

BTI 2016 | South Sudan Country Report

Status Index	1-10	2.82	# 123 of 129	
Political Transformation	1-10	3.28	# 111 of 129	➔
Economic Transformation	1-10	2.36	# 125 of 129	➔
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	scale	score	rank	trend

This report is part of the Bertelsmann Stiftung's Transformation Index (BTI) 2016. It covers the period from 1 February 2013 to 31 January 2015. The BTI assesses the transformation toward democracy and a market economy as well as the quality of political management in 129 countries. More on the BTI at <http://www.bti-project.org>.

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Key Indicators

Population	M	11.9	HDI	-	GDP p.c., PPP \$	2659.3
Pop. growth ¹	% p.a.	3.9	HDI rank of 187	-	Gini Index	-
Life expectancy	years	55.2	UN Education Index	-	Poverty ³	% -
Urban population	%	18.6	Gender inequality ²	-	Aid per capita \$	126.4

Sources (as of October 2015): The World Bank, World Development Indicators 2015 | UNDP, Human Development Report 2014. Footnotes: (1) Average annual growth rate. (2) Gender Inequality Index (GII). (3) Percentage of population living on less than \$3.10 a day at 2011 international prices.

Executive Summary

On 15 December 2013, fighting in the barracks of the presidential guards marked the beginning of the violence that resulted in civil war in South Sudan. The former vice president, Dr. Riek Machar, was accused of organizing a coup and fled the capital Juba that first night. Eleven members of the ruling elite were detained based on similar accusations. Several SPLA commanders defected to join a rebellion that had just been born. Riek Machar strongly denied the charges of the putsch, but declared himself the leader of what had quickly become an armed rebellion against the government in Juba. After having gained independence only in mid-2011, the country's political and democratic outlook started to change in 2013. In January 2013, the president aimed at obtaining a firmer grip on the military by retiring a range of key officers and promoting others. In July 2013, he moved on by dismissing his entire cabinet, including his then vice president Riek Machar. Throughout 2013, it became clear that many people in the military and political elite were unhappy with the political dynamic of the country. Nevertheless, there were some positive results on the economic front in 2013. Unfortunately, much of the little progress made in 2013, such as the stabilization of inflation, progress in the investment framework and economic diversification, was reversed in 2014. The IMF estimated a GDP drop of 15% over 2014 as a result of the conflict. South Sudan is now embroiled in a civil war that has displaced an estimated 1.4 million people and killed an estimated 50,000 or more others, including many civilians.

Although the roots of the conflict lie in the political tensions within the ruling party – the Sudan People's Liberation Movement (SPLM) – violence has taken on an ethnic dimension. The government is widely seen as being dominated by the Dinka ethnic group, which is the largest group in South Sudan. President Salva Kiir hails from Warrap State and is a Dinka, while former Vice President Riek Machar belongs to the second-largest ethnic group, the Nuer, and hails from Unity State. This seemingly clear-cut divide, however, masks a complex reality of internal animosities, as well as regional and clan-based loyalties within the two parties to the conflict.

Under the auspices of the Inter-Governmental Agency for Development (IGAD), the two parties to the conflict and a number of other actors, such as members of civil society and churches, have

been engaged in peace talks. Despite several agreements on the cessation of hostilities, breached by both parties, the signing of a power-sharing agreement seems far away. On 29 January 2015, the parties failed to sign an agreement during an extraordinary session of the IGAD scheduled to reach a deal. The IGAD member states each have their own interests in South Sudan, which further complicates the peace process and undermines the mandate of the organization. The conflict strains South Sudan's foreign relations; many donors have shifted funds from support of the government's efforts in developing the country toward direct humanitarian assistance. Relations with the U.N. Mission, the United States and many other donors have taken a turn for the worse. The Sudanese government is especially displeased with Uganda's crucial contribution to securing certain strategic positions of the SPLA.

The government has consistently conveyed the message that the war only affects three out of the ten states in South Sudan despite the fact that it is very clear that the whole country is greatly affected by the conflict. Relations between citizens and the government are marked by tensions and mutual suspicion. Criticism and calls for peace by civil society organizations are framed as being supportive of the opposition forces, contributing to an atmosphere of fear. Media outlets are advised to report "the right message" and face threats when venturing outside government-set boundaries. The overall functioning of government is greatly affected by the focus on security. Calls by the three governors of the Equatorial states for a federal system of government have been put on hold by the president. The states have difficulties in functioning due to the uncertainty of forthcoming funds and of important decisions such as the elections. Many states face community violence and conflict between farmers and cattle keepers. These are important challenges that remain unaddressed due to the clear prioritization of the war by the national government. This presents very serious impediments to the democratic transformation of South Sudan into a peaceful, inclusive and stable society.

History and Characteristics of Transformation

The Republic of South Sudan achieved independence in July 2011, as the consequence of a referendum in which the South Sudanese people overwhelmingly voted for separation from the Republic of Sudan. Secession was the outcome of decades of a tense relationship between the predominantly Muslim and Arab North, and the predominantly Christian South of what used to be Africa's biggest country.

The history of today's South Sudan is characterized by oppression through various external forces and severe underdevelopment. The Anglo-Egyptian Condominium (1899 – 1956) de-facto divided Sudan into a northern and southern part, and concentrated its governance and development efforts around Khartoum and the fertile Nile basin. The British loosely administered the southern part without much emphasis on political and socioeconomic development. In the 1930s, they developed their "Southern Policy," in which they claimed that the future of the southern part lay with the British East African countries. The existing divide between North and South translated into actual administrative decisions. Examples include the introduction of English as the official language and the weekly Sunday rest in the South, while Arabic was the official language and Friday the

day of rest in the North. Basic commercial activities remained, however, under the control of mostly Arab traders, and church missions ran a few schools and health clinics. In 1946, the British nonetheless decided that, contrary to what had been the policy until then, the southern part was to remain part of Sudan. The British slowly started to hand over tasks to Sudanese administrators, but the lack of a southern elite resulted in a sheer monopoly of northern civil servants and officers over the marginalized and uneducated people of the South. When Sudan achieved independence in 1956, the first calls for self-determination, steered by a few southern intellectuals, had already started to take root in the southern part of the country.

After gaining independence from Britain and Egypt, the regime in Khartoum pursued a policy of Islamization and Arabization in the South. An insurgency slowly developed after the first mutiny in the Equatorial Corps in Torit in 1955. By the early 1960s, the Anyanya movement started to be seen as the armed expression of increasing southern political consciousness. The first Anyanya war ended in the 1972 Addis Ababa peace agreement, in which Sudan's President Nimeiri granted restricted autonomy to southern Sudan. The southern region had its own High Executive Council and experienced 11 years of relative peace, although sharp divisions among the southern elite became increasingly clear. In 1979, oil was discovered, mainly in the southern part of the country. By the early 1980s, Islamic tendencies in the government pushed President Nimeiri to dissolve the terms of the peace agreement and abandon the southern autonomy. He also imposed Sharia law on the whole of Sudan. The renewed northern interest in the southern resources is believed to have contributed to this shift in policy.

The Sudan People's Liberation Movement/Army (SPLM/A) started in 1983 and was led by Dr. John Garang de Mabior, a Dinka from Twic in present-day Jonglei State. Although the Nuer and Equatorian ethnic groups perceived the SPLM/A with quite some suspicion during the first five years, the guerrilla movement increasingly managed to win civilian support. The SPLM controlled large areas of the South by the end of the 1980s. In 1991, however, the SPLM/A was confronted with two major setbacks. First of all, the fall of the communist regime in neighboring Ethiopia resulted in the SPLM/A losing military and political support and also its rear basis of operations. Secondly, later that year, three prominent commanders—including the current leader of the rebellion, former Vice President Riek Machar—broke away from the SPLM/A. They disagreed with the leadership style and on whether the SPLM should fight for a united but reformed Sudan or, alternatively, should aim for secession. The split resulted in a lot of fighting among southerners, especially between the ethnic Dinka and the ethnic Nuer. The killing of Dinka civilians by Nuer militias in Bor in 1991 still impacts on South Sudan's politics and conflicts today, because Riek Machar is held accountable for the massacre. Later, in the 1990s, Christian churches in southern Sudan, together with partners mainly in the United States, pressured for peace talks with the North. After 9/11, the Bush administration started to perceive the war in Sudan through the lens of the war on terror and momentum was gained to push for talks. The Machakos Protocol, signed in 2002, laid the foundation of the southern right to self-determination and, after another few years of intense negotiations, the Comprehensive Peace Agreement (CPA) was signed in January 2005. According to the framework of the CPA, South Sudan gained territorial autonomy and the SPLM joined the Government of National Unity in Khartoum. Oil revenues were to be shared and, after

an interim period of six years, the southerners voted for separation exactly six years after the signing of the CPA. To the surprise of many, the Republic of Sudan was the first country to recognize its new neighboring state.

The BTI combines text analysis and numerical assessments. The score for each question is provided below its respective title. The scale ranges from 1 (worst) to 10 (best).

Transformation Status

I. Political Transformation

1 | Stateness

Question
Score

From the independence of South Sudan in 2011 until the start of the rebellion in December 2013, the government had never been in full control of the monopoly on the use of force. At the time, however, the government strategically chose which challengers to confront and which ones to simply not take into consideration. The Sudan People's Liberation Army (SPLA) for instance, never seriously addressed the presence of the Lord's Resistance Army (LRA) in the southwestern part of the country. Throughout 2013, the government was mostly preoccupied with containing the rebellion led by Murle commander David Yau, which was seen as one of the biggest threats to the stability of the government in the capital Juba. The relations with Sudan were and are still tense, with mutual provocations along the border between the two countries and ongoing discussions over the unclear status of Abyei.

