: food, housing, cost of living and productivity level. While the South Sudan Civil Service Act (2011 Art 59) allows for an annual increment to base salaries and wages, snice 2011, there has not been any adjustment in wage structure except for few sectors that include universities, organized and uniformed forces. From 2015 to date, prices of market and public transport have increased, while South Sudan pound (SSP) value has steeply deteriorated against the US Dollar.

Table 1: Comparison of Prices in 2011 and 2023

Market Item	Price in 2011 SSP	Price in 2020 SSP	% increase	Price in 2023 (SSP)	Price increase factor (2023)
500 ml bottle of mineral water	1	100	9,900%.	250	300 times
1 liter of petrol	6	350	5,700%	1,200	200 times
10 loaves of bread	5	500	9,900%	1,500	300 times

[103] This includes an inflation expert from Johns Hopkins University, Emmanuel Pita Zachariah Lado's test of relationship between exchange rate and inflation, works from International growth center, papers from World Bank, IMF and African Development Bank.

For example, a rapid assessment of the most commonly consumed commodities, indicates that the cost of one bottle of mineral water rose from SSP 1 in (2011) to SSP100 by December (2020), an increase of 9,900%. A liter of fuel increased from SSP 6 to at least SSP 350 over the same period. This is an increase of 5,700%. In 2011, 10 loaves of bread at a bakery were sold at SSP 5, but the same type and amount of bread was selling at SSP 500 in December, 2020, an increase of 9,900% on 2011 price.

Although the prices of basic commodities continue to rise steeply from 2014 to 2020, the wages and salaries of public sector officials, support staff, members of organized forces, judges, doctors, nurses, and teachers have all remained the same since 2011 (except for the 300% increase that was awarded to members of organized forces in 2015. The wage adjustment of the armed forces merely tripled the pay from SSP 500 for a private soldier to SSP 1,500, not exactly 300% but 200%). A private policeman currently receives a monthly salary of SSP 1,500. This cannot buy a single meal for a family. One is left wondering how police officers survive to cater for their families' needs, including feeding, transport, accommodation, schooling, and medical treatment. For a Cabinet Minister who was paid a monthly salary of SSP 10,000 in 2011, he/she could afford to buy 10,000 bottles of mineral water (500 ml). In 2023 he/she can only afford to buy 40 bottles of mineral water with the same monthly salary. This Cabinet Minister would need to be paid at least SSP 2,500,000 in 2023 to be able to buy 10,000 bottles of mineral water. Poor payment and higher cost of living has compelled senior officials namely: ministers, undersecretaries, commission chairs, members of legislative houses, state governors, among others to resort to other means to supplement their incomes in the form of bloated travel allowances, unnecessary travel, large sitting allowances, unregulated payment of allowances for medical treatment abroad, and other abuses of the office (FGDs and KII).[104]

In the Judiciary, for example, only two rounds of recruitments/appointment have taken place since its establishment in 2006 and after re-establishment in 2013. During the 2013 recruitment, there were 78 (30F: 48M) judicial assistants who could subsequently be appointed to the judiciary on a permanent basis after an 18-month probation period. Even though the appointment was vilified for a number of reasons, many left their jobs due to low motivation (low payment, lack of job specific allowances, poor working environment and lack of promotion opportunities among others).[105] Aside other factors, the Gender Equality in Public Administration (GEPA)[106] Study (2021) shows that there was one female out of 20 presidents of the High Court, making the sector unattractive for many to join and provide service to the government.

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[104] KII19 June 2021, Juba

[105] International Commission of jurist, South Sudan: An Independent Judiciary in an Independent State? (December 2013) p.31

[106] GEPA Study (2021) was conducted by the National Transformational Leadership Institute- University of Juba, Ministry of Gender Child and Social Welfare and UNDP. South Sudan is among the first 3 countries in the Region to conduct such a study for the first time to establish the current status of women's representation and participation in public administration so as to accelerate gender equality and gender mainstreaming progress in the public sectors in support of ongoing transition and peacebuilding efforts.

Table 2: Number of Judges in South Sudan (by gender)

Number of Judges	Male	Female	% of judges that are female
Supreme Court	11	0	0%
Court of Appeal	6	0	0%
High Court	19	1 (President of the High Court)	5%
County Judges	48	30	38% [107]

Source: NTLI- MGCSW- UNDP (2021) GEPA Study

Considering the experience of public universities in the Republic of South Sudan[108], stagnation of academic staff wages led to the value of professors' gross salary of SSP 25,000 per month in 2015 falling to less than USD 100 per month by January 2019. That amounted to the loss of purchasing power and deterioration of professors' living standards as stated below:

> "This has led to a mass exodus of academics to find rewarding employment in the NGO sector or migrate abroad in search for greener pastures. In 2018, the University of Juba alone lost 25% i.e. 1 in 4 academic staff took leave without pay to "solve family problems." The truth was that many of them migrated or joined the NGO sector. After reviewing the salaries of public universities in July 2019, many academics who abandoned the profession have returned to the classroom. In addition to that, many South Sudanese holding high academic qualifications who were working in other sectors have for the first time decided to join universities. The number of academic staff at the University of Juba rose from 550 to approximately 800 between July 2019 and December 2020". (KII with University official, June 2021).

Adjusting Public sector salaries and wages

In remuneration of civil servants, officials and employees, the Civil Service Act (2011, Art 43), requires within the fiscal constraints to support:

1) Efficient and effective service delivery;
2) Affordability and sustainability;
3) Appropriate incentives for all civil servants, officials and employees;
4) Equal pay for work of equal value;
5) Minimize monetary and in-kind allowances;
6) Competitiveness and capacity to retain staff.

[107] A number are known to have subsequently left their positions, though not on record, anecdotally the actual % of women on the ground is less than this.

[108] The salary of a university professor in in the Republic of South Sudan was set at SSP 8,000 (about USD 2,700 at official exchange rate) per month in 2011, and then adjusted to SSP 25,000 (USD 8,444 at official exchange rate) per month in July 2015. The latest adjustment in July 2019 put professors' salary at about 547,000 (USD 3,500 at official exchange rate) per month.

Does Adjustment in Public Sector Salaries Lead to Inflation?

We hear that public wage adjustment would lead to the so-called wage-price spiral (i.e., **"wage induced inflation")[109]. This argument is not borne out of economic science.** Public wages increase does not by and of itself cause inflation. Often inflation is caused by other forces. For instance, the national government influences the levels of aggregate demand using monetary and fiscal policies. Consequently, if aggregate demand rises faster than aggregate supply, this will lead to inflation.

Low payment of salaries and wages to public sector employees constrains access to basic needs - food, accommodation, and clothing; undermines the rule of law and delivery of government services to citizens (national defense, dispensing of justice, fighting crime, and enforcement of contracts and property rights); interferes with the efficient operation of the government machinery (poor response to public security and disaster management), and compels qualified civil servants to migrate to the NGOs/private sectors and or leave the country in search for greener pastures.

4. Key Findings, Observations and Analysis

Overall findings indicate that the low payment of the highest levels of the government officials, namely: ministers, undersecretaries, commission chairs, members of legislative houses, state governors, among others, might have forced most of these officials to resort to other means to supplement their incomes in the form of bloated travel allowances, unnecessary travel, large sitting allowances, unregulated payment of allowances for medical treatment abroad, and other abuses of the office.[110] This has created an un-level playing field, and consequently, uneven distribution of income across all sectors.

In security sector, the low-paid members of the organized forces and law enforcement agencies are a prima facie because of reported complicity and involvement by some members of these groups in criminal activities. If left unchecked, it can be a source of mass discontent, increased crimes, and social and political upheaval. For example, accounts from local communities stated that:

> “Some of the National Security Forces are involved in illicit activities, including: taking of bribes from lawbreakers while others are participating in business activities in the security sector…..(FGDs with civil servants in Juba)
>
> “There is illegal collection of taxes at transport checkpoints, and, perhaps, contribute to the proliferation of small arms amongst the civilian population”(KIIs and FGDs).[111]

Low payment interferes with the efficient operation of the government machinery. This includes failure to respond to changing economic and political environments adaptively, inability to maintain public security and respond to or manage disasters effectively. It means that the most competent or qualified civil servant working for the government may easily be poached by the

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[109] Communication with a key informer at the Ministry of Finance in August 2023
[110] KII19 June 2021, Juba
[111] FGDs and KIIs7 July, 2021 in Juba and other states.

NGO or private sector, and thus weakening the public sector institutions on which the country depends. At the same time, those left to serve in the public sector may only do the minimum as most of them will be serving as volunteers given the very low salaries they receive.

