

BTI 2014 | South Sudan Country Report

Status Index	1-10	3.08	# 119 of 129	
Political Transformation	1-10	3.73	# 104 of 129	➔
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	scale	score	rank	trend

This report is part of the Bertelsmann Stiftung’s Transformation Index (BTI) 2014. It covers the period from 31 January 2011 to 31 January 2013. 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	10.8	HDI	-	GDP p.c.	\$	-
Pop. growth ¹	% p.a.	4.3	HDI rank of 187	-	Gini Index		45.5
Life expectancy	years	54.0	UN Education Index	-	Poverty ³	%	-
Urban population	%	18.3	Gender inequality ²	-	Aid per capita	\$	100.3

Sources: The World Bank, World Development Indicators 2013 | UNDP, Human Development Report 2013. Footnotes: (1) Average annual growth rate. (2) Gender Inequality Index (GII). (3) Percentage of population living on less than \$2 a day.

Executive Summary

After decades of civil war South Sudan achieved independence in July 2012. In the referendum on self-determination held in January 2012, an overwhelming majority of 99% voted for independence and separation from Sudan. For South Sudanese, the long-awaited independence from Sudan was a historic and highly emotional event. The long civil war with Sudan left South Sudan underdeveloped in terms of all public services. The South Sudanese government inherited a territory without reliable roads, health facilities or schools. Moreover, formal state structures were missing completely.

Considering South Sudan's starting point and low level of development, the current government and various development partners achieved some improvements in the establishment of formal state structures. For example, legislative, judicial and executive government bodies have been created at the national level in Juba and in the state capitals. Formal processes and working relations between these state institutions have also been defined or are in the process of being drafted. Yet, thus far, political processes and decision-making are not following formal, democratic processes, but are rather embedded in informal clientele networks. All state institutions face enormous challenges to finding qualified staff. Influential posts are dominantly given to members of the old elite of the former rebel movement, the Sudan People's Liberation Movement (SPLM). Leading SPLM cadres lack the hard and soft skills to guide democratic and economic development reforms. International development partners are increasingly concerned about the extreme levels of corruption and mismanagement in the government.

Given the lack of qualified human resources in the public sector, the lack of progress on the provision of public services is not surprising. During the civil war, churches and NGOs were providing basic services, such as health care, education and food assistance, to the local population. This arrangement did not change much following the signing of the Comprehensive Peace Agreement (CPA) in January 2005. The government, to a large degree, expects other entities to provide basic services to the population. There is little pressure on the government to take more

responsibility for basic service delivery to its citizens, as NGOs keep flocking into Juba and other areas of South Sudan. In Juba, private health clinics and schools are popping up to cater to the needs those who can afford their services. However, the large majority of the population suffers from extreme poverty. That is particularly true for the population living in the remote areas of South Sudan and areas affected by the violent conflict. Indeed, several areas in South Sudan continue to experience armed conflict with horrific consequences for the civilian population. State security bodies, namely the army and the police, are doing a rather poor job of protecting the civilian population. At times, the army is accused of human rights abuses, for instance in a civilian disarmament program in eastern South Sudan.

Relations between South Sudan and Sudan remain extremely difficult, as both countries keep destabilizing their bordering territories by supporting armed groups on the other side. The South Sudanese army invaded the Heglig territory in 2012, which belongs to Sudan. The Sudanese air force bombed territory in South Sudan, among others refugee areas along the border. Apart from that, the future of the disputed Abyei area remains unclear. According to the CPA agreements, Abyei citizens are due to vote whether Abyei should remain with Sudan or belong to South Sudan. Disputes about who is eligible to vote have put the whole referendum process on hold.

The economy and the state budget remain dependent on oil revenue. However, since January 2012, oil production has been shut down over disagreements on transport fees along the pipeline through Sudan to Port Sudan's oil terminal. The loss of oil income led to severe austerity measures in the 2012 and 2013 budget. The government has halted infrastructure development, for example, and made cuts to public wages and service delivery in general. The government is working on finding other sources of revenue and seeking loans, but international donors are increasingly hesitant to provide assistance due to high levels of corruption.

History and Characteristics of Transformation

For almost 200 years, South Sudan has been dominated by external forces. The country has a long history of oppression and underdevelopment. The Anglo-Egyptian Condominium (1899 – 1955) divided Sudan into North and South, but concentrated its efforts on Khartoum. The South has since been neglected in terms of political and economic development. This policy has been justified by arguing that the South was not ready for exposure to modern values. The South remained isolated from the outside world. Basic commercial activities have been controlled by Arab traders. Some schools and health clinics have been operated by church missions. When Sudan achieved independence in 1956, Khartoum received control of South Sudan.

Even before Sudanese independence, the Anya-Nya, the first southern rebel movement, emerged in 1955. The Anya-Nya anticipated marginalization by Khartoum and demanded autonomy rights for the South. After gaining independence from Britain and Egypt, the regime in Khartoum pursued a policy of Islamization and Arabization in the South. The Anya-Nya was successful in

controlling the rural areas in the South, whereas government troops were largely concentrated on few strategic garrison towns such as Juba, Malakal, Bor and Aweil.

In 1972, the Addis Ababa Agreement was signed and President Nimeiri granted restricted autonomy rights to the South. The area experienced 11 years of relative peace. In 1983, Islamic tendencies in the government pushed President Nimeiri to abandon the South's autonomy rights and impose Sharia law on the whole of Sudan, including the predominantly Christian/Animist South. Oil discoveries in the South were considered to have contributed to the North's policy change.

The Sudan People's Liberation Movement/Army (SPLM/A), led by John Garang, emerged and was successful in controlling large areas of the South. With the collapse of the communist regime in neighboring Ethiopia, the SPLM/A lost crucial support and had to relocate refugee camps from Ethiopia back into South Sudanese territory. Another dramatic event for the SPLM/A was the breakaway of the Nuer faction. This changed the trajectory of the civil war, because Khartoum supported the Nuer militarily. Violent conflicts between the ethnic Dinka and the ethnic Nuer (both South Sudanese ethnic groups) were the consequence. Death tolls in these violent episodes between southern ethnic groups dwarfed the extent and brutality of violence from northern troops. Christian churches in southern Sudan called for reconciliation between southern tribes and began to gain political influence. In the mid-1990s, an association between the SPLM/A and northern opposition groups increased pressure on the regime of President Bashir in Khartoum. In January 2005, the Comprehensive Peace Agreement (CPA) was signed by the Northern government and representatives of the SPLM. In the framework of the CPA, South Sudan gained territorial autonomy and the SPLM was part of a power-sharing deal in Khartoum. Moreover, the split of southern oil revenues was part of a wealth-sharing agreement. The CPA set an interim period of six years and foresaw a referendum where South Sudanese could decide on whether they wanted to remain a united Sudan or achieve independence.