Monopoly on the
use of force
3

When the current rebellion started in late 2013, it quickly became clear that the government had great difficulties safeguarding not only its territory, but also keeping control over the many defecting soldiers in the army. Some of the serial defectors of the SPLA, Peter Gadet being the most prominent example, immediately joined the opposition forces led by former Vice President Riek Machar. Due to poor integration into the SPLA during the interim period from 2005 until 2011, many of the rank-and-file feel more loyal to their direct commander than to the national army. As many of the soldiers with a Nuer identity defected from the SPLA over the past year, it quickly became clear that what was remaining of the army was incapable of properly defending the territory. The president called for the Ugandan national army to assist in containing the rebellion. Their presence on South Sudanese territory is seen as one of the bones of contention during the peace talks in Addis Ababa. Throughout 2014, fighting has mainly been concentrated in the states of Unity, Jonglei and Upper Nile, with major battles over their respective capitals Bentiu, Bor and Malakal. The monopoly on the use of force has far from been reestablished. The monopoly on the use of force is thus not only contested by opposition forces within South Sudan, but also willingly shared by the president with the neighboring Ugandan army, Darfuri

rebel groups operating from South Sudanese soil (e.g., the Justice and Equality Movement) and others willing to help the SPLA fight the SPLM-in-Opposition.

Although many people still take pride in the fact that South Sudan managed to gain independence, the past years have been marked by sharp decrease in the trust of the citizens in their government. As a result of the long struggle with the North, it is fair to say that the majority accepts the nation-state as legitimate. People differentiate between the idea of the nation-state and the actual conduct of the government in power. In a similar vein, people also say that little is wrong with the rules and the laws established, but that the implementation is incomplete or biased.

In the first night of the conflict in December 2013, various security forces of the government killed hundreds of Nuer citizens in residential areas in Juba. Although the government denied any organized command of such behavior, the fact remains that innocent civilians were killed because of their ethnic identity. The opposition forces also committed numerous atrocities, including ethnic targeting of Dinka civilians. The citizens of South Sudan greatly resent their leaders (in opposition or in government) firstly for causing the atrocities and secondly for allowing the conflict to linger on without putting an end to it. Trust in the nation-state will need to be rebuilt.

South Sudan is a secular state de jure and de facto. The current transitional constitution provides for the separation of religion and politics (Article 8). The country is predominantly Christian, with particularly large Catholic and Anglican congregations. Most towns have Muslim minorities, while further north toward the border with Sudan, Islam is more widely practiced. The churches and faith-based organizations played an important role during the war. They not only provided emergency relief, education and health services to (displaced) people, but also facilitated reconciliation processes between communities. The churches still play an important role in mediating peace talks to this day. A group of faith leaders, for instance, was closely involved in facilitating the peace talks between the Murle rebellion led by David Yau Yau and the government, resulting in a peace agreement signed late January 2014. The South Sudan Council of Churches also has representatives observing the peace talks between the government and Machar's opposition forces in Addis Ababa. On various occasions, church leaders have openly criticized both warring parties for delaying the peace process.

State identity

6

No interference of religious dogmas

9

South Sudan has a decentralized system of government comprising of ten states and 86 counties. The counties form the administration closest to the people. Headed by county commissioners, the local government is officially responsible for services such as health care and education, and basic provisions like clean water, maintenance of local roads and security. However, while administration has been established in all of the counties — including clerks, advisers and inspectors — the reality is that the basic administrative structures mostly undertake few activities. This is partly caused by a lack of capacities, but more importantly by a lack of funds. Salaries are the great burden on budgets and, as a result, many offices fail to undertake the most basic responsibilities. Nevertheless, the government has worked toward providing some services (although very limited in scope). Road rehabilitation works have been ongoing and in some towns electricity services are now being offered (such as in Yei and Maridi).

Basic
administration
3

A system of traditional courts, run by chiefs, forms the backbone of the legal system for minor issues. Citizens can easily find their way to these courts that are present all over South Sudan. More serious crimes are forwarded to statutory courts, located in bigger towns or state capitals. Taxes are collected locally, sometimes with immediate results: local market fees, for instance, are often used to pay the workers to clean the market on a daily basis. Most of the taxes collected, however, are to be forwarded to the next level of government. Other services, if present at all, are often provided by the numerous NGOs that operate in the country.

2 | Political Participation

South Sudan is a de facto one-party state. The country has not yet established a precedent of conducting free and fair elections because the previous elections were held in 2010 when South Sudan was not yet independent. According to international observers' reports on the 2010 elections, security forces harassed opposition parties and disrupted their campaigns. In addition, observers noted widespread irregularities, harassment of voters and fraud in the counting of ballots. Furthermore, many questioned the impartiality and efficiency of the National Elections Commission (NEC). The country is scheduled to vote in 2015, despite the ongoing conflict in the country. Throughout 2013, several potential candidates stated their ambition to become the chairperson of the party and thus run as an SPLM candidate, among which was former vice president and current leader of the opposition forces. In the fall of 2013, concerns were raised regarding the lack of institutional preparations and funds to organize the elections. In May 2014, the president rescheduled the elections for 2017 but later reversed this decision. On the eve of 2015, the government announced that the election would take place in May 2015. It ignored calls from opposition parties to delay the elections and to bring back peace to the country first, and also to properly prepare them. Not all political parties, including the SPLM, for

Free and fair
elections
3

instance, have been registered according to the election act of 2012. If the elections indeed are held in 2015, it is highly unlikely that everybody, such as voters living in the conflict-affected areas, will be given the opportunity to vote. If pushed ahead, elections will be neither free nor fair.

South Sudan is ruled by the executive powers. Members of the national and state parliaments have very little capacity. The freedom to effectively execute their duties as lawmakers is undermined by pressure from the executive. The vast majority of people voted into power in the 2010 elections are members of the SPLM. Even if they ran as independent candidates, which many did, they would later (re)join the party. Despite the one-party rule, the SPLM is not very cohesive. Members are divided along regional and/or ethnic lines, and there is also disagreement about political orientation and the nature of rule within the party.

In July 2013, the president used his executive powers to dismiss the whole national cabinet, including Vice President Riek Machar. President Kiir then proposed James Wani Igga, a long-time SPLM/A member from the Bari community of Central Equatoria State, to take the position of vice president. When the National Assembly tried to discuss his appointment in Parliament, the president threatened to dismiss the assembly if they did not accept his preferred candidate. Similar to the president, the (caretaker) governors can also rule by decree. The majority of state ministers and commissioners do not stay in power for more than two years and the president has the right to dismiss elected governors. Loyalty to the party and the executive is expected. In addition to the powers of the executive, the military and security forces also occasionally undermine effective governance by elected or appointed leaders. The security forces have had a keen eye on critical voices within the ranks of the national and sub-state governments, especially since the start of the rebellion.

In principle, the freedoms of assembly and association are guaranteed in the transitional constitution in Article 25. The article includes the establishment of political parties, trade unions, and interest groups. The proposed security bill, however, grants the national security services the powers to arrest, detain, conduct searches and seize property without any safeguards against inhumane treatment, punishment or torture. Various national and international human rights organizations have campaigned against the signing of the bill because it does not comply with international standards. While Parliament is said to have passed the bill in a controversial vote in October 2014, its status is presently unclear. In December 2014, the president returned the bill to Parliament, weeks after the 30 days that are constitutionally allowed for returning a bill to the assembly.

With or without the new security bill, the government and the security forces are increasingly wary of critical groups. Civil society organizations and leaders can be less and less critical as their messages of peace, transparency and democracy are being misinterpreted. Many have been accused of sympathizing with the rebellion of the opposition forces. Arbitrary arrests and detainment of people without charge were on the rise toward the end of 2014.

Effective power to govern

2

Association / assembly rights

3

The freedom of expression has been greatly reduced over the past years. Article 24 of the transitional constitution guarantees freedom of expression and freedom of the press. It gives every South Sudanese citizen the right to express, receive and disseminate information and opinions. Freedom of expression had steadily been reduced, with the December 2012 assassination of political commentator Isaiah Diing Abraham as a starting point of attempts to contain critical voices in the country. Nobody has been charged with his killing. The September 2014 signing of the media bill into law filled the legal void in which journalists were operating, but occurred amidst great skepticism among the various journalists and media houses in the country. With the start of the conflict, the government expressed the need to firmly control public opinion by controlling the news. Journalist are being threatened and detained by security agents and, on several occasions, daily newspapers had their printed papers seized before they could be distributed. One example is the media reporting of the debate on federalism. When daily newspapers and radio stations gave a voice to various sides in this debate, the security forces intervened. They seized the printed copies and threatened journalists. The Ministry of Information and Broadcasting frames critical journalism as a sign of loyalty to the SPLM-in-Opposition (Riek Machar's movement). Self-censorship is widely practiced.

Freedom of
expression
3

3 | Rule of Law

The South Sudanese people strongly support a separation of legislative, executive and judicial powers, guaranteed in the transitional constitution. In reality, however, the executive dominates both the legislative and the judiciary domains. The government drafts laws and passes them on to the Legislative Assembly to have them officially approved, occasionally by putting great pressure on the assembly to pass them. The controversy surrounding the media bill and the threat to dissolve Parliament if they did not approve the appointment of the current vice president illustrate this. The lack of a separation of powers can also be observed in the organization of the armed forces. Although responsibilities are clearly divided on paper, in reality the army is often involved in what should be police tasks and vice versa.

Separation of
powers
3

Confusion is also prevalent in the division of tasks between the various levels of government. The national and state governments tend to impose their powers on the lower levels of government, particularly in important domains such as taxation, the governance of resources such as land, and local security. The national government, for instance, requested that the ten states forward all their collected revenues to the national level as part of the austerity measures that followed the oil shutdown in 2012. In return, the national government would redistribute these funds to the ten states for their daily operations. In reality, however, the national government failed to live up this agreement, leaving the states in the awkward position of not being able to pay salaries to teachers, the police, and civil servants.