> "This situation fits to be categorized as an *adverse selection* in industrial organization speak. The best leaves and only the most incompetent who has no other better alternative employment stays in the public sector **(**KII9 with Government actor)[112]

Current pay structure of public sector wage bill does not cater for pension and national security or health insurance. The 5% of pension contribution deducted is not deposited in any known and accessible account neither does the government contribution of 11% for employee's pensions followed as stipulated in Pension Fund Act 2012.[113]

- There is no provision for social security/public health insurance for medical coverage, accident or disability as it was in old Sudan National Social Security and Insurance Act 1997. Citizens pay for treatment out of their pocket.
- High wage bill yet low wages: Spending on public sector is high on aggregate but wages to public sector employees are low. High wage bill is caused by over employment of particular sectors e.g., organized forces and security sector which takes about 78% of public revenue in FY 2015/2016
- In FY 2023/24, the government is budgeting for **376,226** personnel in security sector that may not exist. In line with the provision in the R-ARCSS, we thus recommend 85,000 personnel in the security sector.
- Civil service with low capacity: civil service has large number of unclassified staff with limited level of education, and several senior civil servants are past retirement age. The 2019 headcount by the government shows only 9,457 staff are classified compared to 6,372 unclassified staffs
- Low motivation in the civil service and poor working environment: There is increased discontentment, poor performance and attendance due to low salaries and wages, and delayed payment.
- Comparative Analysis of Wage Bill between South Sudan and Kenya in figure 2a shows that the country had the highest percentage wage bill as a percentage of public expenditure (51% in 2015) compared to Kenya (18% in 2015) but this percentage has declined markedly to 13%.

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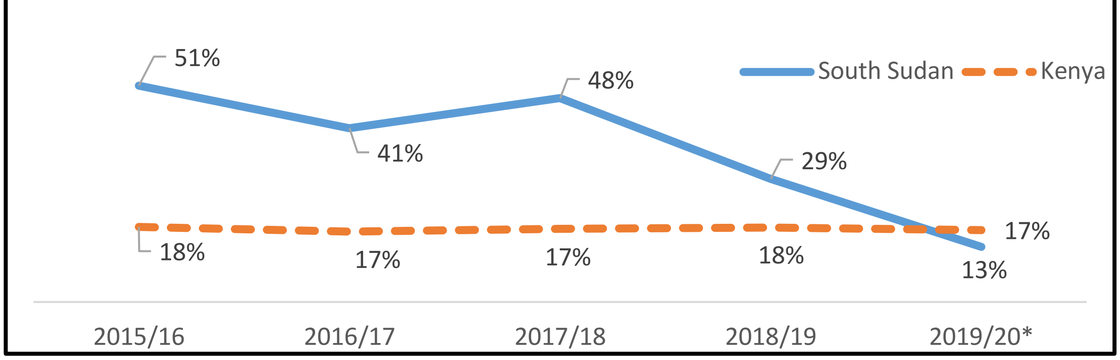
[112] KII15 with Government Actor June 2021)

[113] KII20 with Government official, 20/03/2021

Fig 2a. Wage Bill as Percentage of Public Expenditure



Likewise, the share of wage bill as percentage of government revenue for South Sudan declined from 78% in 2015 to 17% in 2020, while Kenya's wage bill as a percentage of government revenues was steady between a maximum of 53% and a minimum of 48% for the period, 2015/16 to 2019/20 (See Figure 2b).

Figure 2b. Wage Bill (As Percentage of Public Revenue)

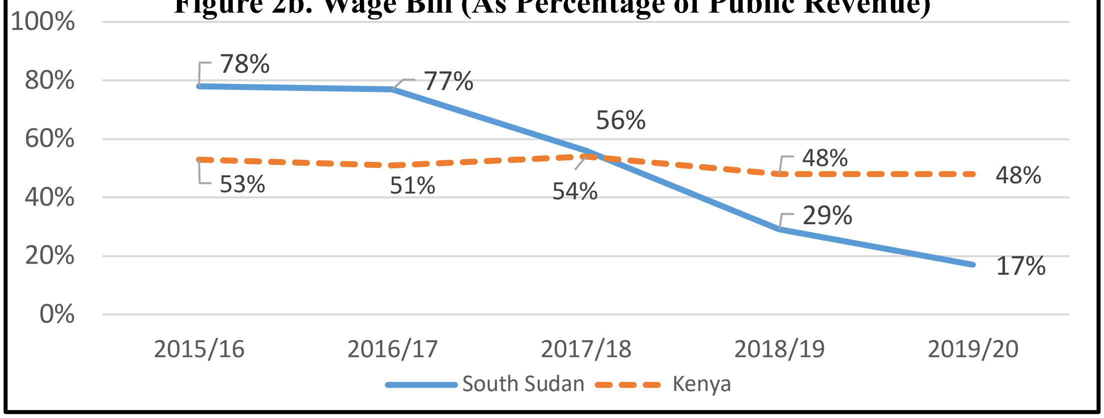


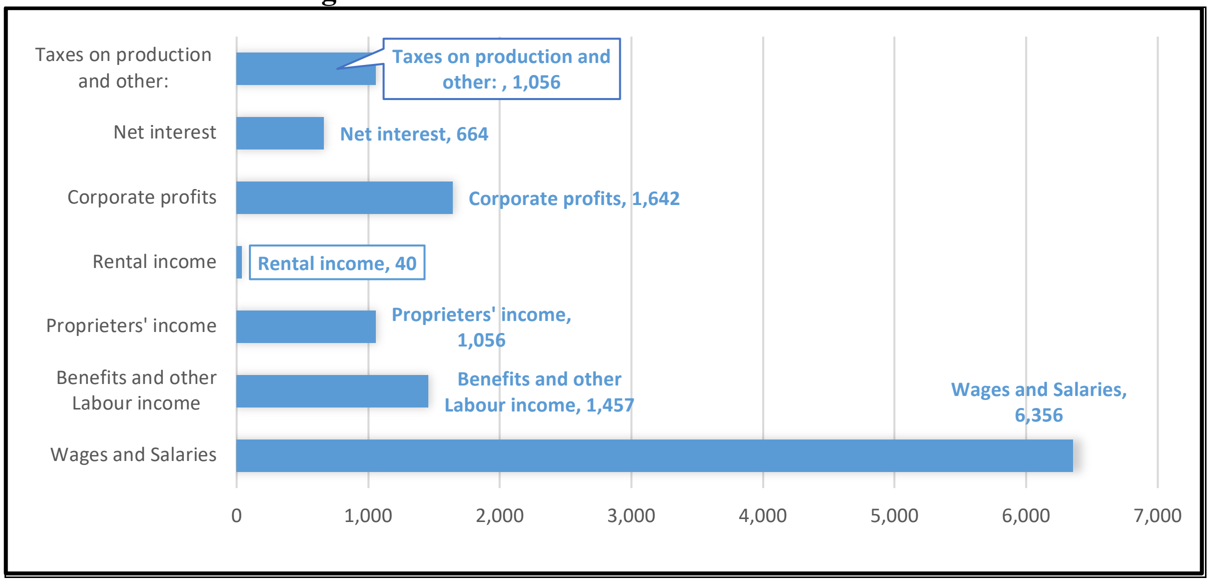
Table 3. Division of US National Income

Type of Income	Amount ($ billion)	Share of total (%)	Examples
Labour Income:			
Wages and Salaries	6,356	51.8	Teachers wages
Benefits and other Labour income	1,457	11.9	Pension fund contributions
Property Income:			
Proprietors' income	1,056	8.6	Accountant's share of partnership
Rental income	40	0.3	Land lords rent after expenses and depreciation
Corporate profits	1,642	13.4	Profits of Amazon
Net interest	664	5.4	Interest paid on savings
Taxes on production and other:	1,056	8.6	
Total	**12,271**	**100**	
Income paid to factors of production			

Source: US Bureau of Labor Statistics, 2007

Furthermore, for United States the share of wages and salaries as percentage of national income stood in 2007 at about 51%. If pensions and other wage related benefits are added, the share of labour income rises to over 63% of share of the income of the entire US economy in that same year (See Table 3 and Figure 3).

Figure 3. Divisions of U.S. National Income



Source: US Bureau of Labor Statistics, 2007

Trends in CPI within the EAC Region

In comparison to the region, Table 4 below shows that South Sudan had the highest inflation rate between 2011 and 2020. That has taken a heavy toll on employees of the public sectors whose salaries has not been adjusted in nominal value in order for them to cope with the rising cost of living and loss of purchasing power. The low salaries and wages has aggravated sufferings, demotivated civil servants, increased staff turnover rate in search of better opportunities.

Table 4 Consumer Price Index in Eastern African Region 2011 to 2020

Country	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Burundi	110	129	140	146	154	163	189	183	182	195
Kenya	114	125	132	141	150	160	172	181	190	200
Rwanda	103	114	120	123	126	135	147	146	151	166
Tanzania	113	131	141	150	158	166	175	181	187	194
Uganda	115	130	136	140	148	156	165	169	174	180
South Sudan	147	214	214	217	332	1,592	4,584	8,411	15,749	20,423

Sources: Various, including the World Bank, 2022

Size of organized forces in Africa

The team that undertook the Review of the salaries and wages of public sector employees is of the view that low-paid members of the organized forces and law enforcement agencies are a prima facie because of reported complicity and involvement by some members of these groups in criminal activities. Accounts from local communities stated that:

> "Some of the National Security Forces are involved in illicit activities, including: taking of bribes from lawbreakers while others are participating in business activities in the security sector…..(FGDs with civil servants in Juba)
>
> "There is illegal collection of taxes at transport checkpoints, and, perhaps, contribute to the proliferation of small arms amongst the civilian population"(KIIs and FGDs).[114]

Furthermore, findings indicate that South Sudan has higher Expenditure in Security Sector. The country has the largest military on the continent which takes most of the country's budget (78% of public wage bill) leaving out other important sectors. However, it has one of the lowest population (Table 5 below and Fig 4), in which figures shown are based on the military personnel in the approved budget. Whether these people are truly there or not, the reality is that these are the numbers used to allocate the money annually.