The referendum was held in January 2011. On overwhelming majority of 98.8% voted for independence, which was officially achieved in July 2011.

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

Formally, the state's monopoly on the use of force has been established nationwide since the signing of the Comprehensive Peace Agreement (CPA) in 2005, and as an independent country since July 2011. However, de facto, in a number of areas militias and renegade officers of the South Sudanese army challenge the authority of the state (e.g., in Unity state, Upper Nile state). In Jonglei state, the central government was unable to prevent large-scale violence between ethnic groups. In the western border areas, foremost Western Equatoria, splinter groups of the Lord's Resistance Army (LRA) attacked villages. Because the South Sudanese security forces were not providing sufficient security in the area, local communities established vigilante groups.

Monopoly on the
use of force

5

Often security forces are loyal to local strongmen rather than the national government. Since mid-2012, conflict between Sudan and South Sudan at the north-eastern border between South Kordofan/Blue Nile and Unity state/Upper Nile displaced tens of thousands. Ongoing disagreement between Sudan and South Sudan on the future of Abyei keeps the region in a fragile state. Air bombardments by the Sudanese Armed Forces on South Sudanese soil, and an invasion by the South Sudanese Armed Forces in Heglig, have further aggravated the relationship between Sudan and South Sudan.

A large majority of the population supports the concept of the nation-state in South Sudan. More than 99% of this ethnically diverse society voted for an independent South Sudan. There appears to be solid consensus on the state's role as a provider of laws and regulations as well as public goods, including security. A South Sudanese identity emerged during the war against Sudan, but a positive overarching South Sudanese national identity has not evolved yet. In fact, quite the opposite is the case. Ethnic identities are the strongest bonds and are a highly sensitive issue in national

State identity

9

politics. Formally, citizenship is given to any South Sudanese resident and to returnees. There are no reports of discrimination on the attainment of citizenship.

Although there are numerous armed groups challenging the government and the security forces, the concept of the nation-state is not questioned. Rather, it is the political leadership that is under increasing criticism.

Both de jure and de facto South Sudan is a secular state. The current transitional constitution provides for the separation of religion and politics (Article 8). Yet, religion is influential in the lives of South Sudanese, as it provided meaning and refuge in the long-running civil wars. Many religious organizations provided emergency relief and education in refugee camps and in remote parts of the country. Until recently, the churches in South Sudan were the only countrywide civil administration structures. Also, in the facilitation of local peace processes between warring tribes, the churches have been politically ambitious players.

No interference of religious dogmas

9

The set-up of administrative structures, including the provision of public goods such as education, health and other social services, is limited to the capital Juba, not to speak of the smaller urban centers and rural areas. The constitution of South Sudan establishes the Judiciary of South Sudan (JOSS) as an independent decentralized institution. Formally, JOSS is independent from the executive and legislative branch in terms of resources. Juridical bodies exist on the national, state and county level. The Directorate of Taxation, under the Ministry of Finance, is the responsible body for all matters of taxation in South Sudan. The National Taxation Act is the legal framework for taxation. Tax offices generally exist in state and county capitals. Law enforcement is generally provided by the South Sudan Police Services (SSPS). The availability and quality of the SSPS varies across South Sudan. The provision of public goods such as communication, transport and basic infrastructure still largely depends on international profit and non-profit actors. Since the civil war, NGOs have been providing basic services such as water, education and access to basic healthcare.

Basic administration

2

2 | Political Participation

South Sudan has not yet established a precedent of conducting free and fair elections. The nation's first national elections, though initially planned for 2009, were held in 2010. The referendum followed in 2011. According to international observers' reports on the 2010 elections, security forces harassed opposition parties and disturbed their campaigns. Several opposition candidates were arrested and intimidated before the elections. 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 election commission (NEC). According to reports, the federal state's high election commissions (HECs) were not properly controlled by the NEC. Furthermore, there were reports that the

Free and fair elections

4

election process in many regions lacked accountability as voters told for whom to vote. As a result, the validity of the results was widely questioned. According to the NEC, the dominant Sudan People's Liberation Movement (SPLM) won 93% of the vote and the opposition party, SPLM-Democratic Change (SPLM-DC), earned just 7%.

South Sudan is scheduled to vote in 2015. More political parties are expected to participate in the next elections to challenge the ruling SPLM. How the SPLM and its security forces handle the media coverage and the election campaigns of opposition parties will have a serious effect on the quality and peacefulness of the next elections.

In South Sudan, 97% of elected representatives belong to the former rebel movement, the SPLM (though irregularities marked the elections, as noted in "free and fair elections"). The SPLM, which is split along ethnic lines into a Dinka-faction (e.g., President Salva Kiir) and a Nuer-faction (e.g., Vice-President Riek Machar), has a solid grip on power. The large majority of ministers are members of either the Kiir or the Machar-networks. Beyond that, the current cabinet is not only carefully balanced between Dinka and Nuer tribes, but also includes representatives of other ethnic groups from the Shilluk, Bari and Azande. Personal ties between key figures in government plays a larger role in politics than democratic processes. Contrary to a democratic process of checks and balances, the government is the body that controls the parliament and makes them approve new legislation.

Effective power to govern

3

In the aftermath of the 2010 elections, a number of former Sudan People's Liberation Army (SPLA) officers campaigned for political posts in the states. Some of those who ran for office and lost ended up started rebellions against the state. The most important example is George Athor (killed in 2012), a former SPLA general, who ran for governor in Unity state. Other examples include Gatluak Gai (also killed in 2011) and Peter Gadet. These few examples show how instable the power relations are within the government and the SPLA. What makes the power relations so explosive is that a number of officers have a strong, exclusive relationship with their troops, giving them an outstanding bargaining chip in negotiations. The local manifestations of resistance against the government are regularly fuelled by the government in Khartoum, which has a long history of using proxy militias to destabilize southern Sudan. However, in the same vein, South Sudan applies similar strategies when it comes to supporting rebel movements in the north.

In principle, the freedoms of assembly and association are guaranteed in the transitional constitution in Article 25. This includes the establishment of political parties and unions and is open to all citizens of South Sudan. However, in practice, the government and the security forces are wary of critical groups. As a consequence, human rights organizations and political parties practice low-profile activities and do not engage in harsh criticism of the government. Particularly in the run-up to the 2010

Association / assembly rights

4

elections, opposition groups were intimidated by security forces and opposition leaders were detained without claims. There are other examples of harsh reactions by security forces to peaceful demonstrations, such as in Wau 2012.