South Sudan has a rather complex judiciary system that consists of constitutionally established government courts and traditional courts presided over by traditional authorities. The first category bases rulings on statutory law, while the traditional courts rule according to the customary laws of the specific ethnic group. The main texts establishing the functioning of the judiciary system are the transitional constitution and the Local Government Act of 2009 for the traditional courts. The Judiciary Act of 2008, the Code of Civil Procedure Act of 2007 and the Code of Criminal Procedure Act of 2008 are mostly relevant to statutory law. The fact that decisions by a traditional court may be appealed to a statutory court creates a situation in which different legal systems may be applied to a single case. Access to first- and second-class magistrate courts in the county and state capitals is complicated for ordinary citizens.

Independent
judiciary

3

Despite the equality before the law enshrined in the transitional constitution (Article 14), there is a widespread feeling among South Sudanese that the political and military elite abuse their powers to influence court cases. According to organizations such as Amnesty International and Human Rights Watch, the executive branches and the military and police obstruct the independence of the judiciary quite regularly. Numerous individuals within the government and the army who committed human rights abuses have never been charged. Many see the traditional courts as more inclusive and closer to the people than the statutory courts. However, when the Local Government Act formalized the role of the chiefs in the judicial system, their role as independent voices and representatives of ordinary people came under pressure.

The abuse of office has been a characteristic of governance in South Sudan since the inception of the Government of Southern Sudan in 2005. The absence of accountability systems and the lack of capacity and transparency resulted in more than \$4 billion of government funds being embezzled since the years of the CPA. The abuses vary from the misappropriation of funds, to circumventing or influencing tender procedures, to requesting rewards for carrying out tasks that are part of the job. There are no legal consequences or sanctions for officials exploiting their positions for personal gain. Personal networks provide protection and favors, and prevent mechanisms of accountability from functioning properly. The international community has tried to stimulate transparency and accountability, but is at the same time confronted with limited means to enforce their principles of engagement. Some donors try to avoid working with the government directly or aim to support specific projects with earmarked funds in order to keep track of expenditures.

Prosecution of
office abuse

2

Although much attention is paid to influential people in high positions, it is important to be aware of the omnipresence of the abuse of office in the everyday interaction between people and government officials. Traders complain about shady taxes when bringing goods into the country. Citizens fail to go to the police because they lack the funds for opening a case, although such procedures are supposed to be free. In December 2014, journalists asked questions about the payment of members of the

government delegation to the peace talks in Addis Ababa. The minister of information responded by saying that citizens do not need to know what government officials are paid in terms of salaries and allowances. Such lack of transparency, combined with the lack of sanctions on the abuse of office seriously impedes trust in the government.

The short assessment of civil rights in South Sudan is that they were not respected at all over 2013 and 2014. Despite the legal provisions, even the most basic of civil rights, “the right to life” (transitional constitution Article 11), was far from guaranteed. Both parties have been accused of killing civilians, sexual violence and ethnic targeting, particularly since the start of the conflict. Some 1.4 million people were forced to leave their homes as a result of the violence. Some 100,000 thousand people were still residing in one of the U.N. Mission’s Protection of Civilian (PoC) sites in January 2015.

Seven out of the ten states are said to be relatively unaffected by the conflict. This is not true, however. The UNMISS PoC site in Juba still hosts about 20,000 Nuer, who fear to move back to the residential areas of the capital. Security forces are increasingly controlling movements, gatherings, public venues and other sites where dissident voices could potentially be heard. Arbitrary arrests and the disappearance of people have been on the rise over in 2014, mostly justified by vague accusations of linkages with the opposition forces.

Some of the other civil rights abuses are only partially linked to the conflict. In Western Equatoria, the state government is incapable of protecting civilians and their property from the arrival of cattle keepers from the neighboring Lakes and Jonglei states. Several people have been killed or abducted, and harvests have been destroyed. Some of the cattle keepers claim to have fled the violence but carry brand-new semi-automatic weapons. Ordinary citizens increasingly seem to fear the authorities and their security forces.

4 | Stability of Democratic Institutions

Democratic institutions have not been able to operate very effectively over the past years. The transitional constitution grants great powers to the president. It gives the president the right to dissolve or suspend the Legislative Assembly and constitution in a state of emergency (Article 188). He also has the right to remove the democratically elected state governors in the event of a crisis (Article 101.r.). Of the ten governors elected in 2010, four are no longer in power. The president replaced two of them because he appointed them as minister of defense (Kuol Manyang of Jonglei State) and general chief of staff of the SPLA (Paul Malong of Northern Bahr el Ghazal State). Two others were replaced because they were unable to handle

Civil rights
3

Performance of
democratic
institutions
3

tensions in their states. The dismissed governor of Unity State, Taban Deng Gai, is now the chief negotiator of the SPLM-in-Opposition in Addis Ababa.

The Legislative Assembly was greatly affected by the conflict that started in 2013. Some members have joined the opposition forces, and Parliament has been hampered in operating effectively. However, the regional Legislative Assemblies have been also facing difficulties in the other states. In Western Bahr el Ghazal State, Parliament had difficulties functioning properly because of a dispute between the governor and the speaker. In addition, in Lakes State, several MPs have been detained since the conflict began in 2013 due to the ongoing dispute between various clans of the local Dinka community.

According to the Local Government Act, each county should hold local elections to elect a commissioner and a local council. In a few counties in the three Equatoria states, such local councils were organized despite local elections never taking place. County commissioners are still appointed by the governors, approved by the president. For the democratic system to move ahead, a debate about the federal system needs to be held, but the topic is too contentious at the moment. The Equatorial states favor the development of a full federal system of government, and the opposition forces have tried to win Equatorial support by adhering to the principle of a federal state. The SPLM-in-Opposition proposed a federal system based on 21 states. In early January 2015, they started governing the territories under their control in accordance with the newly designed administration. Military caretaker governors and county commissioners have been appointed in the opposition-held territories.

Since the independence of South Sudan in 2011, all relevant actors claim to adhere to democratic principles of transparency, rule of law, human rights and inclusive economic growth. Civil society organizations, media houses, and the churches have advocated including these principles in laws, which became increasingly complicated given the considerable controversy over the security bill, the NGO bill, and the media bill. In the months prior to the start of the violence, it became clear that certain voices within the party started to deem some of the leadership's decisions as undemocratic and illegitimate. A group of senior SPLM members regarded the president's dismissal of the entire cabinet in July 2013 and his postponement of the meeting of the SPLM National Liberation Council (NLC) as indications of "dictatorial tendencies." When the NLC meeting finally took place in December 2013, it marked the beginning of the conflict. One year later, during a meeting held by the SPLM-in-Opposition, former vice president and leader of the opposition forces, Riek Machar, stated in his speech that "The Republic of South Sudan has now become a police state characterized by disappearances and assassination of dissenting voices and emasculated state institutions." As these words make clear, not everyone regards the democratic institutions that formally lead South Sudan as legitimate. Ordinary citizens have made similar statements.

Commitment to
democratic
institutions

3

5 | Political and Social Integration

The SPLM has been the only meaningful political party in South Sudan since the signing of the CPA in 2005. During the 2010 election, the party won 93% of the vote. The popularity of the party grew in the first years after the CPA, especially after the Juba Declaration in January 2006. As a result of the declaration, the majority of the forces that fought against the SPLM during the war joined the army and the party. The SPLM has local chapters in every county, including active youth and women's leagues.

Party system
3

Although South Sudan used to be a de facto one-party state, as the events in recent years have shown, the party is far from a harmoniously united whole. Since the failed alleged coup, important members of the ruling party have vowed their discontent. Some SPLM members have joined the rebellion (the SPLM-in-Opposition), those who were arrested in December 2013 formed a third group (the SPLM-former detainees), while other leaders have just ended their membership. In October 2014, the ruling party of Tanzania facilitated the so-called Intra-SPLM Dialogue, which marked the first attempts to unite the fractured party. All parties to the conflict participated in the meeting, which was widely seen as a successful first step. In January 2015, an agreement for the reunification of the party was signed.

The popularity of the party has also declined in recent years in areas where the conflict is not ongoing. In Wau, for instance, the party had a hard time getting party memberships renewed because people are disillusioned. The only serious opposition party that tried to challenge the SPLM during the election was the SPLM-Democratic Change (SPLM-DC), headed by Lam Akol. While officially there are about ten political parties in South Sudan, they cannot really be considered parties in the sense of having a support base, institutional capacities or political programs. The opposition parties critiqued the sudden rush to hold general elections in May 2015. None of the political parties, not even the SPLM, seemed ready for it. It would be worthwhile allowing the parties to prepare their party programs properly so that the elections can be a reflection of South Sudan's full political spectrum.

South Sudan has a lively and rather critical civil society, including rights activists, unions, business clubs, and women's and youth associations. The number of national NGOs has also been on the rise in recent years. Many of these groups are small and operate in very specific localities, but some of the organizations have managed to gain some national weight. Although international funding and support of civil society groups has been substantive, their political influence on the government and the SPLM is fairly limited. In general, however, influential civil society groups are only active in the urban centers. The churches represent a major social force that extends into all corners of South Sudan. In particular, the Anglican and the Catholic Church have organizational structures that connect the local parishes with those at the state and the national levels.

Interest groups
3

The churches and the various civil society organizations have been quite vocal in their discontent with the ongoing conflict. A few civil society representatives have been allowed to participate in the peace talks, which has involved considerable confusion over who is entitled to represent others. However, like the rest of political and social life in South Sudan these days, civil society has been affected by the conflict. Some organizations are openly loyal to one of the two parties, while others are condemned for being critical. In November 2014, for instance, the chairperson of the South Sudan Civil Society Alliance (SSCSA) commented on the stalemate in the peace process. He stated that the leaders of the country “have no sons fighting the war.” Some members of the SSCSA loyal to President Kiir demanded an apology and attempted to impeach their leader for making these public statements. Civil society leaders who dare to be openly critical take a lot of risk by doing so.