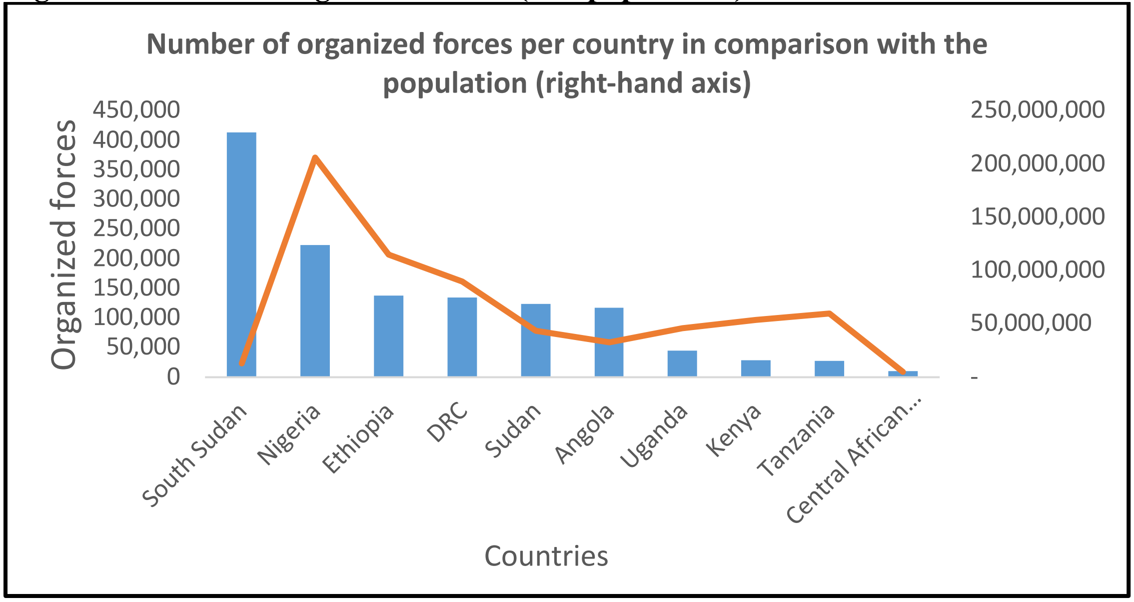
Table 5 below shows that South Sudan has the largest number of organized forces in the continent compared to other African Countries. In terms of military expenditure as a percentage of total expenditure, South Sudan unsurprisingly leads in terms of military expenditure given the large military personnel. The organized forces took most of the country's budget before 2015.

Table 5. Organized Forces and Population

Country	Members of organized forces	Population (million) appr
South Sudan	414,044	13.2
Nigeria	223,000	206.1
Ethiopia	138,000	115
DRC	134,250	90
Sudan	124,300	44
Angola	117,000	33
Uganda	45,000	46
Kenya	29,100	54
Tanzania	28,000	60
Central African Republic	10,150	5

[114] FGDs and KIIs July, 2021 in Juba and other states.

Figure 4 Number of organized forces (and population) for some countries in Africa



In addition, the continued insecurity and climate shocks hamper economic development and Agricultural production. Besides, we found some contradicting information in headcount between Ministry of Public Service and Ministry of Finance and Planning. For example, the 2019 headcount conducted by the government revealed 16,000 personnel were in the civil service with about 9000 classified and about 7000 unclassified, while the national budget from the Ministry of Finance Budget showed that a total of 26,000 workforce existed.

Non-compliance with tax and pension regulations

Tax and pension deductions are effected on gross wages and salaries for public sector employees and civil servants - pension calculated at 5% for employees and 11% by Government, for example in (RAA, Warrap and CE), but there is no pension for employees to claim. Resource envelope/Sources of income for government include grant fund from the government, taxes on goods and services, Personal Income Tax from UN agencies and 2% oil revenue (RAA) – But not all UN agencies, INGOs and Companies pay to the RAA- most taxes are paid at the national level – National Revenue Authority (NRA) and Ministry of Finance (MOF).

Table 6. GRSS Proposal FY 2021/2022

Designation	Current Basic Salaries and Wages	Proposed Basic Salaries and Wages	COLA 56.3% of basic	RESP 66% of Basic	House Rent 66% of Gross	Sitting 40% of Basic	House Subsidy 127% of basic	Social 40% Gross	Gross Pay	Pension 5%	PIT 10%	Net Pay
President - CPH	15,000	70,650	39,776	46,629	178,729	28,260	89,726	108,321	562,091	28,105	56,209	477,777
Vice President – CPH	13,500	63,585	35,798	41,966	163,374	25,434	80,753	99,015	509,925	25,496	50,992	433,436
Minister – CPH	10,000	47,100	27,843	32,640	125,100	19,782	59,817	72,214	384,496	19,225	38,450	326,822
Hon. Speaker – NLA	13,500	63,585	35,798	41,966	163,374	25,434	80,753	99,015	509,925	25,496	50,992	433,436
Minority Leader – NLA	9,000	42,390	23,866	27,977	108,916	16,956	53,835	66,010	339,950	16,998	33,995	288,958
Member - NLA	7,000	32,970	18,562	21,760	84,712	13,188	41,872	51,341	264,405	13,220	26,440	224,744
Speaker – CS	13,500	63,585	35,798	41,966	163,374	25,434	80,753	99,015	509,925	25,496	50,992	433,436
Chip Whip - CS	9,000	42,390	23,866	27,977	108,916	16,956	53,835	66,010	339,950	16,998	33,995	288,958
Member – CS	7,000	32,970	18,562	21,760	84,712	13,188	41,872	51,341	264,405	13,220	26,440	224,744
Grade 1 - CS/SS	5,040	8,715										
Grade 5 - CS/SS	3,510	7,185										
Grade 17 - CS/SS	564	4,239										

Key Concerns about GRSS 2021/22 Proposal

- The GRSS proposal had very high allowances compared to the base pay (Allowances are 16 times the base pay)
- Conventionally, allowances should not exceed 40% of the base pay
- The GRSS proposal has PIT and Pension but does not budget for it
- The GRSS does not budget for the National Social Insurance Fund (Social Security) which is critically important

5. Proposed Framework for Adjustment Public Sector Salaries and Wages Choosing the measure of inflation for price/cost adjustment

In order to determine a framework for adjusting the public sector wages in the Republic of South Sudan, two several measure of inflation that are commonly used- the GDP, CPI, and adjustment to exchange rate are considered below:

The consumer price index (CPI): Reflects changes in the cost of a fixed basket of goods and services that typical households normally consume. This is the standard approach for adjusting prices for inflation as shown below:

- The Gross Domestic Product (GDP) implicit price deflator: the GDP implicit price deflator reflects the price changes of all goods and services that contribute to a country's gross domestic product (GDP), that is, all locally produced goods.
- It is the most general measure of the overall price level, and reflects the average annual rate of inflation in the economy during that period.

Using the CPI to adjust costs/prices for inflation

To adjust costs for inflation using the CPI, we multiply the cost in question by the ratio of the CPI from the base year and CPI from the current year. **Examples (using annual CPI** to adjust cost for inflation): For the case of South Sudan, the CPI in 2011 and 2021 was 147 and 20,423 respectively. This g**ives CPI ratio of 138. 9. T**his means that general prices/costs have increased by about 139 times in 2020/21 from 2011 (base year).

Example: A public official whose base salary was set at SSP **2,960** (US $ 1,000 equivalent at the official of exchange rate of USD 1 = SSP 2.96) in 2011. Given that this salary has not been adjusted for inflation since 2011, the adjusted salary using the CPI would be **SSP 411,000** in 2021.

Foreign Exchange Rate Inflation Adjustment: Much of the inflation in South Sudan is induced by foreign exchange rate. In 2011, the exchange rate was USD 1 = SSP 2.96 but in 2023, the exchange rate is USD 1 = SSP 1,100 – that is an Exchange Rate Pass-through Inflation Adjustment factor of 371. This means that the general market basket price became 371 times more expensive in 2023 over 2011 for all households in South Sudan and we attribute this to exchange rate-induced inflation.

Updating and Using Consumer Price Index (CPI) for Wage Adjustment in 2023
The Working Group selected the CPI adjustment because it is more comprehensive and more reflective of change of prices in the market. The CPI in 2011 was 147 and in 2023 it is estimated at 44,609 – that is an inflation factor of 303. Similarly, this tell us that general market basket price became 303 times more expensive in 2023 over 2011 for all households in South Sudan and we attribute this inflation as revealed by the CPI. Please note that CPI data in South Sudan tend to be volatile and unreliable.