Yet most harsh criticism of the South Sudanese government comes from diaspora groups in the United States, Canada and Australia. These groups are organized quite well, but their influence on national politics is not clear. Inside South Sudan, the Christian churches can be considered the strongest corrective and the government is taking pressure from the churches seriously, knowing that the church is still the most influential institution in the country.

In Juba, a number of civil rights groups are emerging and trying to influence the legislative process and the drafting of the new constitution. In a number of interviews, representatives of these organizations said they are in dialogue with government agencies.

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. For the media, the law demands professional ethics. At the moment of writing a new media act was being drafted in South Sudan and members of the media were including in the drafting process. However, critical media coverage can invite unwanted attention and most media organizations, which are run by well-educated diaspora returnees, are hesitant to criticize the government. During election campaigning, the ruling SPLM and security forces carefully watched media coverage, and harassment and detainments of anti-government journalists is commonplace. In general, the media practice self-censorship and adjust their reporting with government officials in order to prevent their operations from being shut-down.

Freedom of
expression
4

3 | Rule of Law

The separation of legislative, executive and judicative powers is guaranteed in the transitional constitution and the separation of these powers is strongly supported by the South Sudanese population. In reality, however, the executive rules both the legislative assembly and the so-called independent judiciary. The government drafts laws and passes them on the legislative assembly to have them officially approved. The same influence is practiced with the judiciary. Such practices should come as no surprise given that the government grew out of a rebel movement. Now, the president makes his appointment based on personal and military ties that developed during the civil wars. In the first years of the government, after the 2005 peace deal, a number of ministers would still wear their military uniforms even though they held civil positions in the government.

Separation of
powers
3

In principle, the political and financial independence of the judiciary is guaranteed by the transitional constitution. The transitional constitution stipulates that justice should be non-discriminative regardless of social, political or economic status. The judicial system in South Sudan includes the Supreme Court, the courts of appeal at the national level, the high courts and county courts at the state level.

Independent
judiciary
3

In practice, the executive branch influences the judiciary. As is the case between the executive and the legislative, the personal and historical networks that developed during the civil war are stronger than the legal framework in the transitional constitution that calls for the independence of the judiciary. The new institutionalized judicial system is new in its form and reported to be working rather slowly. Beyond that, there is little information on the efficiency and transparency of the judiciary system, as it is relatively new.

For the population, the idea of justice is of course nothing new. However, in most ethnic groups, disputes have been settled in traditional courts, usually led by traditional leaders. In the remote areas, traditional courts are still the dominant way to settle smaller disputes. For severe cases, access to courts in the county and state capital is limited and difficult for ordinary citizens.

As a result of the close relationship between the judiciary on the executive, numerous persons within the government and the army who have committed human rights abuses have never been charged.

Office abuse is a widespread phenomenon and has existed in South Sudan since the establishment of the interim government in 2005. In fact, siphoning off public money has reached extreme extents in South Sudan. In June 2012, President Salva Kiir sent a letter to 75 officials who are accused of having stolen around \$4 billion within the last years, almost 50% of the South Sudanese annual budget. So far, neither the names of the officials have been made public nor have there been any further investigations. In his letter, President Kiir asked the officials to return the money, but only a few million have been transferred. International donors moan publicly about South Sudanese officials' corruption level.

Prosecution of
office abuse
2

Although there are relatively few reports of conflicts of interests in economic activities and ethical misconduct of officeholders, this should not suggest that that corruption is not a problem.

Government officials, the majority of them former officers and fighters from the SPLM, consider corrupt practices are part of their legitimate claim for a peace dividend. Those guilty of corruption are unlikely to face prosecution through the judiciary. In South Sudan, personal networks provide protection and favors and prevent democratic processes from functioning properly.

The bill of rights in the transitional constitution guarantees a number of civil rights, including personal liberty, life in dignity, equality before the law, freedom from torture and the right to own property. The South Sudan Human Rights Commission, also created by the transitional constitution, is operational and published its first annual report in August 2012. The report found that human rights violations have been widespread in the first year of independence. The commission reported the country's record thus far on the protecting the rights of women and children as poor. Access to education is restricted for children and girls in particular due to early pregnancies and marriages. Human Rights Watch has criticized the poor conditions in South Sudanese prisons. Prison cells are overcrowded, of very low hygienic standards and food rations are inadequate, the groups reported.

Civil rights
4

In addition, security forces have been repeatedly accused of violating human rights. Soldiers have been accused of raping women when they were deployed to the Jonglei state to disarm ethnic Lou Nuer and Murle groups.

Given the vast territory and the logistical constraints in accessing remote areas, human rights violations are likely to be underreported. Moreover, the resources and political independence of the Human Rights Commission are limited, hampering the commission's ability to implement its mandate in full scope. Although several national human rights groups, women associations, and youth groups are emerging, and these groups claim to be influential players in the legislative process, their capacity in the investigation and follow-up of human rights abuses appears limited so far.

4 | Stability of Democratic Institutions

The transitional constitution provides the institutional framework for the legislative, executive and the judicative bodies on the national and subnational level. These institutions do exist, but de facto, political processes do not function as intended in the constitution, and the performance of democratic institutions is rather low. The executive branch uses the legislative assembly to pass legislation. In this sense, the legislative assembly (parliament) lacks the ability to exert check and balances on the government's work. The judiciary, while strictly designed to be an independent body, is likewise influenced by the executive. The root problem impeding democratic processes is that the ruling party, the SPLM, virtually controls all key positions within the state and its institutions.

Performance of
democratic
institutions
3

The transitional constitution provides an elaborate system to account for the ethnic diversity in South Sudan. There are institutions at the state level (first subnational unit), and the county, payam (district) and boma (sub-district) levels. These structures have been built up from scratch and positions have been filled with SPLM staff. Jobs are often given based on one's status and power in the former rebel movement. It

goes without saying that the system lacks meritocracy, as the officials' qualifications for these posts rarely match the job requirements.

In general, democratic institutions are accepted by all relevant actors in South Sudan. That includes the army, the government, and particularly civil society groups and the churches. While the concept of democracy is embraced by large parts of society and the government, the actual commitment to transparent democratic processes, as outlined in the transitional constitution, is rather low. As described in various sections above, the influence of the executive branch on the legislative and judicative bodies is extensive and undermines democratic development. The strongest institutions of civil society are the churches. Church leaders regularly address the government's shortcomings. While the government is aware of the central role of the church within South Sudanese society, they are paying heed to the churches.

Commitment to
democratic
institutions
3

There is some friction at the local level between newly set-up democratic institutions and traditional governing systems, especially between freshly appointed former SPLA staff and traditional leaders. In essence, it is a struggle for local power and influence. It has been reported, though, that traditional leaders and members of the new government are starting to cooperate and synthesize their roles in local governance.