The performance of democratic institutions is not meeting citizens’ expectations. A major constraint is the dominance of a single party whose roots and networks developed during the civil war. These informal clientelistic networks are rather opaque and undermine the proper functioning of the state. Trust in political actors fluctuates. The International Republican Institute (IRI) and the National Democratic Institute (NDI), both financed by the United States, have monitored South Sudan’s public perceptions about government, independence and the constitution. These surveys reveal that the South Sudanese highly value democratic principles, namely the separation of powers, rule of law and being able to choose their political representatives through open elections. A survey by the IRI from May 2013 showed that, for the first time, 52% of the people were of the opinion that the country was not heading in the right direction. The same survey also showed, however, that 68% of the respondents were still satisfied with the performance of the SPLM as the ruling party. Given the developments in the country since that survey, it is likely that today more people share the feeling that the country is not heading in the right direction.

South Sudan’s social fabric has been under great pressure for many decades. The decades of war left deep marks on society, and there have been no serious efforts to reconcile the people of South Sudan with their violent past. Despite the absence of war between 2005 and 2013, many citizens were affected by conflict or violence throughout those years. Examples of this include inter-ethnic tensions, cattle raids and disarmament campaigns. South Sudan has an overwhelmingly young population, with about 65% of people below 25 years of age. Many of South Sudan’s citizens have grown up outside the country, as internally displaced people in Sudan, or as refugees in Kenya, Ethiopia or Uganda. Few people have returned to the places where their families originate. Instead, many try to build a life in rapidly growing urban centers such as Juba and state capitals, resulting in tensions between host communities and those who are perceived outsiders or newcomers. In Equatoria particularly, communities have the feeling that their land has been taken by cattle keepers who were supposed to go “home” after the war, but instead come in

Approval of
democracy
n/a

Social capital
2

increasingly large numbers. Many see cattle as a source of insecurity, not only because of raids, but also because cattle are a source of conflict between farmers and cattle owners.

The start of the conflict has had a great impact on people's trust in each other and the government. The killing of hundreds of Nuer civilians (thousands according to the Nuer community) by (Dinka) security forces has greatly undermined people's trust in the government. Subsequent revenge killings, which targeted innocent Dinka civilians, exacerbated the spiral of violence. Again, some of the problems between communities have been lingering for years. In Wau, the impact of the violent clashes between the Fertit ethnic groups and the Dinka community in December 2012 can still be felt today. In Lakes State, various Dinka clans have been embroiled in revenge killings since early 2013. The current conflict affects the whole country, and a new generation of young people, who grew up in relatively peaceful times, is now engaged in fighting fellow South Sudanese. A process of reconciliation should accompany any peace agreement signed in order to make sure that future generations will be able to peacefully co-exist and trust each other.

II. Economic Transformation

6 | Level of Socioeconomic Development

Generally speaking, the level of socioeconomic development in South Sudan is extremely low. There are no internationally comparable indices available for South Sudan due to the lack of statistical data. The UNDP has not yet ranked South Sudan in its Human Development Index. Poverty assessments are rather out-of-date. Drawing on data from 2009, the World Bank estimates that 50.6% of the population lived below the poverty line. Adult literacy is estimated at 27% and at only 16% for women. However, the World Bank puts the gross enrollment rate at 85.7% for primary education. Many people depend on international NGOs and churches for the provision of basic public goods, in particular access to health care. An estimated 25% of people have access to primary health care. Urban areas are more developed than the vast rural parts of the country, but are accessible to those who can afford to access goods such as power from generators, water tanks, and private security. Few public goods are made available, although there are remarkable exceptions. The towns of Yei and Maridi, for instance, both have a system of city power.

The vast majority of South Sudanese depend on small-scale subsistence farming and cattle herding that, in the best-case scenario, produces enough food for their (extended) family. According to the Ministry of Agriculture, about 85% of

Question
Score

Socioeconomic
barriers

1

households cultivate land, while around 65% own cattle. The World Food Programme estimates that over 40% of households spend more than 65% of their income on food. Generally speaking, the southern part of the country is more developed than the northern areas. Goods and food from East Africa pass these Equatoria states. The region has more roads, more schools, and a higher population density. Poverty is most prevalent in the state of Northern Bahr el Ghazal, with an estimated 76% of households living below the poverty line there.

The conflict that started late 2013 had the greatest impact on the three northeastern states of Jonglei, Unity, and Upper Nile. About 1.4 million people were still displaced in early 2015, with nearly half a million of these in neighboring countries. Insecurity and displacement greatly affect people's livelihoods and food security. Although data are not yet available, it is clear that the conflict is a major setback for the country's socioeconomic development.

Economic indicators		2005	2010	2013	2014
GDP	\$ M	-	15727.8	11804.4	13070.0
GDP growth	%	-	5.5	13.1	36.2
Inflation (CPI)	%	-	1.2	-	-
Unemployment	%	-	-	-	-
Foreign direct investment	% of GDP	-	-	-	-
Export growth	%	-	-1.6	99.6	273.7
Import growth	%	-	12.4	10.7	9.1
Current account balance	\$ M	-	-	-	-
Public debt	% of GDP	-	-	12.4	20.3
External debt	\$ M	-	-	-	-
Total debt service	\$ M	-	-	-	-

Economic indicators		2005	2010	2013	2014
Cash surplus or deficit	% of GDP	-	-	-	-
Tax revenue	% of GDP	-	-	-	-
Government consumption	% of GDP	-	16.3	23.0	-
Public expnd. on education	% of GDP	-	-	-	-
Public expnd. on health	% of GDP	-	0.6	0.8	-
R&D expenditure	% of GDP	-	-	-	-
Military expenditure	% of GDP	-	4.1	8.3	8.3

Sources (as of October 2015): The World Bank, World Development Indicators 2015 | International Monetary Fund (IMF), World Economic Outlook, October 2015 | Stockholm International Peace Research Institute (SIPRI), Military Expenditure Database 2015.

7 | Organization of the Market and Competition

Business development in South Sudan has various constraints, such as the weak rule of law, widespread corruption and expensive labor due to the oil revenues. Furthermore, poor infrastructure, the lack of reliable transport routes, poor access to electricity and extremely low levels of education and skills contribute to the list of difficulties. Nevertheless, after the CPA, traders and businessmen from neighboring countries flocked to South Sudan to start retail and wholesale businesses, construction firms, the nascent hotel and restaurant businesses and telecommunication companies. More recently, people from the diaspora and educated South Sudanese have started companies, often in close connection with people in the government or the military. It is estimated that more than 80% of South Sudanese work in the informal sector.

South Sudan is an emerging market; that is how the government presents the country on its website. The web page for investors states that “the Government of the Republic of South Sudan is keen to cultivate and nurture a conducive investment environment in the country.” The government indeed put a lot of effort into smoothing procedures, establishing an investment authority and developing “one stop shops.” With the help of the World Bank/IFC, glossy folders and investment guides have been produced, stressing the abundance of resources, mining prospects and opportunities in the field of infrastructure. The culmination of all this effort was a major two-day investment conference in Juba on the 4th and 5th of December 2013. The conflict that broke out one week later, however, highlighted the risks of investing in South Sudan. Many businesses were destroyed, especially in the state capitals of Bor, Malakal, and Bentiu. In June 2014, the World Bank’s Doing Business report ranked South Sudan 186th out of 189 assessed economies on the ease of doing business. The previous BTI report on South Sudan ranked the country 159th out of 183, which marks a steep decline due to the new conflict.

Market-based
competition
3

The government of South Sudan is in the process of developing a series of relevant policies and laws to facilitate investment and businesses in the country. The economic objectives section of the transitional constitution states that all levels of government shall encourage free markets and the prohibition of monopoly (Article 37 (2a)). Nevertheless, the fuel and petrol business is dominated by Somali traders who operate as one block. For instance, when they have concerns about the dollar exchange rates and inflation, they jointly create a situation of fuel scarcity. These occasional crises immediately result in the emergence of a black market. During the last fuel crisis of December 2014, prices for a liter of fuel rose from a fixed price of six South Sudanese pounds per liter at gas stations to twenty and even thirty SSP per liter. Competition is quite fierce, however, in some of the services businesses such as hospitality and restaurants. People from neighboring countries run many of these small and medium-sized enterprises. Companies that operate in fields like telecommunications, infrastructural development and government procurement are much more dependent on connections, bribes, and corrupt practices in order to make their company successful. The government and the military are both huge contractors. For example, military expenditure rose from 5.4% of GDP in 2011 to 9.1% in 2012. Good relations with people in the government and the army are indispensable.

Anti-monopoly
policy
2

Trade is liberalized in South Sudan. The country produces little, besides oil, and does not have an industry that would potentially need protection. Landlocked South Sudan depends on its neighboring states for its supplies of food, construction materials, and consumer goods ranging from plastic chairs to cars. In various places, water-bottling factories have been established. SABMiller opened a brewery and bottling factory in Juba in 2009.

Liberalization of
foreign trade
6

The northern part of the country is mostly supplied from Sudan. Although trade relations between the two countries were strained because of political tensions in 2012, these have now eased, and the border is open. Despite there being still no formal border crossings between the two countries, the authorities on both sides allow the flow of goods. The southern part of the country is supplied from Uganda and Kenya. Food items are brought in from Uganda, while the Mombasa port in Kenya supplies South Sudan with shipped consumer goods.