Proposed Two Scenarios

Scenario 1 - uses the relevant CPI to adjust salaries and wages.

For sectors with no changes in salaries since 2011, we have used the 2011 and 2020 CPI.

For sectors with revised salaries (e.g., General Public Service, Security Sector and Higher Education where salaries were revised in 2015/16, 2016/17), we have used the 2015 and 2020 CPI. No other changes were made. For this scenario, the annual public wage bill comes to about SSP 1 trillion or USD 2.1 billion.

Scenario 2 - uses an annual public wage bill estimate of SSP 400 billions or USD 851 million based on the following assumptions.

Security Sector Wage bill, capped at 32% of the total wage bill estimate
States and Administrative wage bill capped at 60% of the total wage bill. States and AA are to generate the remaining 40%. Note that the estimated total wage in Scenario 2 is close to the estimated wage bill per the GRSS new salary structure and estimates presented in the FY2021/22 budget. But wages are much improved and better distributed.

Scenario 1: SUMMARY OF PROPOSED PUBLIC SECTOR WAGE BILL IN SOUTH SUDAN, FY 2021/22 Proposed General Public Service….1/

	Total Monthly Wage Bill (SSP) 2021/22	Total Monthly Wage Bill (USD) 2021/22	Total Annual Wage Bill (SSP) 2021/22	Total Annual Wage Bill (USD) 2021/22	As % of Total
National/Central Government					
General Public Service	5,190,997,794	11,044,676	62,291,973,533	132,536,114	6.2%
Constitutional Post holders	780,419,792	1,660,468	9,365,037,505	19,925,612	0.9%
Foreign Affairs Headquarters	105,236,645	223,908	1,262,839,741	2,686,893	0.1%
Security Sector	53,590,381,480	114,022,088	643,084,577,756	1,368,265,059	**63.7%**
Foreign Service	2,897,091,238	6,164,024	34,765,094,857	73,968,287	3.4%
Higher Education	1,659,586,083	3,531,034	19,915,032,992	42,372,411	2.0%
Judiciary	194,838,135	414,549	2,338,057,617	4,974,591	0.2%
State/AA Governments					
Central Equatoria	2,541,298,032	5,407,017	30,495,576,389	64,884,205	3.02%
Eastern Equatoria	1,501,081,822	3,193,791	18,012,981,868	38,325,493	1.79%
Jonglei	2,822,949,382	6,006,275	33,875,392,587	72,075,303	3.36%
Lakes	1,873,984,497	3,987,201	22,487,813,966	47,846,413	2.23%
Northern Bahr El Ghazal	1,648,936,566	3,508,376	19,787,238,786	42,100,508	1.96%
Unity	1,718,584,375	3,656,563	20,623,012,502	43,878,750	2.04%
Upper Nile	2,614,233,499	5,562,199	31,370,801,994	66,746,387	3.11%
Warrap	1,909,212,787	4,062,155	22,910,553,444	48,745,858	2.27%
Western Bahr El Ghazal	1,679,478,773	3,573,359	20,153,745,276	42,880,309	2.00%
Western Equatoria	1,315,318,666	2,798,550	15,783,823,997	33,582,604	1.56%
Abyei AA	16,030,200	34,107	192,362,396	409,282	0.02%
Greater Pibor AA	14,572,909	31,006	174,874,906	372,074	0.02%
Ruweng AA	17,487,491	37,207	209,849,887	446,489	0.02%
GRAND TOTAL	**84,091,720,167**	**178,918,554**	**1,009,100,641,998**	**2,147,022,643**	**100%**

Proposed General Public Service….Cont../

Staff Grade/Title	Monthly Basic Salary (USD) 2011	Monthly Basic Salary (SSP) 2016/17	Proposed Monthly Basic Salary (SSP) 2021/22	Proposed Monthly Allowances 20% of Basic Salary (SSP) 2021/22	Monthly Pension 11% of Basic Salary (SSP) 2021/22	Total Staff/Head count 2021/22	Total monthly Wage Bill (SSP) 2021/22	Total Monthly Wage Bill (USD) 2021/22	Total Annual Wage Bill (SSP) 2021/22	Total Annual Payroll Bill (USD) 2021/22
1	1,787	5,290	325,415	65,083	35,796	394	167,959,527	357,361	2,015,514,325	4,288,328
2	1,525	4,515	277,740	55,548	30,551	857	311,810,924	663,427	3,741,731,085	7,961,130
3	1,444	4,275	262,977	52,595	28,927	440	151,579,875	322,510	1,818,958,501	3,870,124
4	1,332	3,944	242,615	48,523	26,688	990	314,647,909	669,464	3,775,774,910	8,033,564
5	1,287	3,810	234,372	46,874	25,781	1,350	414,487,553	881,888	4,973,850,638	10,582,661
6	1,208	3,575	219,916	43,983	24,191	48	13,828,339	29,422	165,940,074	353,064
7	1,185	3,508	215,795	43,159	23,737	2,380	672,805,125	1,431,500	8,073,661,501	17,178,003
8	1,065	3,153	193,957	38,791	21,335	3,362	854,229,232	1,817,509	10,250,750,787	21,810,108
9	996	2,948	181,346	36,269	19,948	3,170	753,077,185	1,602,292	9,036,926,223	19,227,503
10	921	2,725	167,629	33,526	18,439	2,315	508,358,689	1,081,614	6,100,304,271	12,979,371
11	562	1,663	102,300	20,460	11,253	2,614	350,308,425	745,337	4,203,701,095	8,944,045
12	435	1,288	79,231	15,846	8,715	1,764	183,091,083	389,555	2,197,092,994	4,674,666
13	372	1,102	67,790	13,558	7,457	2,696	239,416,585	509,397	2,872,999,019	6,112,764
14	357	1,056	64,960	12,992	7,146	852	72,503,048	154,262	870,036,571	1,851,142
15	282	834	51,304	10,261	5,643	1,986	133,474,421	283,988	1,601,693,046	3,407,858
16	256	759	46,690	9,338	5,136	662	40,490,442	86,150	485,885,301	1,033,799
17	231	684	42,076	8,415	4,628	162	8,929,433	18,999	107,153,192	227,986
			Grand Total			26,042	5,190,997,794	11,044,676	62,291,973,533	132,536,114

Scenario 1: Constitutional Postholders

Staff Grade/Title	Monthly Basic Salary (USD) 2011	Monthly Basic Salary (SSP) 2011	Proposed Monthly Basic Salary (SSP) 2021/22	Proposed Monthly Allowances 20% of Basic Salary (SSP) 2021/22	Monthly Pension 11% of Basic Salary (SSP) 2021/22	Total Staff/Head count 2021/22	Total monthly Wage Bill (SSP) 2021/22	Total Monthly Wage Bill (USD) 2021/22	Total Annual Wage Bill (SSP) 2021/22	Total Annual Wage Bill (USD) 2021/22
President	5,068	15,000	2,083,980	416,796	229,238	1	2,730,013	5,809	32,760,159	69,702
Vice-President	4,561	13,500	1,875,582	375,116	206,314	5	12,285,060	26,138	147,420,716	313,661
Presidential Advisors	3,547	10,500	1,458,786	291,757	160,466	18	34,398,167	73,188	412,778,006	878,251
Auditor General	3,378	10,000	1,389,320	277,864	152,825	1	1,820,009	3,872	21,840,106	46,468
Chair of Anti-Corruption	3,378	10,000	1,389,320	277,864	152,825	1	1,820,009	3,872	21,840,106	46,468
Chair of Human Rights	3,378	10,000	1,389,320	277,864	152,825	1	1,820,009	3,872	21,840,106	46,468
Ministers	3,378	10,000	1,389,320	277,864	152,825	30	54,600,265	116,171	655,203,184	1,394,049
Deputy Minister	2,703	8,000	1,111,456	222,291	122,260	8	11,648,057	24,783	139,776,679	297,397
Other Commission Chairs	2,703	8,000	1,111,456	222,291	122,260	24	34,944,170	74,349	419,330,038	892,192
Secretary General	2,703	8,000	1,111,456	222,291	122,260	2	2,912,014	6,196	34,944,170	74,349
Speaker	4,561	13,500	1,875,582	375,116	206,314	2	4,914,024	10,455	58,968,287	125,464
Deputy Speaker	3,547	10,500	1,458,786	291,757	160,466	3	5,733,028	12,198	68,796,334	146,375
Chief whip	3,041	9,000	1,250,388	250,078	137,543	4	6,552,032	13,940	78,624,382	167,286
Committee Chairperson	3,041	9,000	1,250,388	250,078	137,543	40	65,520,318	139,405	786,243,820	1,672,859
Clerk	2,703	8,000	1,111,456	222,291	122,260	9	13,104,064	27,881	157,248,764	334,572
Committee Deputy Chairperson	2,703	8,000	1,111,456	222,291	122,260	32	46,592,226	99,132	559,106,717	1,189,589
Assembly Member	2,365	7,000	972,524	194,505	106,978	376	479,026,328	1,019,205	5,748,315,931	12,230,459
Grand Total						557	780,419,792	1,660,468	9,365,037,505	19,925,612