5 | Political and Social Integration

The party system in South Sudan is poorly developed. The government, politics and power in general are dominated by the SPLM, which won 93% of the vote in the 2010 elections. At the moment, the only serious opposition party is the SPLM-DC, which is headed by Lam Akol, an ethnic Shilluk. The SPLM-DC was basically formed in 1991 when the SPLM split into three factions. Also, the governing SPLM is not unified at all, with two major factions divided along ethnic lines: a Nuer faction, headed by Vice-President Riek Machar and a Dinka faction, headed by President Salva Kiir. The historical tensions between the two groups often hamper government work. The SPLM has changed form from a political movement to a corrupt organization that is largely concerned about its access to state resources in the form of government jobs, revenues and public contracts. Given South Sudan's dependence on oil rents, there has been little incentive for the SPLM leadership to adapt and pursue a solid development strategy or party program. The SPLM remains in its substance a military organization.

Party system
2

While officially there are almost 20 political parties in South Sudan, they can hardly be considered parties in the sense of having a support base, institutional capacities or political programs. Rather, these parties are mostly established by SPLM strongmen as a shortcut to power. Besides the SPLM-DC, the only serious opposition parties are

the United Democratic Party (UDP) and the South Sudan Democratic Forum (SSDF). Both have only limited influence.

The platforms of opposition parties include the fight against ethnic dominance of the Dinka group, the fight against corruption and the creation of programs for revenue generation and development. Because of the weaknesses of the opposition groups – many of which emerge suddenly and then fall apart – they lack the capability to influence in the government.

In the run-up to the 2015 elections, the party system is likely to evolve. While some SPLM spin-off candidates may run for office, there is also a good chance that returning diaspora groups form parties and attempt to challenge the SPLM.

During the review period, there was an enormous development regarding the number of interest groups in South Sudan. There are an estimated 500 civil society groups in South Sudan, including rights activists, unions, business clubs, and women and youth associations. Most of these groups are small and negligible, but number of these groups have the intellectual and financial resources to try to influence political processes, in particular the current drafting of the constitution. Although international funding and support of civil society groups has been substantive, their political influence on the government and the SPLM is fairly limited. Foreign political-based institutions support the creation of unions among civil servants and the service personnel. Also, the creation of women's associations has been supported all over the country. In general, though, influential civil society groups are only active in the urban centers.

Interest groups
3

In terms of influence, Christian churches are the most significant societal actors, and they cover the whole territory. The churches are deeply rooted in the social fabric of South Sudanese society, and they enjoy a strong reputation in society. The relationship between the SPLM and the church has its roots in the civil war. At the end of the civil war, the church supported the SPLA's struggle against the regime in Khartoum. Today, the church articulates societal interests to the government. While the effect of church interventions on government policies is unclear, the government is highly aware of the churches influence on the lives of ordinary South Sudanese.

Although democratic institutions are rather new to the South Sudanese, approval of the democratic system can be considered high. Both a survey by the International Republican Institute and the National Democratic Institute implemented in 2011 indicate strong support of democratic values.

Approval of
democracy
n/a

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. The majority of respondents answered that

they viewed the president and the parliament favorably. However, regarding their personal lives, respondents were concerned about crime, cattle raiding and tribalism.

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 clientele networks are very opaque and undermine large parts of the state. Trust in political actors fluctuates. For instance, disappointment in the political institutions was strong after independence in July 2011, as the government failed to deliver promised services and development. Then again, trust in political institutions was high when the government decided to shut down oil production in early 2012, even though it led to severe austerity programs.

Interpersonal trust within society has been extremely affected by decades of civil war. South Sudanese society as a whole is still traumatized from the violence and atrocities that took place during the conflict. Although the civil war has officially ended with the peace agreement in 2005, violent conflict between ethnic groups is still widespread. Only major conflicts make it into the international media, such as one between Lou Nuer and Murle in Jonglei state. Other smaller ethnic conflicts rarely make it into the news. Traditional conflict resolution mechanisms lost significance during the war and continued displacements. Armed young men have largely replaced elders in solving conflicts. Considering the great diversity of ethnic groups in South Sudan, interethnic mistrust represents a serious impediment to nation and identity building.

Within ethnic groups, social trust is high. Ethnicity is the primary identity within South Sudan, followed by religious identity. Therefore, the churches are able to facilitate interethnic dialogue, conflict resolution and reconciliation.

Otherwise, there are some reports of prejudice toward South Sudanese returnees from Sudan and other African countries. Some reports (USIP for instance) argue that discrimination in jobs and right to land are an increasing problem. Direct interviews with returnees could not confirm these claims, however. Businessmen from other African nations are also undermining social trust.

Social capital

3

II. Economic Transformation

6 | Level of Socioeconomic Development

Question
Score

The level of socioeconomic development in South Sudan is extremely low outside the few urban areas. Given the lack of statistical data, the UNDP has not yet ranked South Sudan in its Human Development Index, nor are other internationally comparable indices available on South Sudan. A health survey reveals a lack of basic services, and for those services that do exist, they are of poor quality particularly in rural areas. Most areas of South Sudan depend heavily on international NGOs and churches to provide basic public goods, in particular access to health care and basic education.

Socioeconomic
barriers
1

Most South Sudanese depend on small-scale subsistence farming and cattle-herding which, in the best case scenario, produces enough food for their extended family. Among the poorest quintile of South Sudanese, more than 80% depend on agriculture. Within the wealthiest quintile, agriculture accounts for less than 60% of household income. Droughts, floods, crop diseases, pests and death or theft of livestock are common setbacks for household incomes, and often leave thousands of families hungry. A significant part of the population depends on food aid from the World Food Program. The most recent poverty assessment for South Sudan has been published in 2011 by the World Bank and draws on data from 2009. Though it is very likely that data have changed in recent years, it found that 50.6% of the population lived below the poverty line, i.e. on less than \$1 a day. States on the border with Sudan are particularly poor with poverty rates of up to 76% in Northern Bahr El Ghazal. The study shows that poverty rates for households headed by women (around 29%) are slightly higher at 57% than those headed by men, at 48%.

The level of education in South Sudan is very low. Low education strongly correlates with poverty rates. Some 75% of heads of households have not completed any formal education. Not surprisingly, poverty rates are highest for those who have no formal education. General patterns of low-income countries are present in South Sudan: the school attendance rate is higher for boys than for girls; school attendance is higher in urban than rural areas and the school enrolment rate of the wealthier quintile is significantly higher than the rate of the poorest.