South Sudan joined the IMF in April 2012 and not yet a WTO member. The country became a member of the Common Market for Eastern and Southern Africa (COMESA) in 2011, and is a candidate for membership in the East African Community (EAC). The government clearly aims at closer cooperation with its eastern and southern neighbors. Ambitious plans have been developed, for instance, to build an oil pipeline to Lamu in Kenya, in order to reduce the dependency on Sudan. Another plan is a highway from South Sudan to Mombasa in order to facilitate regional transport and trade. Neither project has guaranteed funding yet, although talks are ongoing with the World Bank, Chinese banks, and the African Development Bank. Access to loans is contingent on the stability of the country, the projected

revenues generated by oil production and oil prices, and the transparency and credibility of the government's financial management.

The banking sector is seriously underdeveloped in South Sudan. By the end of 2014, twenty commercial banks were registered in South Sudan but few operate throughout the country. Most banks have offices only in a few urban areas such as Juba, Yei and the state capitals. Few people have bank accounts, and although more up-to-date numbers were not found, the South Sudan Bureau for Census and Statistics estimated that 1% of households had one in 2010. The government and the army have been planning to pay salaries via bank accounts, but this has not yet started. Salaries via bank transfers would be a way to rule out the numerous false names on the payroll of the government.

It is still complicated to make an international bank transfer from or to a South Sudanese bank. As a consequence, most foreign companies, NGOs and others have accounts with one of the regionally operating banks, such as Kenya Commercial Bank. Access to loans is also still a major problem, so most businesses also use international banks. In addition to the formal banking system, an informal system of money transfer can be observed, with small companies transferring money between towns in South Sudan. There is a great shortage of foreign currency (dollars mainly), which results in a parallel black market. A few banks now have ATMs installed, but they are only accessible to people with an account from that particular bank. International withdrawals are not yet possible.

8 | Currency and Price Stability

The central bank of South Sudan was established after independence in 2011. Shortly after, the bank introduced its currency, the South Sudanese pound (SSP). After an initial inflation rate of 47% in 2011, it rose as high as 80% in the middle of the oil shutdown in 2012. Since 2013, inflation has been contained below 10%. At the macroeconomic level, the decision to control fiscal spending and monetary growth has contributed to relative stability. At the same time, according to a December 2014 IMF assessment, "institution building and development have been hindered by ... volatile relations with Sudan, a 15-month shutdown of oil production, and more recently, a civil conflict." Two of the IMF's biggest concerns are the distortion of the foreign exchange market and the extra-budgetary expenditures (on security). The stark difference between an overvalued official exchange rate for dollars and the actual black market rate created significant distortions in the economy. In November 2013, the central bank announced a 34% devaluation of the South Sudanese pound. The announcement was reversed immediately, however, because of vested interests in the parallel market. In late November 2014, the central bank issued an order banning the sale of dollars on the black market. In that same period, the commercial exchange rate was 3.16 SSP to the dollar, as compared to more than 5 SSP in the parallel market. Reforms in the exchange rate policy are needed in order to improve public finances and the availability of foreign exchange.

Banking system
3

Anti-inflation /
forex policy
3

As discussed in the BTI 2012 report, the government of South Sudan decided to shut down oil production in early 2012 during a conflict with Sudan. At stake were the conditions under which the oil could be transported through the only existing pipeline, passing through Sudanese territory. The move demonstrated the extreme vulnerability of the South Sudanese economy, illustrated by the GDP drop from \$17,826.9 million in 2011 to \$10,369 million in 2012. The government imposed austerity measures, cutting its budget by 40%. In April 2013, the oil started flowing again, resulting in an increase in GDP to \$13,796 million. In comparison to the region, South Sudan's GDP per capita in 2013 was \$2,001 million, while that of neighboring Central African Republic stood at \$591.3 million in 2013, and economically thriving Uganda at \$1,720.3 million.

Macrostability
2

South Sudan's economy is based almost exclusively on oil. Nonetheless, its resources could provide the young nation plenty of opportunities. According to the December 2014 IMF report: "Despite an increase in private investment around Juba in recent years and a weather-related increase in agricultural production in 2012, non-oil economic activity is estimated to have declined since then."

By the end of November 2013, the government announced the austerity measures would be lifted early 2014. Then, however, the conflict erupted. Oil production fell again from about 235,000 barrels per day as at the end of 2013 to about 160,000 barrels per day in early 2014, and the government immediately reshuffled its priorities. It focused on war, resulting in extra-budgetary spending, which, in turn, led to increased deficits. In addition to the conflict and the drops in oil production, the low worldwide oil prices are a real cause for concern and may further hinder the absent but much-needed macroeconomic stability.

9 | Private Property

Despite the fact that the transitional constitution guarantees the right to own property (Article 28), including for women (Article 16.5), there are numerous problems related to property in South Sudan. These problems most often revolve around issues of land. The Land Act of 2009 has created a framework in which the land belongs to the people of South Sudan but is regulated by the government. Land is divided into public, community and private land. The conversion of community land into government land is particularly contested. Local communities in the vicinity of urban areas, for instance, can be forced to release communal land for public purposes (with compensation). According to the Land Act, these public interests could include urban development, resettlement and reintegration, and the control over land for defense purposes (Section 73 (5)). The boundaries between the various types of land use and property are not entirely clear and, as the chairperson of the South Sudan Land Commission admitted during a meeting, the Act can be interpreted in various ways.

Property rights
3

The everyday reality is arguably more complicated than the Land Act suggests. First of all, property rights are easily and often trespassed by people with power — or people “with guns” as many South Sudanese explain these practices. Conflicts may also arise when local elites engage in discussions with (foreign) companies about concessions, without prior consultations with the community. The last difficulty relates to the registration of land: some plots have various legitimate owners, all with valid papers from the same or different government offices. In order to harmonize and rule out some of the confusion over land and property, it is now the responsibility of the Ministry of Land, Housing and Physical Planning. Many of these issues were particularly prominent during the CPA period. Although the situation is improving, the confusion over property and access may be a source of future problems.

Throughout 2013, the government put a lot of effort in stabilizing inflation, implementing austerity measures and creating an enabling environment that would attract investors to come and develop their businesses in South Sudan. This is urgently needed to increase employment opportunities, to diversify the economy and to develop the country. The previously mentioned investment conference in December 2013 in Juba was the culmination of the attempts to charm foreigners and nationals into starting companies. Since the war started, these efforts have been put on hold. There are a few big national and international companies operating in South Sudan, however. They are involved in infrastructural projects, telecommunications, transportation and other logistics. For these companies to be successful and protected, close relations with the government and the military are crucial. This is important not only because many of the tenders come from these two groups, but also because individuals in these institutions may be helpful in case of need. Although the rather obscure linkages between the business community and the government may seem an impediment for some enterprises, they provide opportunities for others.

Private enterprise
4

10 | Welfare Regime

South Sudan does not have a formalized welfare system of any meaningful sort. During the CPA, some progress was made on the public service bill and a civil pension fund, but the extent to which they function is unclear. In any cases, most people live off the land or work in the informal economy. Safety nets are absent, which makes many households extremely vulnerable to shocks like illness, droughts, floods and insecurity. Most of people with jobs in the government or the international community have a large range of family members and others depending on their salaries. The same holds for people in the diaspora. Generally speaking, there is a sharp divide in the South Sudanese society between those who rely on local forms of social safety, and those with enough access to funds for health care and education outside the country. Nonetheless, since the signing of the CPA in 2005, life expectancy in South Sudan has increased by more than three years, to 54.6 in 2012.

Social safety nets
2

As mentioned previously, the government was about to lift the austerity measures shortly before the start of the conflict. Throughout 2014, little progress was made in improving the welfare system of the country. The priority has been, and still is, the civil war.

Despite ample articles in the transitional constitution relating to equal opportunities regardless of gender, ethnic or religious affiliation, there is little evidence of this being guaranteed in practice. Access to primary education has improved in recent years, also for girls. In April 2013, a six-year education program for girls started, aiming to “transform a generation of South Sudanese girls by giving them access to quality education.”

Equal opportunity
3

The problem with equal opportunities in South Sudan revolves around the lack of transparency in granting positions. The meritocracy is based on loyalty and ranks during the war. Alternatively, positions are granted based on so-called “accommodation,” in order to keep people happy who might otherwise (violently) oppose the government. There is a widespread perception of Dinka domination in South Sudan, especially among the Equatorian and Nuer communities. Although there are no hard data on the privileges of some ethnic groups over others, the fact that this perception is widely shared is an impediment to governance in the country. People from the diaspora and youth have the feeling that their qualifications are not appreciated by the older and less-educated generation, and that they fail to get equal opportunities, especially in government functions. Many educated returnees start their own businesses, often in close connection with the government and the military.

11 | Economic Performance

Given the political situation in the country, it is evident that South Sudan’s economy is not performing as it should be in order to generate sustainable, inclusive economic growth. However, the availability of quantitative data on South Sudan is still limited and the quality of data is questionable. Given the immense size of the informal sector, the lack of data on trade and poor data collecting capacity, figures may not be accurate. According to the World Bank, South Sudan’s GDP dropped from \$17,826.9 million in 2011 to \$11,804 million in 2013 as a result of the oil shutdown in 2012. The IMF estimates a further GDP drop by 15% over 2014.

Output strength
2

Before the conflict started, together with partners in the World Bank Group (IFC) and the IMF, the government worked toward the creation of an enabling environment in which investments could be welcomed, trade facilitated and from which economic diversification could ensue. The country was sharply reminded of its dependency on oil when it stopped its production over a row with Khartoum about oil transportation prices. Government expenditures were cut by 40% and inflation was controlled.