Scenario 1: Security Sector

Staff Grade/Title	Monthly Basic Salary (USD) 2011	Monthly Basic Salary (SSP) 2016/17	Proposed Monthly Basic Salary (SSP) 2021/22	Proposed Monthly Allowances 20% of Basic Salary (SSP) 2021/22	Monthly Pension 11% of Basic Salary (SSP) 2021/22	Total Staff/Head count 2021/22	Total monthly Wage Bill (SSP) 2021/22	Total Monthly Wage Bill (USD) 2021/22	Total Annual Wage Bill (SSP) 2021/22	Total Annual Payroll Bill (USD) 2021/22
1st Lt. General	2,703	8,000	492,120	98,424	54,133	20	12,893,557	27,433	154,722,680	329,197
Lt. General	2,027	6,000	369,090	73,818	40,600	105	50,768,379	108,018	609,220,551	1,296,214
Major General	1,787	5,290	325,415	65,083	35,796	642	273,680,245	582,298	3,284,162,936	6,987,581
Brigadier	1,525	4,515	277,740	55,548	30,551	1,849	672,740,254	1,431,362	8,072,883,053	17,176,347
Colonel	1,444	4,275	262,977	52,595	28,927	2,529	871,239,782	1,853,702	10,454,877,385	22,244,420
Lt. Colonel	1,332	3,944	242,615	48,523	26,688	3,986	1,266,855,117	2,695,436	15,202,261,404	32,345,237
Major	1,287	3,810	234,372	46,874	25,781	5,683	1,744,839,085	3,712,424	20,938,069,020	44,549,083
Captain	1,208	3,575	219,916	43,983	24,191	12,625	3,637,141,374	7,738,599	43,645,696,490	92,863,184
1st Lieutenant	1,185	3,508	215,795	43,159	23,737	11,579	3,273,281,741	6,964,429	39,279,380,892	83,573,151
2nd Lieutenant	1,065	3,153	193,957	38,791	21,335	12,564	3,192,306,982	6,792,143	38,307,683,784	81,505,710
RS/Major	996	2,948	181,346	36,269	19,948	11,375	2,702,288,007	5,749,549	32,427,456,085	68,994,587
S/Major	921	2,725	167,629	33,526	18,439	19,249	4,226,953,093	8,993,517	50,723,437,114	107,922,207
Sergeant	562	1,663	102,300	20,460	11,253	48,018	6,435,007,624	13,691,506	77,220,091,491	164,298,067
Corporal	435	1,288	79,231	15,846	8,715	49,725	5,161,113,431	10,981,092	61,933,361,174	131,773,109
L/Corporal	372	1,102	67,790	13,558	7,457	40,028	3,554,661,373	7,563,109	42,655,936,476	90,757,312
Private	357	1,056	64,960	12,992	7,146	194,067	16,514,611,435	35,137,471	198,175,337,224	421,649,654
Grand Total						414,044	53,590,381,480	114,022,088	643,084,577,756	1,368,265,059

Scenario 2: Higher Education

Staff Grade/Title	Monthly Basic Salary (USD) 2011	Monthly Basic Salary (SSP) 2015/16	Proposed Monthly Basic Salary (SSP) 2021/22	Proposed Monthly Allowances 20% of Basic Salary (SSP) 2021/22	Monthly Pension 11% of Basic Salary (SSP) 2021/22	Total Staff/ Headcount 2021/22	Total monthly Wage Bill (SSP) 2021/22	Total Monthly Wage Bill (USD) 2021/22	Total Annual Wage Bill (SSP) 2021/22	Total Annual Payroll Bill (USD) 2021/22
Vice Chancellor	8,446	25,000	1,537,877	307,575	169,166	5	10,073,091	21,432	120,877,093	257,185
Deputy Vice Chancellor	7,770	23,000	1,414,846	282,969	155,633	10	18,534,488	39,435	222,413,852	473,221
Professor	4,054	12,000	738,181	147,636	81,200	61	58,988,022	125,506	707,856,259	1,506,077
Associate Professor	3,378	10,000	615,151	123,030	67,667	130	104,760,148	222,894	1,257,121,771	2,674,727
Assistant Professor	2,365	7,000	430,605	86,121	47,367	248	139,895,089	297,649	1,678,741,073	3,571,790
Lecturer	2,196	6,500	399,848	79,970	43,983	566	296,471,218	630,790	3,557,654,612	7,569,478
Teaching Assistant	1,182	3,500	215,303	43,061	23,683	701	197,714,632	420,669	2,372,575,589	5,048,033
Chief Technician	2,027	6,000	369,090	73,818	40,600	33	15,955,776	33,948	191,469,316	407,382
Senior Technician	1,689	5,000	307,575	61,515	33,833	39	15,714,022	33,434	188,568,266	401,209
Technician	1,351	4,000	246,060	49,212	27,067	84	27,076,469	57,610	324,917,627	691,314
Assistant Technician	1,182	3,500	215,303	43,061	23,683	48	13,538,234	28,805	162,458,813	345,657
Lab Assistant	845	2,500	153,788	30,758	16,917	10	2,014,618	4,286	24,175,419	51,437
Lab Attendant	676	2,000	123,030	24,606	13,533	14	2,256,372	4,801	27,076,469	57,610
Registrar	2,703	8,000	492,120	98,424	54,133	10	6,446,778	13,717	77,361,340	164,599
1	3,041	9,000	553,636	110,727	60,900	42	30,461,028	64,811	365,532,330	777,728
2	2,703	8,000	492,120	98,424	54,133	90	58,021,005	123,449	696,252,058	1,481,387
3	2,027	6,000	369,090	73,818	40,600	96	46,416,804	98,759	557,001,646	1,185,110
5	1,689	5,000	307,575	61,515	33,833	217	87,434,431	186,031	1,049,213,170	2,232,368
7	1,351	4,000	246,060	49,212	27,067	248	79,940,051	170,085	959,280,613	2,041,023
8	1,182	3,500	215,303	43,061	23,683	439	123,818,436	263,443	1,485,821,232	3,161,322
9	1,014	3,000	184,545	36,909	20,300	138	33,362,078	70,983	400,344,933	851,798
10	845	2,500	153,788	30,758	16,917	368	74,137,951	157,740	889,655,407	1,892,884
11	676	2,000	123,030	24,606	13,533	364	58,665,683	124,821	703,988,192	1,497,847
12	507	1,500	92,273	18,455	10,150	182	21,999,631	46,808	263,995,572	561,693
13	473	1,400	86,121	17,224	9,473	490	55,281,124	117,619	663,373,488	1,411,433
14	439	1,300	79,970	15,994	8,797	75	7,857,011	16,717	94,284,133	200,605
15	405	1,200	73,818	14,764	8,120	385	37,230,145	79,213	446,761,737	950,557
16	338	1,000	61,515	12,303	6,767	295	23,772,495	50,580	285,269,940	606,957
17	304	900	55,364	11,073	6,090	162	11,749,253	24,998	140,991,042	299,981
Grand Total						5,550	1,659,586,083	3,531,034	19,915,032,992	42,372,411

6. Conclusions and Recommendations

Overall analysis shows that the current wages and salaries are not tenable. The study has noted that the low payment of the highest levels of the government officials has created an un-level playing field, and consequently, uneven distribution of income across all sectors. If left unchecked, it can be a source of mass discontent, increased crimes, and social and political upheaval. It equally poses serious threats to the national security and development. Whereas adjustment of salaries and wages to inflation using CPI seems to provide a quick solution, it is vital to carry out a range of fiscal, monetary, civil service and revenue collection reforms for smooth implementation of new policy. Based on that, we recommend the following to the Government and Ministry of Finance in particular:

Improve revenue collection

- The government should double up efforts to reform the demostic revenue mobilzation institutions and strengthen safeguards against corruption
- The government should open up new areas for oil exploration and production and improve technologies in existing oil fields to enhance production to improve and increase oil revenue
- Identify new areas of tax revenue mobilization in order to widen its tax base and improve taxation administration
- Close the loopholes in revenue collection and strengthen revenue collection strategies to increase the pie.
- Create a robust enforcement mechanism of the already existing laws or their amendment to better structure the wage bill: Conduct a nationwide head count exercise in all the states to get the status quo in relation to the budget allocated for salaries. This should be followed by strictly removing ghost names, unproductive employees and redundancy positions.
- Institute electronic payment of salaries to weed out ghost names as it is currently happening in some institutions.
-

Reform the civil service: Reduce a large number of unclassified and unqualified staff those who have attained the retirement age and employ young and energetic staff. Retirement will save money to increase the salaries for the right and qualified number of staff.

- Introduce competitive and merit-based recruitment of civil servants: protect civil service from politicization and undue interference by politicians (for example a government minister dismisses and undersecretary or a director in order to have his or her way).