Economic indicators		2009	2010	2011	2012
GDP	\$ M	11853.3	14971.6	19172.6	9337.3
GDP growth	%	4.3	4.2	1.9	-55.8
Inflation (CPI)	%	5.0	1.2	47.3	-
Unemployment	%	-	-	-	-
Foreign direct investment	% of GDP	-	-	-	-
Export growth	%	10.8	-1.6	-2.1	-
Import growth	%	-13.4	10.1	8.4	-
Current account balance	\$ M	-	-	-	-
Public debt	% of GDP	-	-	-	-
External debt	\$ M	-	-	-	-
Total debt service	\$ M	-	-	-	-
Cash surplus or deficit	% of GDP	-	-	-	-
Tax revenue	% of GDP	-	-	-	-
Government consumption	% of GDP	15.5	17.1	17.1	-
Public expnd. on edu.	% of GDP	-	-	-	-
Public expnd. on health	% of GDP	0.6	0.7	0.7	-
R&D expenditure	% of GDP	-	-	-	-
Military expenditure	% of GDP	5.1	4.3	5.8	10.3

Sources: The World Bank, World Development Indicators 2013 | International Monetary Fund (IMF), World Economic Outlook 2013 | Stockholm International Peace Research Institute (SIPRI), Military Expenditure Database 2013.

7 | Organization of the Market and Competition

Historically, business and trade have been dominated by (northern) Sudanese. After the signing of the CPA in 2005, and the relative peace in South Sudan, a large number of traders and businessmen from neighboring countries, particularly Uganda, Kenya and Ethiopia, flocked to South Sudan to provide commodities for government infrastructure and, private sector development and international organizations. Since 2005, economic investments have been concentrated in Juba, and to a much lesser degree, to other urban areas like Wau, Malakal and Rumbek. The economy in South Sudan consists almost exclusively of small and medium businesses. This includes retail and wholesale businesses, construction firms, the nascent hotel and restaurant

Market-based
competition

3

business and telecommunication companies. The majority of the lucrative import businesses are managed by Kenyans and Ugandans. Educated South Sudanese see government jobs as the best source of income and leave business opportunities to outsiders. In the government's growth strategy and vision, the private sector is highlighted in order to broaden growth and employment opportunities for South Sudanese.

Again, business development and job creation outside Juba is almost non-existent. The World Bank's Doing Business report ranks South Sudan 159th out of 183 assessed economies on the ease of doing business. According to the report, starting a business in Juba can be achieved within 15 days, the average for sub-Saharan Africa. Multiple government fees and registrations attribute to high initial costs. Yet with regard to risk, doing business in South Sudan is riskier than the African average. In fact, South Sudan ranks at the bottom when it comes to the protection of investors, gaining access to credit and closing a business. When it comes to cross-border trade, South Sudan is ranked 181st out of 183 assessed countries. Bureaucracy, paperwork and the transfer of funds out of South Sudan lengthens trade processes. Also, business development in South Sudan comes with various restraints such as political instability, weak rule of law and widespread corruption. Furthermore, poor infrastructure, lack of reliable transport routes, access to electricity and extremely low levels of education and skills add up to the list of constraints. Most lucrative businesses include construction, the import of machinery and commodities and the hotel and restaurant branch. It is estimated that more than 80% of South Sudanese work in the informal sector. Easing the hurdles of business startups would increase the number of businesses, create jobs and decrease the size of the informal sector.

Although the transitional constitution mentions the objective of a market economy and the prohibition of monopolies, there are no effective policies and institutions in place to reach those goals. That said, South Sudan has become a vibrant market place with a large number of traders from neighboring countries. In fact, the majority of businesses are run by foreigners. Competition in the trading, hotel and restaurant businesses is strong.

There have been repeated reports of corruption in the tendering for public sector infrastructure project contracts, as the government has favored particular companies.

Trade between South Sudan and Sudan has historically been strong. However, since independence, and a number of disputes along the border, trade between the two countries has broken down with severe effects on South Sudan's economy. For the northern states, the Greater Bahr El Ghazal region and the Greater Upper Nile Region, recommencement of trade relations with Sudan would be highly beneficial for their economic development. In the southern Greater Equatoria region, trade relations with

Anti-monopoly
policy

2

Liberalization of
foreign trade

6

Uganda, Kenya and Ethiopia are stronger than those with Sudan, so the economy in the south has been less impacted by the loss in trade activity with Sudan.

South Sudan is not yet a WTO member. Since 2011, South Sudan is a member of the Common Market for Eastern and Southern Africa (COMESA) and a candidate for membership in the East African Community (EAC). The government's strategy is clearly directed towards a closer cooperation with its eastern and southern neighboring countries. Mutual trade and investments will strengthen the regional integration in the region. Plans to build a pipeline from South Sudan via Ethiopia to the port of Lamu in Kenya, a \$4 billion investment, would be an important milestone for South Sudan's foreign investment. Investments for the port terminal in Lamu are estimated to be at \$23 billion. However, South Sudan still faces a lack of funds to finance the pipeline. Currently, its access to loans, and thus its capacity to build the pipeline, is at risk due to the high levels of corruption.

Access to loans will thus depend on whether South Sudan strengthens the transparency and credibility of its financial management. Although South Sudan offers a rich portfolio of natural resources (oil, minerals, vast stretches of land for agriculture) it will hardly be able to compete with EAC member countries. Countries such as Kenya, Uganda and Tanzania have implemented strong policy reforms, have introduced a common market and have a much more competitive economies than South Sudan.

The banking sector is seriously underdeveloped and limited to the urbanized areas of Juba, Wau and a few towns. To exemplify the situation, only 6,000 people in South Sudan had a bank account in 2009. At the moment of writing, there is no ATM available in the country and credit card payments need to be administered in Nairobi. The central bank was only established in July 2011 and its personnel have been busy with the introduction of the new currency, the South Sudanese pound.

However, new bank branches are planned and foreign banks from Uganda and Kenya aim at increasing their services in South Sudan. In total, around a dozen banks operate within South Sudan, whose services are largely restricted to foreign exchange, bank transfers and remittance services. Although there is immense need, access to loans for entrepreneurs is extremely difficult and limited.

Hence, non-performing loans are not to be considered a major concern in the South Sudanese banking system.

8 | Currency and Price Stability

Until South Sudan's independence, fiscal policy was made in Khartoum. Therefore, the government and the central bank's experience managing the South Sudanese economy is very limited. An additional challenge comes with an absence of historic

Banking system
3

Anti-inflation /
forex policy
3

macroeconomic data on the South Sudanese economy. The National Development Plan 2011 – 2013 addresses the current challenges and aims at achieving macroeconomic stability. In order to better manage government spending, the government and the Ministry of Finance have introduced monthly cash limits. These measures are also expected to decrease inflation, improve the predictability of public spending, and bring budget spending in line with budget allocation.