With the conflict erupting, the economy has been greatly affected. Although impossible to quantify in hard data, the civil war is having a devastating effect on the informal and local economies. In the places where the violence raged, towns, property and infrastructure have been destroyed. The 1.4 million people displaced are away from their normal livelihoods. However, the conflict has also impacted the economy in areas that are considered peaceful. Huge amounts of cattle are on the move for instance, encroaching on farmlands, which leads to local tensions and conflict, but also to destroyed harvests and inaccessible forests for local products such as lulu nuts and honey. Due to the high costs of the war, salaries are not being paid, which means that people are spending little in local retail shops etc.

A recent report by Frontier Economics attempts to calculate the costs of the war based on conflict scenarios. The report estimates South Sudan's military expenditure for the 2014-15 budget at 11% of nominal GDP. This is significantly higher than other conflict-affected countries, where the average hovers around 5.2% of nominal GDP during civil wars. According to the 2014 IMF report, the two key concerns for the economy are the problem of the parallel exchange rates and the uncertainty of world oil prices, both of which may seriously impact the country's economic stability and outlook.

12 | Sustainability

Despite the mentioning of environmental considerations and intentions in several places in the transitional constitution, (in Article 41, for instance), sustainability and the protection of the environment receive little attention in South Sudan. Due to the abundance of resources such as land, water and oil, there is no urgent need to develop sound environmental policies. The priority is enabling the exploitation of resources instead of protecting them. The South Sudanese economy needs to diversify, as it currently depends exclusively on oil. However, developing the exploitation of resource potential is lagging behind. The macroeconomic progress achieved in 2012 and 2013 with respect to facilitating investment received a major setback with the start of the conflict and the subsequent reshuffling of the government's priorities to focus on security.

There is little public awareness of environmental protection. The wildlife services, officially charged with the protection and preservation and conservation of the natural habitat of flora and fauna (Article 157), operate as one of the organized forces in practice. They take part in the security meetings organized by the local administrations and join in patrolling towns at night. Wildlife forces are deployed throughout South Sudan but hardly engage in the actual protection of the environment.

Environmental
policy
2

Achieving fast progress in the quality of education is considered crucial not only for economic development and employment, but also for peace and security in South Sudan. A lot of the youth are unemployed with few prospects for jobs. In general, South Sudan lacks the institutions to educate and train the workforce that is required to provide governance and services to its citizens, such as doctors, nurses, teachers, and entrepreneurs. Although, as previously mentioned, the gross enrollment ratio in primary education is increasing, the educational sector suffers from numerous significant problems. For example, the primary focus of the government and donors is on primary education, while little attention is paid to secondary and tertiary education. Few vocational training schools are being developed, and the universities receive little support from the government. As in other areas, however, the lack of data makes it difficult to obtain a clear picture. Around 40% of primary school teachers have only finished primary education, and many of the staff teaching in universities have never completed a doctorate. Considering the poor state of education, it is not surprising that research and development capacities are almost non-existent. The development of policies or technical skills is often based on research and expertise provided by external consultants paid for by the donor community. Skilled South Sudanese have all been trained outside the country, including in Khartoum. One of the difficulties faced by people trained in Khartoum is the language. South Sudan established English as its official language, which is a real problem for those who were in the North during the war.

Education policy /
R&D

1

Transformation Management

I. Level of Difficulty

The leadership of the country is built on the hierarchy of the movement's rebellion against the government in Khartoum. These old cadres were very dominant in the leadership, especially in the first years after the CPA. Over the years, younger and better-educated people were slowly allowed to take part in governing the country, although still at a rather modest scale. The structural constraints on governance and development remain extremely high, however, even compared to other conflict-ridden African countries. Among these structural constraints is the absence of infrastructure, such a reliable road network; during the rainy season, vast areas of countries become inaccessible. Some places are entirely flooded, while in other areas bridges are missing to cross some of the rivers. The city of Wau did not receive any supplies for three months in 2014 due to a missing bridge on the road between Yambio and Wau. The absence of feeder roads and storage capacities makes it difficult for farmers to sell surpluses. With a few notable exceptions (the towns of Yei and Maridi, for instance) power and electricity facilities are absent; the whole country runs on diesel generators. In addition to the limited infrastructural development, the country lacks a service sector, a proper banking system and a decent set of laws and regulations that are effectively enforced. However, the largest structural problem of the country is persistent insecurity in rural and urban areas. According to the OCHA's situational reports, the civil war caused 1.4 million people to be internally displaced, and 2.5 million people may face food shortages in the first months of 2015. However, insecurity was omnipresent in people's lives even before December 2013. Examples of this include cattle-rustling, intra-clan fighting, revenge killings between ethnic groups and farmers fearing to farm because of armed cattle keepers. The insecurity creeps into all other aspects of life; it undermines trust between communities, it leads to bad harvests, interrupted education and seriously impedes people's faith in the government. The new civil war has only exacerbated a situation that was already worrisome.

Structural
constraints
9

The traditions of civil society in South Sudan have been mostly limited to the various churches. Many faith-based structures have a long history in South Sudan and are active in all corners of the territory. Since the signing of the CPA in 2005, however, there has also been a steady increase in the number of civil society organizations operating in the country. Numerous youth, women, farmer and human rights groups have been established, oftentimes with support from international donors seeking responsible counterparts that could function as a bridge between them and the people. The lack of a proper tradition in civic representation results in a civil society that is not always as proactive or inclusive as is hoped by the many donors. In many villages and towns, a rather small local elite participates in local politics, in local associative life and in the church. Many of these people are active in several groups and functions at the same time. Getting an idea of the ordinary, uneducated and marginalized youth, women and farmers who do not speak English is much more difficult than the rapidly growing associative life suggests.

Civil society traditions

8

At the national level, however, there are a few organizations that are creating a tradition of counterbalancing the government's domination of all aspects of people's everyday life. Some of these organizations dare to criticize the government's lack of inclusive, democratic transformation. Some of these organizations take considerable risk by being critical, especially since the start of the conflict. One of the other potential counter-voices to the government could be the traditional authorities. These chiefs, sultans and kings play a key role in local conflict mediation through the local traditional courts. With their insertion into the legal pillar of the government, their potential as independent counter-voice has somewhat reduced.

Although there was widespread attention on the persistence of conflicts between ethnic groups, between farmers and pastoralists, and between Sudan and South Sudan, few had expected the scale and intensity of the conflict that started in December 2013. Violence took on an ethnic dimension after just a few hours. The targeting and killing of people from the Nuer tribe (to which the former vice president belongs) by Dinka security forces loyal to President Salva Kiir demonstrated how quickly a political crisis can spiral out of hand. The civil war that ensued will leave deep traces, even if a peace agreement is reached. The violence has seriously polarized and divided society, especially in areas where people lost their loved ones as a result of the ethnic targeting.

Conflict intensity

9

It is important to note that, before the current civil war, other very serious conflicts were on the radar of the people, the government, and the international community. The tensions between farmers and the pastoralists who seasonally migrate to the farmlands of the greenbelt are, for instance, an issue of increasing concern. It is a source of deep frustration for many. The rising tensions, for instance, have led to about 15 deaths in Mundri West County since August 2014.

The lingering conflict potential between Sudan and South Sudan is momentarily off the radar of most people, but the ongoing accusations of support of each other's violent opposition forces can easily cause new conflicts. Sudan accuses the government in Juba, for instance, of supporting various Darfuri rebel groups that hide in the far northwest of South Sudan, and the Sudan People's Liberation Movement-North that is waging a rebellion in the Nuba Mountains. In October 2014 and December 2014, Sudan twice bombed a Darfuri training camp inside Raja County in South Sudan. South Sudan, in return, accuses Khartoum of supporting Riek Machar and his opposition forces.

Another potential conflict that is currently off the radar is the armed militias that have undermined the government's monopoly on violence over the past few years. The latest, most serious of these militias was the one led by David Yau Yau, an ethnic Murle from Jonglei State. Fearing an alliance between Riek Machar and Yau Yau, the government of South Sudan signed a peace deal with Yau Yau, granting him autonomy over the Greater Pibor Administrative Area in late January 2014. The peace agreement between the government and Yau Yau's rebellion (called the South Sudan Democratic Movement – Cobra Faction), indicate the shortsighted solutions of the government for solving rebellions. The creation of a new administrative structure to reach a peace deal will not bring the marginalized Murle people their inclusion in South Sudanese society. All in all, the structural levels of conflicts and tensions are high all over South Sudan. The civil war demonstrated how violence might spiral out of hand. Generally speaking, South Sudanese people have little trust in one another or in their government.

II. Management Performance

14 | Steering Capability

As stated in the BTI 2014 report, the government's strategic planning capacity had improved in years prior to the start of the conflict. International donors provided technical and financial assistance to support the government's prime objective of achieving stability, diversifying the economy and providing services to South Sudanese citizens. The austerity measures managed to reduce government expenditures by 40%, contain inflation and assure a certain level of stability. In November 2013, the government announced the lifting of austerity measures, promised to pay delayed salaries of public servants and to invest in education and basic health care. The government worked hard to realize some of its ambitions amidst rising critique from within the SPLM, the centralization of presidential powers, and resolute presence of security agents in the public domain (e.g., in

Question
Score

Prioritization
3

controlling the media). The investment conference of December 2013 is perhaps the most illustrative example of the determination to put South Sudan in a positive light to attract potential investors.

When the crisis broke out one week later, it became very clear that the government and its adversaries prioritized settling their differences violently. Formulated plans and priorities (e.g., lifting the austerity measures) were put on hold again. In the words of the December 2014 IMF report, “budget execution has been complicated by emergency unbudgeted expenditures and extra-budgetary spending by government agencies.” It is fair to assume that weapons and external military support were being bought with these emergency budgets.

All levels of government, including Parliament, the army and the executive, became sharply divided as a result of the conflict. Attempts to reach an agreement between the warring parties are being delayed. Important topics, such as the presence of the Ugandan army on South Sudanese territory supporting the government forces and the creation of the position of prime minister in the framework of a power-sharing agreement, are hindering a lasting solution. Until a power-sharing deal is signed, the government’s priority will be security.