Create enabling environment to improve economic opportunities and productivity by:

- Implement the peace agreement (R-ARCSS) and reduce communal conflicts
- Develop and implement climate resilience measures to withstand shocks against natural disasters such as floods which have crippled economic activities in large parts of the country.
- Enforce the rule of law and accountability and transparency institutions in South Sudan
- Invest in agriculture and food security and empower youth and women to diversify the economy and engage in small to medium scale manufacturing industries to supplement salary paid by the government.
- Invest in education, capacity building, and technical vocation training and skills
- Reduce high spending on the security sector and size of the organized forces: From 63% of proposed wage bill to 32% of the national budget to support other sectors
- Social Security and Pension Reforms: Enforce National Social Security Funds and pensions contributions and accrual and provide public health insurance for all citizens to cover cost of medical treatment

Create an independent Salary Commission: This will be tasked with the reviewing the salary and wages periodically and advise on the increment based on appraisal measures. Strict measures must be put in place to discipline or terminate staff who underperform their duties. Adjust wages and salaries annually based on the CPI as stipulated in the law

- For high inflation rate the government can stabilize the economy by producing goods for export, and subsidize essential/basic needs like food, electricity and water; strengthen South Sudanese Pound; and restrict tax exemptions to humanitarian commodities and other emergency items.
- The government should open up new areas for oil exploration and production and improve technologies in existing oil fields to enhance production to improve and increase oil revenue
- Create an independent Salary Commission: This will be tasked with the reviewing the salary and wages periodically and advise on the increment based on appraisal measures. Strict measures must be put in place to discipline or terminate staff who underperform their duties.

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Chapter 11.

Development Planning in South Sudan: How to Foster Success

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Executive Summary

- South Sudan has some the lowest of development indicators in the world, marked by high rates of maternal and child death, literacy rates below 30%, and less than 2% of paved road networks (World Bank 2011).
- Basic services are unusually confined to the major urban centers, leading to serious urban-rural inequality)
- Physical and technological infrastructure remain seriously underdeveloped.
- Productive sectors such as agriculture, mining, and tourism attract negligible budgetary allocations to stimulate jobs growth.
- Food insecurity is a persistent problem for at least a third of the South Sudanese population, with many citizens living off of international handouts.
- As South Sudan emerges from political conflict, the government is confronted with an enormous task of designing and implementing reconstruction and recovery programs.
- As the R-ARCSS (Roadmap) gets implemented, competing priorities and resource constraints highlight the importance of a meticulous action plan that prevents resource wastage and fosters a dedicated focus on encompassing, life changing outcomes for the population.
- This paper focuses on development planning to address how to manage competing priorities and resource constraints.

1. Introduction

Throughout the liberation struggle that culminated in the Comprehensive Peace Agreement (CPA), the South Sudanese people established and contracted the SPLM to confront the northern oppression, as well as lending it a responsibility to handle their internal grievances. This is in light of such a people being incredibly dissatisfied with development under the successive regimes in Khartoum. The SPLM/A, as a newly birthed movement, set out to engineer transformative politics that was centered on promoting universal liberty, freedom, and equitable development in the Sudan—this was the promise to the people. The people responded in masses to support the SPLM, eventually delivering South Sudan.

Peace and independence came to South Sudan. Subsequently, the regional government was tested, managing tens of billions of dollars earmarked for reconstruction and recovery—development. Unexpectedly, the euphoria from independence subsided rather rapidly; several reports indicate an impeded effort at development, as a pack of violent elites seems to have captured state institutions (de Waal 2014). Corruption and war have punctuated an emerging nation, diverting resources away from development and essential services.

Resource conflict among elites foments political rivalry in South Sudan, often giving rise to full-blown political violence. Manifestly, merely two years following independence, South

Sudan relapsed into war, a catastrophic setback for the people who have fought for decades to be free. The conflict has, among other consequences, resulted in macroeconomic instability, thrusting more citizens into an extreme destitution. At independence, at least half of the South Sudanese lived on less than a dollar per day (NBS 2009). Today, 82% of the country's population is in poverty[115]. Short-term policies (i.e., fuel subsidy and letter of credit) designed to insulate the people ended up benefiting the same elites, partly because they are poorly planned.

Fortunately, regional and international efforts to restore peace in the country have now resulted in the inauguration of the Revitalized Peace Agreement (R-ARCSS) (now renamed Roadmap), with implementation and associated planning presently underway. On February 22, 2020, the R-ARCSS' vice presidents were sworn in, finally paving path for peace in the country. Formation of other national government branches and state governments followed. This progress only set stage for restoring people's confidence/trust in their own government. More work, including streamlining national development agenda for impactful service delivery and sustainable peace, should be prioritized during the transitional period and beyond. Therefore, decision-makers, both in politics and policy, have a daunting task of making the R-ARCSS transition more rewarding for the people. The desired success would be exemplified, for example, by improvements in gainful employment for the youth, improved food production and access, and improved infrastructure. But this has not been the case; instead, concerns about missed opportunities are ubiquitous.

Consequently, this policy paper explores how improved development planning could lead to sustainable growth in the country. Primarily, the paper attempts to address how to manage competing priorities and resource constraints, emphasizing the importance of a plan that has potential to prevent resource wastage and fosters widely shared success and prosperity.

2. The Case for Development Planning Authority

As South Sudan emerges from political violence and underdevelopment, the government is confronted with an enormous task of designing and implementing reconstruction and recovery programs. Ordinarily, a return to development trajectory as the R-ARCSS continues to be implemented would undoubtedly be compounded by competing priorities and resource constraints, prompting the importance of enlisting a meticulous action plan that prevents resource wastage and fosters a dedicated focus on encompassing, life changing outcomes for the population.

Weak governance exacerbates inferior planning and misappropriation of scarce, national resources, consequently fomenting poverty. In a study conducted by Anti-corruption Commission in 2010, over 90% of the South Sudanese stated that corruption is increasingly getting rampant, consequently crowding out public service, in this case development. Similarly, in another study, as many as 75% of the respondents said they were unsatisfied with the government's handling of this vice (IRI 2013). Furthermore, concern about government's challenged resource management abounds. In particular, available yet limited revenues, mostly from oil rents, have been improperly allocated, even as people's expectations appear exceedingly high. Spending at subnational level

[115] https://www.worldbank.org/en/country/southsudan/overview

(e.g., spending on people) has since 2006 declined to historic lows, while the Central Government's spending steadily rose (see the Figure 1). Human insecurity in South Sudan has continued to rise sharply, despite security sector's annual spending representing roughly 40% of the national budget over the last decade (see Figure 2 & Table 1). Inequality between the governed and the elite has increasingly widened, as state political institutions command an unfettered access to state resources than do social (service delivery) institutions. For example, in a comprehensive government evaluation conducted in 2011, the Ministry of Cabinet Affairs, which deals mostly with national cabinet issues in Juba, spent on average $74M annually, compared to $69M on health, which is responsible for nationwide health services.

Basic services are unusually confined to the major urban centers (resulting, for example, in urban-rural inequality, rural-urban migration, etc.), physical and technological infrastructure remains incredibly underdeveloped, and the productive sectors, such as agriculture, mining, and tourism attract negligible budgetary allocations to stimulate jobs growth. Food insecurity is an obstinate problem for at least a third of the South Sudanese population, with many citizens living off of international handouts and remittances. South Sudan has the lowest of development indicators in the world, marked by high rates of maternal and child death, run-away inflation, literacy rates below 30%, and less than 2% of paved road networks (World Bank 2011). Correspondingly, fewer than 10% of the South Sudanese say they are satisfied with the government's handling of development, governance, security, and development affairs (IRI 2013).