The central bank published its first consumer prices index in October 2011. Inflation was reported to be at a staggering 80% year on year in May 2012, and decreased to 61% in July 2012. Regional variations in terms of price development are distinct. Particularly in the northern areas of South Sudan, disrupted trade with Sudan has considerably increased consumer prices, while in the southern Greater Equatoria region, stable trade relations with Uganda are contributing to less inflation. The Economic Intelligence Unit attributes high levels of inflation to the weak exchange rate of the South Sudanese Pound, which is heavily influenced by the shutdown in oil production. Additionally, South Sudan's high dependence on food imports from Uganda and Kenya is regarded as a driving force of inflation.

South Sudan introduced the South Sudanese pound (SSP) after independence in 2011. Following the market principles, the central bank employed a managed floating exchange rate policy. The central bank reserves the right to intervene when the SSP diverges too far from leading currencies, such as the US-Dollar. In 2012, official exchange rates and black market rates have been diverging at around 25 percent. In late 2012, official exchange rates in South Sudan were at SSP 3 for \$1, while the black market paid up to SSP 4.2 for \$1.

Economic growth was extremely favorable at 25% from July 2010 to July 2011, thanks to high oil prices, an increase in foreign aid after independence and foreign direct investments from East African, Chinese, Indian and Middle-Eastern companies in construction, agriculture and the hotel and tourism industry. However, in early 2012, the conflict with Sudan and the shutdown of oil production demonstrated the extreme vulnerability and the oil dependence of the South Sudanese economy. As a reaction, the government introduced austerity measures and cut its budget by 35 percent.

There is no debt policy in place yet, but the government plans to establish debt policy to ensure debt taking is in line with macroeconomic stability. The National Development Plan outlines that the government plans to use short-term loans to balance fluctuations in revenue. There are also plans to introduce a stabilization account funded by oil revenues in order to balance external shocks induced through oil price drops. Official GDP figures are still uncertain owing to the large informal sector. The national Bureau of Statistics estimated that GDP in the last year before independence lay at \$13.2 billion. In this regard, South Sudan's GDP represents 78

% of Uganda's and 42% of Kenya's GDP. South Sudan's GDP per capita was \$1,500, or almost double that of Uganda.

Given that oil production will only partially be taken up again in the first half of 2013, South Sudan will not be able to cover public spending through oil revenue and will thus have a high demand for loans from international donors. The South Sudanese leadership is in open discussion with Khartoum on outstanding debts. Negotiations between the two countries on jointly repaying pre-Independence debts are still contested and South Sudan is unlikely to accept obligations.

9 | Private Property

The transitional constitution guarantees the right to own property. In South Sudan property basically relates to land. In most of the country, there have never been formal land rights, but rather customary laws on land use, which were, and still are, followed by the communities and traditional leaders. In the recent years, the introduction of the land act, and the subsequent demarcation of subnational borders, has led to new conflicts in many communities. Particularly contested is the conversion of community land into government land. Local communities use community land for living, farming and herding. Many communities were rotating their living areas on community land to allow the soil to recover after years of monoculture. The conversion into government land allows the government to issue leases to investors. Officially, investors are supposed to consult the local communities about their goals, and the community is supposed to approve or reject the proposal. There have been reports, however, that community consultations are not being held and that traditional chiefs are being manipulated into signing away land.

There is growing awareness within the government that private sector investments are critical for economic development by creating employment and delivering tax revenues. The government's development plan for 2011 – 2013 puts particular emphasis on increasing the agricultural output, improving infrastructure and accelerating the oil output in order to push private investments. Due to the fact that the South Sudan state is in the process of being built up from the scratch, there are only a few state-owned companies or joint-ventures in the oil sector. Private enterprises in the oil sector experience massive state interference. For instance, in February 2012, the executive director of the largest oil corporation in South Sudan, Petrodar, was accused of cooperating with Sudan and was subsequently expelled from the country.

Property rights

3

Private enterprise

4

10 | Welfare Regime

Given the low capacity of the South Sudanese state, it is not surprising that state-supported social safety nets are almost non-existent. However, some safety nets are emerging in the form of social insurance funds, which are paid by employees and employers with equal shares. Yet employees are massively distrustful of the National Social Insurance Fund. Given the long list of challenges in South Sudan, an institutionalized and well-funded welfare regime will not be a priority in the coming decade. The sector of private insurance and private clinics is growing in Juba, but only affordable to a small wealthy portion of society. Access to public clinics and hospitals is generally free of charge. However, public health institutions are poorly equipped, lack personnel and regularly run out of medical supplies.

Social safety nets
2

Equal of opportunity has not been achieved in South Sudan. Although the transitional constitution includes several articles that guarantee equal opportunity regardless of gender, ethnic or religious affiliation, in general, there is limited awareness and will within the government in promoting equal opportunity. Women and members of ethnic minority groups have particularly limited access to education and public posts. Female school enrolment rates are extremely low. For instance, only 400 girls finished secondary education in South Sudan in 2010. A young girl is three times more likely to die in pregnancy or childbirth than to reach 8th grade (UNESCO). In the rural areas women are expected to manage the household, raise the children, and often, to cultivate the land.

Equal opportunity
3

Members of ethnic minority groups face difficulties in getting government jobs, regardless of their qualifications. It is common that office holders prefer members of their ethnic affiliation in recruiting.

In general, religion is not very politicized in South Sudan.

11 | Economic Performance

The availability of quantitative data on South Sudan is still limited and the quality of available data is questionable. The country's central bank published the country's first ever data on GDP in 2012 showing an increase of 25.9% from 2010 to 2011. However, given the immense size of the informal sector, the lack of data on trade with Sudan, and poor data collecting capacity, figures may not be accurate. Due to the country's dependence on oil revenue, the shutdown of the pipeline in January 2012 is likely to have extremely negative effects on the country's current GDP. The Economist Intelligence Unit estimates a 55% drop in GDP by 2012.

Output strength
3

South Sudan's inflation was 80% from May 2011 to May 2012, but leveled off slightly to 43% in September. Inflation is assumed to be much higher in the northern

areas of South Sudan due to the disruption of trade with Sudan. Additionally, the halt of oil production is considered responsible for driving inflation.

Although there is a lack of official figures, unemployment in the urban areas of South Sudan is an increasing problem, as in recent years hundreds of thousands of South Sudanese, who fled during the civil war, have returned from Sudan, Kenya and Uganda. Most of these returnees became used to an urban lifestyle in the cities of the respective host countries and likewise prefer to live in the cities of South Sudan. However, given a lack of private sector employment opportunities outside of Juba, large portions of returnees remain without jobs. A particular problem is the number of unemployed youth, who feel disenfranchised. In cities like Juba, Malakal and Bentiu, there has been a sharp increase in crime and armed youth gang activity.