Throughout 2014, the government’s priorities were to contain the rebellion as much as possible. It tried to maintain strict control over the situation in the seven so-called “not-affected” states and prevent others from joining the opposition. Intimidating and jailing journalists, NGO and church workers is one of the tactics used to contain criticism. Threatening the dismissal of the elected parliament and governors is another method to maintain a certain status quo in the areas where fighting between the government and opposition forces is absent.

On the last day of 2014, the government stated that the elections are to be held in May 2015. The transitional constitution provides for a term of four years, which implies that Salva Kiir’s presidency becomes unconstitutional after 8 July 2015 unless Parliament decides on an extension. The unrealistic push for elections should be understood in the light of the conflict. Holding elections, even partially, may allow the president to renew his democratic legitimacy for another term. Opposition parties and civil society organizations are calling for a delay of the elections until a peace agreement is reached. Given that this is not in the interest of the government, their voice is likely to be ignored.

The preparations for the elections were already delayed before the start of the conflict 14 months ago, and none of these issues has been resolved. It is therefore rather unlikely that general elections will really take place in May 2015.

None of the priorities that were set by the government prior to December 2013 have received any meaningful attention recently. At subnational level, however, some states (especially the three Equatorian states) have tried to continue working toward service delivery, tax harmonization and local security. These state governments are, however, inhibited by the ongoing war in other states.

Given the short existence of the country, time to learn from past policy implementation is very limited. The role of the international community in providing policy frameworks, implementation models, monitoring and evaluation capacities, used to be substantial. In most of the national governments, external technical assistants were producing the many budgets, annual reports and development plans. Institutionalizing the frameworks for policy design, implementation, and evaluation is still ongoing. Due to the start of the civil war, many donors put their support to the government of South Sudan on hold. Many of the funds were reoriented toward the humanitarian needs. It is likely that some of the initial progress in this field is now in decline due to the new priorities of both the government and the international donor community.

Policy learning
3

15 | Resource Efficiency

Due to the oil revenues, the government of South Sudan has more financial resources available than many of its more stable neighbors. Although the GDP dropped from \$17,826.9 in 2011 to \$11,804 in 2013, the GDP per capita was still \$2,001 in 2013. That is much higher than Uganda's GDP per capita of \$1,720.3 and Ethiopia's \$1,373.3 million. Nevertheless, the country remains severely underdeveloped, and the available funds are only modestly invested in public goods such as health care (3.5% of the 2014/15 budget) and education (5.6% of the same budget).

Efficient use of
assets
3

The bulk of the budget is destined for the security sector. When the war started, the government established a "crisis management committee" to take budgetary decisions. This resulted in an amendment to the 2013/14 budget, including an extra 0.5 billion South Sudanese pounds for miscellaneous operational costs for the ministry of defense. Of the SSP 10.8 billion budgeted the 2014/15 fiscal year, 36.6% is earmarked for security and an additional 14.3% for the rule of law.

Due to the long wars, many South Sudanese people have been living and studying abroad, either in the region or in countries like the United States, the UK, Canada or Australia, which all have large South Sudanese diaspora communities. Many of these people have been returning home over the past few years, bringing along the capacities they acquired over the years abroad. Due to the lack of transparency in recruitment procedures and the need to accommodate certain individuals in the government or military, returnees may have difficulties, however, in effectively using their capacities to the benefit of the public administration and the country.

Governance and policy coordination in South Sudan suffer from a number of inherent difficulties that have not been overcome over the past few years. Institutional capacity building, lacking economic development and persistent insecurity are just a few of the major issues that need to be urgently addressed, but fail to be tackled. Little effort and funds are invested in economic functions, infrastructure, support for the ten states and their local governments, or other mechanisms to enhance public authority. For instance, despite the absence of decent roads and electricity, only 1.7% of the current budget is allocated for investments in these sectors. Some 8.1% of the 2014/15 budget goes to public administration, of which a quarter is destined to the office of the president (SSP 217 million).

Policy
coordination
3

One of the difficulties faced in policy coordination in South Sudan is between the various levels of government. Generally speaking, the executive tends to be dominant over other pillars of the government. In addition, the national level also tends to dominate the state level policies. Some states are trying to make progress in certain domains, but are often hindered by confusion over roles and responsibilities, lack of funds, and being overpowered by the national level. Officials at state and county levels often complain about interference from the national government without being properly informed beforehand. Tax and revenue collection is, for instance, one of the fields where a lack of coordination impedes the lower levels of government.

Despite suggestions of accountability and measures against the abuse of office, the lack of transparency hampers the fight against corruption. Many people in the government have a sense of entitlement toward their positions because of their contribution to the SPLA struggle. Corrupt practices, unclear deals and the abuse of office are part of the practice. The financial resources that became available during the first years after the signing of the CPA, both in terms of oil revenues and development aid, were unprecedented for the semi-autonomous government. There was no system available to monitor the use of the funds, and billions of dollars were reported stolen from the Government of Southern Sudan.

Anti-corruption
policy
2

The Anti-Corruption Committee, established during the interim period, has its functions laid down in the transitional constitution (Articles 143/44). The 2014/15 budget reserves 0.4% for the Anti-Corruption Commission and the Audit Chamber combined. The constitution gives the Anti-Corruption Commission the powers to investigate and prosecute. According to the Sudd Institute, however, the problem is that the “Anti-Corruption Commission Act, 2009 has not been amended to include the prosecutorial powers for the Commission.” None of the officials investigated by the Commission have been subject to prosecution.

16 | Consensus-Building

When the South gained independence in 2011, the people of South Sudan and many of its leaders agreed on the urgent need to provide safety, democracy and inclusive development. Many people in the political/military elite seem to only pay lip service to these values and to be more concerned about their resources and power basis than peace and democracy. In combination with the personal ambitions of some of the protagonists in the war, South Sudan is more divided today than it has ever been since its independence in 2011. Recent years have also shown how deeply divided the leadership is about whether or not to prioritize peace and democracy or, instead, to continue fighting over power. Throughout 2013, it became clear that the consensus within the government, the army, and within the SPLM as the dominant political party was more fractured than many had thought. The existing fault lines were arguably most visible in the army. The SPLA was merely a collection of militias, of which many prominent members had not always fought alongside John Garang, Salva Kiir and their ranks. In the years after the CPA, many adversaries were integrated into the SPLA, but in the years that followed many broke away to rejoin again later. Peter Gadet, who is on the U.S. list of sanctions because of his contribution to the current conflict, is one of these serial defectors. Many of the rank-and-file in the army feel loyal to their commander, who is often of the same ethnic group. The lack of genuine integration efforts resulted in an SPLA that contained a little more than a collection of divisions and brigades, deployed over the territory. This became painfully clear when the conflict started and Peter Gadet, who was SPLA division commander in Bor, immediately declared his loyalty to Riek Machar. In the government, fractures were also visible, especially between the president and his then vice president, Riek Machar. In an attempt to create new space in his government, the president sacked his entire cabinet in July 2013. The president defended this move as an attempt to create a leaner government, but many saw it as a move to sideline some of the increasingly critical members of the cabinet, including the vice president. Among the newly appointed members were more people with good connections in Khartoum, suggesting the wish of the government to maintain and improve the relations with the North. With the new cabinet and the new vice president, the president closed the ranks again. However, some of the people sidelined from their former government positions could not be sidelined in the political party. The SPLM had to prepare itself for the elections and was to agree on its basic documents such as the party's constitution, a code of conduct, and the rules and regulations for leadership positions. Throughout 2013, several potential candidates vowed their ambition to become the chairperson of the party and thus run as SPLM candidate for the next elections. The fear of the political battles within the ruling party created a situation in which consensus became a real challenge and progress in party reform and the election process stalled. Toward the end of 2014, after months of slow progress in the peace talks, the Tanzanian ruling party invited

Consensus on goals

4

the various factions of the SPLM, including the opposition forces and the SPLM-former detainees, to a meeting in Arusha. This meeting demonstrated that many party members feel the need to unify and bring peace back to South Sudan. In January 2015, a second meeting led to the signing of an agreement in which the various factions agree to the reunification of the party. Although a power-sharing agreement still needs to be signed, this is seen as a first step in the direction of renewed consensus. Whether the leadership of the different groups are willing to live up to what has been signed remains, however, to be seen.

The ongoing conflict and the divisions over political power provide a major impediment to moving forward on any of agendas related to the principles of democracy and of a market economy. There is a general consensus on a market economy that has not been tested so far because of the ongoing conflict.

Although South Sudan is trapped in a violent conflict, none of the actors either within the government or in the opposition can be considered outright anti-democratic. Ironically, all of the armed oppositions to the government that have occurred over the past ten years started in the name of democracy. In practice, many of these armed oppositions were mainly concerned with their personal well-being rather than the public good, which indeed makes them rather anti-democratic. Examples of militia leaders who “fought for peace” after the elections in 2010 include George Athor, who was killed by the government in December 2012; Peter Gadet, who rejoined the SPLA in August 2011 but then rebelled in December 2013; and David Yau Yau, the Murle leader who signed a peace agreement with the government in January 2014 in which he was granted autonomy over the Greater Pibor Administrative Area.

The current rebellion differs in nature from the other ones, both in impact and in the motivations of the opposition forces. The anti-democratic tendencies exposed in the South Sudanese government in the years leading up to the violence were a source of concern to many South Sudanese leaders. In addition to the armed opposition, there are many members of the SPLM leadership, other political parties and civil society leaders that had their doubts about the direction of the government.