Figure 1. Budget allocations

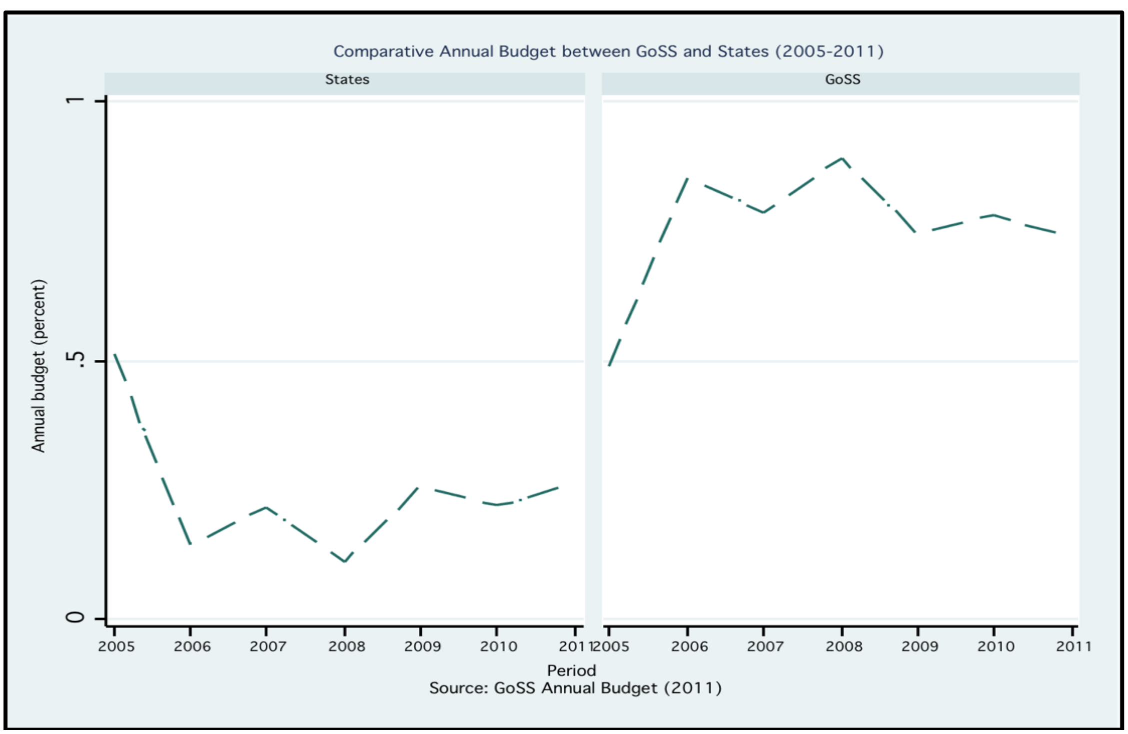


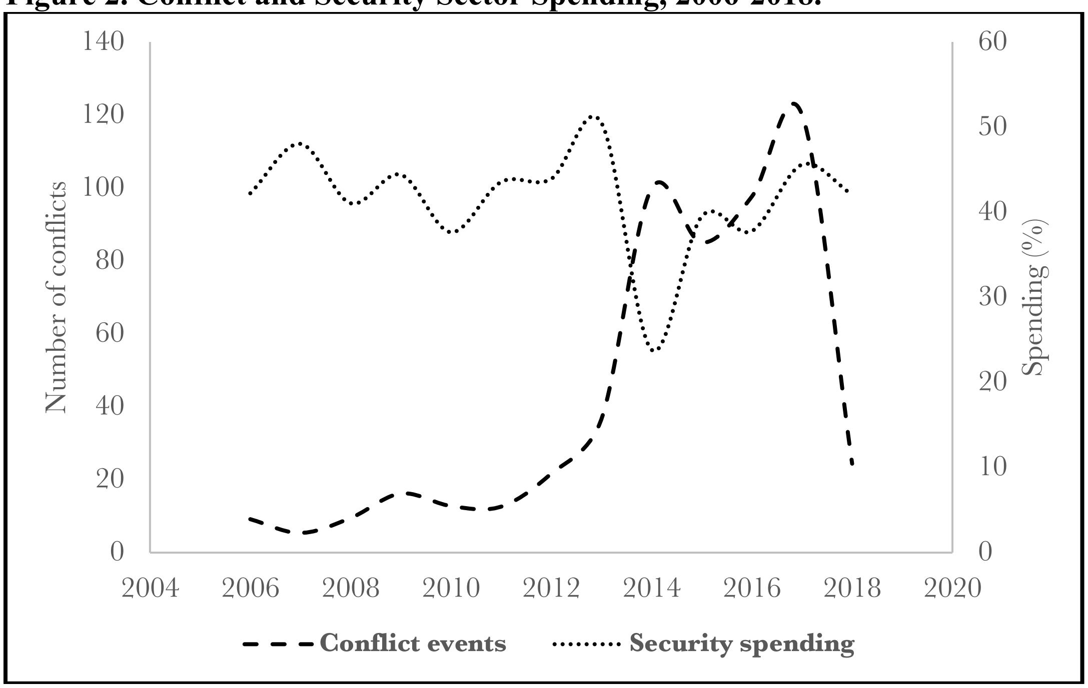
Table 1. Government spending for a select number of sectors (%)

Year	Security	Agriculture	Education	Health	Infrastructure
2006	42.222	3.344	6.286	3.799	9.594
2007	48.034	3.724	7.937	2.289	5.457
2008	41.047	3.439	5.080	1.997	13.862
2009	44.413	4.222	5.528	2.292	12.098
2010	37.642	3.298	5.006	2.500	10.837
2011	43.552	2.005	3.253	2.127	9.523
2012	43.908	3.495	4.422	2.025	10.026
2013	50.515	3.416	5.384	1.946	6.151
2014	23.831	2.652	3.834	2.431	3.241
2015	39.488	2.439	3.958	1.680	3.298
2016	37.772	1.893	2.760	1.181	1.952
2017	45.590	1.617	4.687	1.389	0.749
2018	42.082	0.509	2.236	0.416	0.767

Source. Ministry of Finance and Planning; author's estimates.

Figure 2 shows the relationship between safety and security sector spending over a period of 13 years. In 2006, the number of insecurity incidents stood at 9.2 per month, one of the lowest estimates since 2005. During this period, however, the government spent 42.2% on security. In 2014, when the country grappled with a deadly, new conflict, security spending dropped to about 24%, in response to about 100 insecurity incidents per month. This picture implies the absence of proper planning, suggesting that sectoral spending is not necessarily induced by standing national plans or real time challenges facing the country.

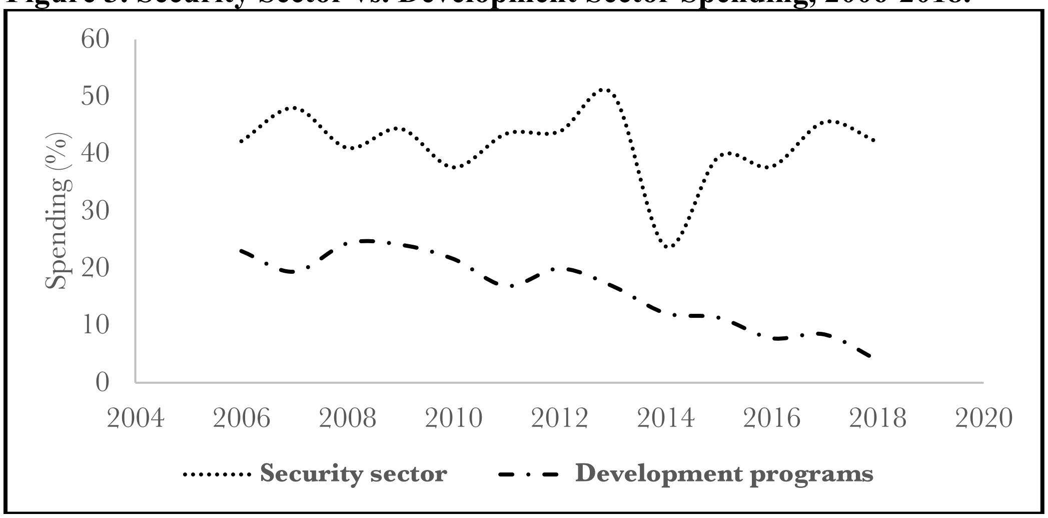
Figure 2. Conflict and Security Sector Spending, 2006-2018.



Source: Mayai, 2020.

Figure 3 illustrates South Sudan's sectoral spending in the last 13 years. It compares security and development sectors' expenditures over time. Spending data on the security sector were taken from Defense, Interior, and National Security Service, while spending data on development were taken from Agriculture, Education, Infrastructure, and Health, all provided by the Ministry of Finance and Planning. As could be noticed, security sector spending predominates, even as the security situation of the country deteriorates over time. As other contexts would illustrate, this picture is in order because a deteriorating national security environment directly drives defense budgets up. This partly explains why infrastructure and human capital development sectors are routinely ignored, limiting resources that are supposed to foster national development (Table 1 and Figure 3). But that is not all. Most of these expenditures are not necessarily planned.

Figure 3. Security Sector vs. Development Sector Spending, 2006-2018.



Source: Mayai, 2020.

More examples of public projects that reflect the absence of proper planning include 100 days 30 Schools Project[116] the president announced right following independence declaration, Fuel subsidy[117], Dura Project[118], 1000 Tractors, Oil for Roads, Letter of Credit[119], and the EAC and

[116] Speaking at the first sitting of Parliament in an independent South Sudan on August 10, 2011, President Kiir "pledged to ensure that 30 new primary and four secondary schools are constructed within the first 100 days of his new government in office."
Source: https://sudantribune.com/article39346/.