12 | Sustainability

In macroeconomic terms, the transitional constitution provides for the protection of the environment in Article 41. Beyond that, environmental concerns receive little consideration in South Sudan. Information on the priorities and the work of the Ministry of Environment are not available. It is not particularly surprising that environmental protection is low on the priority list of the government, as security concerns, poverty reduction and economic development are the more pressing issues. In microeconomic terms, there are few incentives and little awareness to protect the environment. For instance, those in Juba who can afford electricity have generators. Public electricity is almost never available. Although South Sudan appears to be particularly suited for solar power, there are not yet any incentives for households or companies to invest in alternative energy.

Environmental
policy

1

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 large number of youth are unemployed with few prospects for jobs. Providing youth with education, vocational training and jobs would provide paths to development and discourage the alternative of criminal activities. In general, South Sudan lacks institutions to educate and train the professional workforce it needs to function as a state, such as doctors, nurses, teachers and entrepreneurs. As in other areas, however, the lack of data makes it difficult to get a clear picture of the state of education in South Sudan. A recent UNESCO study shows that access to education is critical: only 44% enroll in primary school, and only 4% in secondary school. In general, the education system in South Sudan is in a very poor state. The quality of education depends on the teachers, and in South Sudan, around 40% of primary school teachers have only finished primary school. According to the 2012/13 budget, around 5% of the budget is allocated to education. UNESCO attests the government has a high level of ambition and a strong commitment to the MDGs. The government's goal is to increase the primary school net enrolment rate from 46% up

Education policy /
R&D

1

to 63%, and to double the secondary enrolment rate from 4% to 8% by 2013. To achieve these goals the government aims to recruit more teachers, improve teacher training and increase the number of textbooks. The implementation of these targets will not only depend on funding, but even more so, on the government's ability to attract and recruit ambitious, qualified staff and provide effective teacher training. Considering the poor state of education, it is not surprising that research capacities are almost non-existent. However, the United States Institute of Peace recently supported the creation of the Sudd Institute, which is supposed to provide empirical data-driven research in order to support policy decisions by the government.

Transformation Management

I. Level of Difficulty

The structural constraints on governance in South Sudan are very high, even by African standards. The current low level of development is the consequence of decades of civil war, marginalization and underdevelopment. The majority of the population lives in extreme poverty and large numbers of people depend on food assistance.

Structural
constraints
9

There is a very low level of education among the population. During the civil war, higher education was only accessible outside the country. However, school enrolment rates have increased in recent years. Other major structural constraints are that the vast territory lacks reliable transport routes and access to electricity. Basically, the whole country runs on diesel generators. During the rainy season, large areas are not accessible by road. Economic development is essentially restricted to the capital Juba. Access to basic health care is critical in most parts of South Sudan and the dependence on humanitarian organizations to provide health care is still enormous.

Due to long-term marginalization and exposure to civil war, there are hardly traditions of civil society in South Sudan. Apart from the SPLM/A, the church has been the only relevant civil actor for decades. Since 2005, however, there has been a steady increase in the number of civil society organizations operating in South Sudan. International donors are strongly supporting the establishment of various civil society organizations to create forums for societal demands. Today, there are a significant number of women's associations, human rights groups, youth and student associations, media organizations and unions. Local observers estimate that some 500 human rights organizations exist in South Sudan. Their size and significance varies considerably. Although some of these organizations are taking part in political processes, for instance the drafting of the new constitution, their influence remains unclear.

Civil society
traditions
9

Apart from the more recent development of formal civil society organizations, many ethnic groups feature strong internal structures. Traditional leaders are respected decision-making authorities in many ethnic groups.

As mentioned in several sections above, the most influential civil society actors are the churches in South Sudan. Church leaders are highly respected because they have been the only civil authority during the civil war. Their authority on the local level still surpasses that of political leaders.

Violent conflict persists in South Sudan. Even after the Comprehensive Peace Agreement in 2005, violent conflicts between Sudan and South Sudan flare up repeatedly at the border with both armies acting as aggressors. Each side offers support to anti-government rebel groups across the border – the most common way of triggering conflict.

Internal conflict within South Sudanese territory occurs in various forms. For one, there are several armed groups headed by former army officers who defected with their loyal troops and now challenge the state in remote regions. Often their campaigns aim at achieving high-ranking posts in the official army. Another form of conflict occurs between neighboring ethnic groups over claims to resources. In this regard, so-called cattle raids are a widespread phenomenon. The attacking group aims to stealing hundreds to thousands of cattle from neighboring tribes. One feature that all conflicts have in common is the extreme violence inflicted on the civilian population, particularly against women and children. With regard to conflict resolution, it has suffered dramatically from the civil war. Traditional conflict resolution through elders and traditional leaders has been superseded by young armed men in a number of regions.

Conflict intensity

7

II. Management Performance

14 | Steering Capability

With technical and financial assistance from development partners (most notably the Multi-Donor Trust Fund), the government's strategic planning capacity has improved in the last years. International donors support the government's prime objective of achieving stability, consolidating the state and connecting it with the citizens of South Sudan. The government's strategic priorities are summarized in the South Sudan Development Plan 2011 – 2013 and comprise four key areas: (1) governance, (2) economic development, (3) social and human development and (4) conflict prevention and security.

Effectively, the government's prime concern is security, which is an essential precondition for economic development. South Sudan experiences security problems in many regions. The security strategies differ by region and type of challenge. Jonglei's David Yau Yau rebellion, for instance, was suppressed by a military

Question
Score

Prioritization

3

offensive. Some renegade SPLA officers and troops have been coopted. The LRA problem in Western Equatoria has been largely ignored by the security apparatus.

Developing formal institutions that can deliver basic public services will be a long-term challenge in South Sudan. Education and access to health care are mostly provided by humanitarian or faith-based NGOs. Since the CPA, the government has slowly taken over basic services from NGOs, but service quality is at times extremely poor. Lack of medicine and trained staff are the most prevalent issues in the health sector.

Above all, the government's ability to attract and develop a skilled and educated workforce in the public and private sector will constitute a major determinant of success.

The government faces enormous challenges in achieving its strategic priorities. One particular obstacle in public service delivery is the low level of institutional capacity at the subnational level. The federal governance strategy provides for the establishment of formal institutions from the national level, to the state and county level, down to the village level. In practice, institutions at the national level are slowly developing planning capacity. At the policy implementing levels, i.e. the state, county and village level, institutions basically lack the financial resources and skilled personnel. These constraints largely hamper the state's ability to deliver basic services to its citizens.

Implementation
3

There is growing awareness among international donors and the government on the need to develop institutional capacity at the subnational level. Basic training (e.g., office software, communication) for civil servants at the state level has been launched in 2012. Skills training for the county and village level civil servants and the provision of funds will be necessary to deliver public services to the majority of the population. In the meantime, basic service delivery will significantly depend on humanitarian organizations and development partners.