In addition to ethnic divides, there are numerous cleavages in South Sudanese society. Conflicts in rural areas are often about access to resources, such as grazing land for cattle. Another example is the competition in the workforce. Those who fought for the SPLA feel that they have the right to the opportunities that the government provides, despite their lack of capacities. Workers who received education during the war or who worked for the Khartoum government are regarded with suspicion. Citizens who returned from the diaspora face similar doubts. Language, age, and gender are other fractures in society that need to be addressed. However, indeed, the most significant cleavages in South Sudanese society are between ethnic groups and, to a lesser extent, between regions.

Since the conflict started, it has become painfully clear that ethnic tensions were dealt with poorly in previous years. Rather than de-escalating the ethnic violence that started immediately on the first night, the leadership of South Sudan added oil to the

Anti-democratic
actors
4

Cleavage /
conflict
management
2

flames when calling into memory the events that unfolded after the split in the SPLA in 1991. In his speech on 16 December 2013, the president called the former vice president “a prophet of doom.” Ethnic identities are occasionally mobilized by local politicians, police officers, and opinion leaders regarding, for example, issues of political boundaries between local administrative units, which potentially exacerbates mistrust between groups. These tendencies have not eased since the start of the conflict, although it should be said that, at the local level, people have started to reconcile again.

Civil society organizations are taking on an increasingly important role in South Sudan today with a more balanced call for peace compared to the rhetoric of the government and opposition forces. A few key organizations such as the SUDD Institute, the South Sudan Law Society, and CEPO are among the voices that try to convey a message of critical thinking, reconciliation, and inclusive peace. The various churches in South Sudan do the same. Some of these neutral voices have been invited to join the peace talks, while both parties to the conflict have also included their own “civil society” to represent the people of South Sudan. As mentioned earlier in this report, the public space for the freedom of expression, deliberations over policies and laws, and investigative journalism has steadily decreased in recent years. An eventual power-sharing deal should be accompanied not only by a comprehensive reconciliation process, but also by renewed commitment to public participation, transparency and the freedom of expression.

Despite the violent history of internal fighting among southerners during the 1983-2005 war, reconciliation was never high on the agenda of the government during the six years of the interim period. The potentially divisive nature of such a process was to be avoided at a time when the southerners had to unite to guarantee independence. One month after the South’s independence, Riek Machar apologized for the Bor massacre and the violence that hit certain parts of Jonglei shortly after the split in the SPLA in 1991. In December 2012, Parliament approved a reconciliation campaign to be led by the then vice president. Although the importance of reconciliation became an important topic of conversation in South Sudan, many distrusted Machar’s intentions. It provided him an instrument for his political campaign. In May 2013, after a few meetings, the president stopped it because it provided the vice president too large a platform.

In large parts of South Sudan, the CPA never brought an end to the violence citizens experience. Over the past year, the international community and civil society leaders have repeatedly called for reconciliation and justice. Since the signing of the CPA, however, nobody has been held accountable for community violence and abuse of power. This latest civil war adds yet another layer of grievance to those with which the South Sudanese people have to come to terms. The current conflict certainly has made any process of reconciliation potentially more divisive. Nevertheless, the South Sudanese and their leadership need to reconcile themselves with their past and their present in order to pave the way for a less violent future.

Civil society
participation
2

Reconciliation
3

17 | International Cooperation

The international donor community widely engaged with South Sudan before and after its independence. The country's state-building process was considered an important test not only for South Sudan but also for the capacities of the international community to steer such a process in the direction of the desired democratic market economy. South Sudan's most important development partners are the World Bank, Norway, the United States and the UK. The major donors have been focusing on infrastructural projects, the diversification of the economy, security sector reform and police capacities. To provide technical assistance, numerous professionals from other countries have been deployed in various capacities within the government of South Sudan.

Effective use of
support
4

Until May 2014, the mandate of UNMISS was supporting the government in the consolidation of peace, fostering long-term state-building and economic development, the prevention, mitigation and resolution of conflict, and the strengthening of the security and justice sectors through the rule of law. With U.N. Resolution 2155, the Security Council decided that the new mandate would focus on the protection of civilians (PoC), monitoring and investigating human rights violations, creating conditions for the delivery of humanitarian assistance, and supporting the implementation of the Cessation of Hostilities Agreement. This implied that UNMISS will pull out of the areas where their assistance is not urgently needed in order to focus on the most affected areas.

With the start of the conflict, donors shifted some of their development aid to humanitarian assistance. The urgent needs of the many displaced were one reason to divert funding. Since the start of the conflict, the donor community has provided a total of \$1.6 billion in humanitarian assistance. With 1.4 million people displaced and still more than 100,000 seeking shelter in the compounds of the U.N. Mission, there was and is an urgent need for available funds. Another reason why many donors shifted their budgets was as a sign of dissatisfaction with the conflict. Donor countries have stopped their direct and indirect support of the South Sudanese government. Members of the international community, nevertheless, are seeking ways to continue assisting the South Sudanese people in the seven states where there is no violent conflict ongoing. That is not easy in a context where working with the government should be avoided.

The relationship between the government of South Sudan and many of its donors has been strained over the past years. The government has not been very subtle in its dissatisfaction with some of its counterparts. For example, they accused UNMISS of acting like a "parallel government." After the departure of the former U.N. special representative, Hilde Johnson, the relations between UNMISS and the government improved again. The relations between the United States and South Sudan also soured after the start of the conflict. In late July 2014, the government "advised" humanitarian organizations to not publish any famine warnings without "political

Credibility
2

endorsement” by the president. Two months later, the ministry of labor issued a statement that called for expelling international staff in organizations and private companies in order to allow job opportunities for the South Sudanese people. The circular led to a lot of debate and was reversed within a few days. Nevertheless, the examples illustrate that the government is trying to keep a grip on what the international community is doing in the country. Good working relations are secondary to this primary concern. At the same time, the government depends on NGOs for the provision of basic services such as health care, education, water and sanitation. As such, despite the mutual distrust, the government and the international community are also interdependent.

While relations with the international community have been strained over the past months, relations with neighboring countries have been treated with slightly more care. All neighboring countries have economic, political and strategic stakes in South Sudan, and are for this reason directly or indirectly affected by the conflict. Relations with Sudan were relatively satisfactory throughout 2013, although fragile. When the president dismissed his cabinet and replaced them with new officials, quite a few came from the ranks of the “Khartoum loyalists.” It was believed to be an attempt to foster good relations in a context where many issues between the two countries remain unresolved. When the conflict broke out, however, the government called for support from the Ugandan Army. They have been present on South Sudanese territory ever since. Their presence is a provocation to Sudan, but also has wider implications. After the start of the violence, IGAD started a mediation process under its auspices, led by special envoy Ambassador Seyoum Mesfin in Addis Ababa. The neutrality of IGAD’s efforts is being compromised by the presence of the Ugandan army on South Sudanese soil. More broadly, there is a disconnection between the objectives of the regional body IGAD (responsible for the peace talks and a monitoring and observation mission to observe the earlier signed cease-fires) and those of the individual member states (with their own interests). South Sudan is an important trading partner, especially for Uganda but also for Kenya. Each of the neighbors holds on to their own interests while pushing the regional body IGAD for a permanent solution. For the moment, the instability in the country inhibits South Sudan’s potential economic role in the region. The country has expressed the ambition to join the East African Community, but the membership process is on hold. In addition, discussions about options to unlock the landlocked state via new highways and oil pipelines have been delayed by the conflict.

Regional
cooperation
5

Strategic Outlook

When South Sudan gained independence in July 2011, hopes and expectations were high, not only among the South Sudanese people, but also among members of the donor community. International partners noted worrying signs (e.g., increasing anti-democratic tendencies) but these were compensated for by some modest progress in the field of economic diversification, successful austerity measures and improvements in the investment climate. 2014 has provided a sharp reminder that economic progress cannot work without inclusive politics. The lack of inclusive economic growth, transparency and services created hopelessness among the civilian population, and the repressive tendencies contributed to resentment toward the government at the national level. Although the whole country is not embroiled in the civil war, the conflict affects many aspects of people's lives all over South Sudan.

The next few months will be crucial for South Sudan, as they will outline whether the leaders are willing to compromise and reach a power-sharing agreement or not. If fighting continues, or they fail to reach a deal, this will lead the international community to rethink its strategies toward the peace talks. In the best-case scenario, a power-sharing agreement will be reached in the next few months, and both parties will respect and adhere to the agreement. This would mean that the country, once again, will enter a transitional period for a few years in which the same actors who have dominated politics in South Sudan over the past ten years will continue to do so. Profound reforms are required in order to create space for alternative approaches to governance, inclusive economic growth, and truly democratic transformation. The past years have demonstrated that such reforms cannot be steered by the people who have led the country over the past decade. The younger generation of military officers, workers in ministries, and politicians should be given the chance to govern and lead this process during the next transitional period.

In order to reinstate trust between the citizens and the government, reforms are needed in the army, in the party and in the government. Until today, people have the feeling that the government is only occupied with staying in power at their expense. This should be replaced with the impression that, although services are limited, the government is working toward the provision of public goods, security being the most urgent and important of these. A process of reconciliation and public accountability should accompany this process.

Not only citizens need safety and stability; companies and investors also need to regain trust in the economic potential of the country and the government leading it. The initial steps toward economic transformation, such as secured property rights, a stable and accessible banking system, and the absence of a parallel foreign currency market need to be furthered.

The powers and capacities of democratic institutions deserve to be strengthened. At the same time, hopefully, civil society organizations, media houses and other counterweights will continue to do their job of holding their leaders accountable. Elections will only become necessary at the end of such an interim period. Pushing for elections in 2015 would go against the principles of democracy. Reaching a deal, shifting focus from security to inclusive governance and starting a process of reconciliation and accountability are more pressing. As long as these minimum conditions are not met, violence in South Sudan will continue.