[117] The government adopted a fuel subsidy policy in January 2016 following currency floating. Meant to shield the citizens from inflation and to stabilize the energy and related sectors' market, this policy committed the government to cover a 40% share of the fuel cost, a contribution of $180M annually. Typically, the subsidy was to keep the prices of energy dependent commodities, imports, and services, such as water, medical and educational supplies, food, electricity, and transport, relatively low. And as fuel became increasingly scarce, water tankers and public transport vehicles received a preferential treatment, obtaining weekly allocations at pump prices. *Source: Mayai & Adam, 2022 (Working Paper).*

[118] In May 2013, the government of South Sudan launched a criminal investigation into the five-year-old "dura saga," in which the government paid the equivalent of nearly $290 million for cereals that were never delivered.
Source: https://www.voaafrica.com/a/south-sudan-probe-sorghum-dura-saga-corruption/1661994.html

[119] In 2021, South Sudan's Auditor General revealed that the letters of credit (LC) issued by South Sudan's government to various institutions to import commodities and try to stabilize prices were diverted to personal

World Trade memberships. As a result, little is currently known about the achievements of the 100 days 30 schools and Tractors Project. In the absence of proper planning and coordinated governance strategy, the country's elites easily captured Dura Project, Fuel Subsidy, and the Letter of Credit, rendering the three projects less useful for the ordinary folks. The Tractors Project was not preceded by a thoughtful assessment of the country's developmental needs for the agricultural sector. While mechanized agriculture is possible in South Sudan, two conditions, which the Project did not consider, were missing—strong capacities (i.e., specialists in the field) for operators and maintenance capabilities (i.e., parts and repairs). South Sudan lacks both and the result of this Project, not fulfilling as it was hoped, is not at all surprising. The roads project faces similar challenges; a road to Bahr el Ghazal was swept away by a single rain in 2020[120]. An investigation that followed revealed that the road's design by Shandong Hi-Speed and the national Ministry of Roads was ill-informed.

The point an analysis of these experiences makes is that investments compelled by political impulses hardly deliver desirable results. Projects conceived this way without subsequent control mechanisms to achieve the intended objectives end up in scandals, partly because of the attendant "deficiencies and loopholes in the public procurement and awarding of government contracts" (Lual 2020). For a country with very limited resources and high expectations from the citizens, this trajectory is undoubtedly unsustainable.

Studies have shown time and again that ill-informed development planning and lack of strict adherence to development priorities in the country underpin these unfortunate outcomes. The enduring tradition and its results partly stem from a misconception that national institutions such as the Ministry of Finance and Planning, the National Bureau of Statistics, and the Fiscal and Financial Allocation and Monitoring Commission (FFAMC), are responsible for national planning and development programs. They are not and shouldn't be. Although the Ministry of Finance and Planning undertakes some sort of planning, it largely targets resource mobilization, allocation, and disbursement across public institutions and subnational units, operating as a treasury only. As would be expected of a treasury, MoFP currently dedicates its efforts toward economic planning (with little emphasis on the mechanics of doing so), not the more encompassing development planning. Its limited research inputs into development agenda (i.e., MoFP does not have a research division as reflected elsewhere), for example, are an indication of institution's limited mandate, thinly engaging in nationwide development planning. The National Bureau of Statistics only provides official statistics on people's economic, social, and demographic outlooks, the information of which is intended to enlighten national development planning. Indeed, this information benefits a national institution devoted to planning and development, serving as an important input into project designs. Nonetheless, the Ministry of Finance and Planning hardly uses these data or studies meant to inform development planning agenda, partly because of its limited mandate/capacity. The FFAMC is supposedly responsible for tracking transfers to subnational governments and sets criteria that enable a fair distribution of resources between the governments, assisting the Ministry of Finance and Planning with instead economic planning.

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pockets of individuals. Source: https://jubaecho.com/2021/08/16/audit-report-reveals-south-sudan-lost-1-billion-through-letters-of-credit/

[120] https://www.theeastafrican.co.ke/tea/news/east-africa/south-sudan-suspends-construction-of-major-highway-over-quality-1443018

FFAMC, however, is marginalized and does not necessarily influence resource allocations and monitoring.

3. The New Institution

The institutional arrangements just described above are inadequate to spur an encompassing national development agendum in South Sudan. This is because the attendant institutional arrangement renders strategic planning quite insignificant, with development programming barely informed or promoted. To address this gap, a new institution, fully tasked with national planning and development, a public technical agency, is proposed. This institution, the National Development Authority (NDA), would advance a renewed social contract between the South Sudanese Citizenry and their State by restoring investment programs in the people through development. Its principal objective would be to guarantee sufficient endowments in developmental activities, in turn adequately responding to people's expectations and aspirations. The institution should be tasked with national reforms that are anchored on macroeconomic, political, and social transformations.

As is the case around the world, drawing mainly from Trinidad and Tobago, Iraq, Pakistan, Malawi, Kenya, Qatar, and Somaliland, South Sudan's NDA could have a transformative effect on the population in a relatively short period of time. Kenya is a great example where a dedicated institution of planning under the Kibaki era led to widely felt and recognized national reforms and transformations. In 2008, the Government of Kenya established the Ministry of State for Planning and National Development, tasking it with developing people's vision 2030. Its first strategy, First Medium-Term Plan (MTP) 2008-2012, "outlined the consensus on policies, reform measures, projects and programs that the Grand Coalition Government is committed to implement during 2008-2012." This has been the basis of Kenya's current development trajectory.

A national strategy, which warrants the creation of the proposed institution and which is based on people's consensus, more like the just concluded National Dialogue, would lead to a shared prosperity in the country. Article 4.1.5 of the R-ARCSS states that '[t]he wealth of South Sudan shall be shared equitably so as to enable each level of government to discharge its reconstruction, development, legal and constitutional obligations, duties and responsibilities." A prosperous South Sudan is achievable through a dedicated plan on equitably distributed economic development (i.e., concentrating first on macroeconomic recovery, improving policies on factors of production, especially land, etc.), bolstering human capital endowment, and fostering meaningful reforms in governance and civil service sectors.

Specific roles of the proposed institution include:

- Formulates and coordinates national development policies/reform agenda
- Develops pragmatic visions and plans, enabling the treasury (MoFP) to mobilize resources for development agenda based on national consensus
- Coordinates national statistics on all of development programs
- Routinely conducts development-centered research to inform new and ongoing development activities/priorities

- Based on an integrated national system, monitors and evaluates resource allocations and milestones attained—providing evidence on the value for money

The proposed institution may house 5 core directorates, namely, Planning, Social Welfare (focusing mainly on socioeconomic issues, i.e., poverty), Fiscal Allocation, Monitoring and Evaluation, and Coordination. The Planning Directorate is responsible for preparing or formulating national development programs, policies, or projects based on national consensus (i.e., development agenda based on nationally representative data/priorities and insights from the National Dialogue). Social Welfare focuses largely on reducing socioeconomic barriers and vulnerabilities, stresses increased resource allocations to support those on social welfare (e.g., people with disabilities, retirees, children, students, etc.), and promotes strategic investments to improve livelihoods. For instance, this Directorate would be involved in the World Bank's recent grants to support social protection and safety net programs in South Sudan[121]. FFAMC would be key to realizing the objectives of the Social Welfare Directorate. Benefiting from an integrated national system, Monitoring and Evaluation Directorate monitors, evaluates, and conducts research into programs, policies, and projects, the insights of which are then utilized to inform sustained planning processes. Finally, Coordination Directorate serves as institution's focal point, coordinating policies, programs or projects across national and subnational governments. Like in all other government institutions, programs support directorate, the Directorate of Administration and Finance, would equally be desirable for the newly proposed institution.

According to the Revitalized Peace Agreement, this institution falls under an Economic Cluster. Nonetheless, the proposed institution should be placed directly under the President for an extra oversight.

The proposed *Vision* of this institution is the realization of an equitably developed South Sudan. The *Mission* of this institution is to provide stewardship in formulating and coordinating national, subnational, and sectoral development policies and programs for a peaceful, just, and prosperous South Sudan.

4. Governance of the NDA

While political leadership for this institution is desired and could be possibly vested in a Commissioner General, Development Planning is more of science or art than it is politics. Being science or art demands that such an outfit be technically resourced, desiring professionals with tested practical and academic capabilities. This policy call, therefore, suggests the following governance structure of the proposed institution.

Political leadership

- Commissioner General
- Deputy Commissioner General
- 13 Commissioners covering the 10 states and 3 administrations

[121] https://www.worldbank.org/en/news/press-release/2021/06/11/south-sudan-new-financing-to-address-acute-food-insecurity-and-desert-locust-crisis

- Technical leadership
- Undersecretary (as the most senior bureaucrat)/commissioner
- 5 core technical teams each comprising 5-7 technical staff and distributed across Development Planning, Social Welfare, Fiscal Allocation, Monitoring and Evaluation (Research), and Coordination divisions
- 3-5 junior planners for each division above

All planners must possess technical training certifications or proof of long-term technical experience in the field of planning/development, or both.

To oversee the work of both the political and technical authorities of this Agency, a **Board of Planners** (BoP) is recommended. This Board should be adequately representative, including geographically and in terms of skills and experience. Geographically, BoP members should come from the ten states and three administrative areas (at least one from each), with women constituting at least 35% of the Board. Two Board members should be non-South Sudanese, preferably from East Africa and East Asia.

5. Conclusions

This paper has argued the significance of development planning in attaining effective development results. This is imperative, particularly in a post-conflict context with a legion of competing priorities and challenged institutional capabilities. Development planning promotes accountability through prudent/rigorous planning of policy interventions, routine monitoring and evaluation of development policy programs, and streamlines policy programs via inter-agency coordination and collaboration.

To this effect, we recommend for the Revitalized Transitional Government of South Sudan to establish a development authority/agency, which is largely tasked with identifying and assessing national development priorities (including cost), designing and supervising approved projects (in collaboration with specialized agencies), and certifying completed projects.

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