Given the short existence of the country, time to learn from past policy implementation is very limited. Also, the current priorities are creating the foundation of institutional structures and processes, which will – in the future – serve as the “hardware” to implement policies and deliver public services (“software”).

Policy learning
4

To a large extent, the government's learning capacity depends and relies on international development partners' technical support. Particularly on the national level, support from the international community (e.g., the World Bank, the World Health Organization, development agencies) is extensive. The government receives extensive support in planning, budgeting and accounting. In general, government bodies demonstrate mixed ambitions to learn from external experts. The will and ability of government officials to adapt and use technical support varies and often

depends on the historical background of key players. Well-educated returnees are known to be more adaptable and open to external technical support.

In many other fields, such as infrastructure, construction, electricity, health care and education, the government lacks educated personnel to incorporate technical support.

15 | Resource Efficiency

As is typical in nascent democracies, mismanagement and corruption are major concerns in South Sudan, with huge sums stolen from state coffers. In an open letter, President Kiir urged all state personnel to return any stolen funds. However, only a few million dollars were returned out of billions. Due to its oil revenue South Sudan is comparatively well-off compared to its neighboring countries. South Sudan's GDP per capita was \$1,546 in 2010/11, which is high compared to the sub-Saharan African average. However, most of the state's revenue is either used up by the costly federal system, the military or stolen by corrupt officials. Jobs within the government at federal and state level are handed out within clientelistic networks and usually not according to merit, which clearly compromises the ability of state institutions to work efficiently.

Efficient use of assets

2

The national government has the budget authority within the country and distributes funds to the subnational entities. However, it is not clear how much of the national budget actually goes into basic public services such as health, education and infrastructure. Consequently, international donors are extremely concerned about the level of corruption.

The central bank published its first GDP figures in mid-2012. Although official figures for the GDP of 2011/12 are not available yet, the Economist Intelligence Unit estimates that the GDP fell by 55% in 2012 due to the shutdown in oil production. In the meantime, the government has tried to manage budget constraints by increasing taxes on alcohol and tobacco, increasing gold production and laying off public employees.

The government has a plethora of challenges to deal with, notably institutional capacity building, security provision and economic development – areas that are mutually interdependent. In principle, the government appears to be aiming at tackling all three, but in practice, the ruling SPLM lacks skilled staff in senior positions to implement formulated strategies. For instance, one particularly striking deficiency is how human rights abuses by the army are disregarded under the banner of national security. This was the case during civil disarmament programs in Jonglei state where the army was accused of widespread human rights violations. While the initiative of a civil disarmament program in Jonglei was long overdue, the actual implementation was accompanied by killings, rape and torture of civilians by security

Policy coordination

3

personnel. The government has not shown any will to investigate the incidents and charge the perpetrators. In an interview the Human Rights Commission said it lacked the logistical support and funds to do an assessment on the ground. This example shows the conflict between security and human rights.

With regard to safeguards to control corruption and mismanagement, they are not effective. Lack of transparency, accountability and clientelistic networks are key factors that hamper the fight against corruption.

It should be noted that South Sudan is still a fledging nation, and the creation of a state is a slow, arduous process. Therefore, such problems are not surprising, and state functionality will likely improve with time.

While certainly not every government official is corrupt in South Sudan, corruption, mismanagement and the embezzlement of public funds are endemic and pervade all levels of government. While police officers and army personnel may openly ask for bribes at road blocks, ministers and government officials have other methods at their disposal. In some cases, staff payroll may be faked. In others, the management of public tenders is fraudulent. Government attempts to combat corruption have certainly not been successful so far. Although an anti-corruption commission has been established, the commission lacks the resources and political influence to fulfill its mandate. In June 2012, President Salva Kiir addressed several dozen current and former government officials and called on them to return stolen public funds worth some \$4 billion. As mentioned above, only a few million were returned. Analyses and reports on the government's ambitions to fight corruption are mixed. While some argue that President Kiir's public appeal to officials to return stolen funds was merely a PR campaign, others are more convinced that the government will take serious steps to fight corruption.

Anti-corruption
policy
2

16 | Consensus-Building

Officially, there is strong consensus among the major political actors on democracy and market economy as long-term objectives. Yet political reforms and policymaking are regularly hampered by various setbacks such as violent conflict, corruption cases and rumors of coup d'états. Still, considering South Sudan's history of civil war and underdevelopment, progress over the last few years has been substantial.

Consensus on goals
6

The major impediment to moving forward on these objectives is that political power still remains within the SPLM's elite network. The internal functioning of these networks remains opaque. The SPLM's prime interest is to remain the dominant party in South Sudan and to win the upcoming elections in 2015. In this regard, the SPLM subordinates principles of democracy and market economy to political power. While many hoped that educated members of the diaspora, returning after years abroad,

would substantially push the country's development toward democracy and a market economy, this prediction was only partly realized. So far the majority of returnees are not significantly better equipped with education and skills than the rest of the population. The country would strongly benefit from an increasing number of well-educated South Sudanese returnees to work in the public and private sector.

Generally speaking, major actors in the government, the opposition and in the private sector are strongly oriented toward democracy. However, there a number of politico-military figures started rebellions against the state, namely George Athor (killed), Peter Gadet and David Yau Yau. The purported reason for their uprising was to fight corruption and incompetence, and to bring down the dominance by the ethnic Dinka. In fact, their primary goal was to increase their bargaining power in negotiating posts in the national army. The government's strategy is to fight rebellions where possible, but also to coopt leaders. A main problem with the latter approach is that it creates incentives for new rebel leaders to emerge, as rebelling increases one's chances of receiving a lucrative post.

Anti-democratic
actors

6

Cleavages within South Sudan form along ethnic lines. The government does a relatively poor job of addressing and reconciling these divides. In fact, the government, too, is divided along ethnic lines. The largest ethnic group, the Dinka, see themselves as represented by President Kiir, and the second largest ethnic group, the Nuer, are represented by Vice-President Machar. There were rumors of a coup d'état during summer and fall of 2012.

Cleavage /
conflict
management

3

Apart from the dominant ethnic groups' struggle for influence, cleavage-driven conflicts are ongoing in many of South Sudan's states. Conflicts in the rural areas are often about access to resources, for instance grazing land for cattle. Local politicians, police officers and other opinion leaders often use ethnic identity as a mobilization tool to collectively organize armed movements, exacerbating the mistrust between groups.

Peace and reconciliation between ethnic groups in conflict is primarily facilitated through the churches. The churches are active in organizing local peace conferences between warring ethnic groups.

Civil society organizations are proliferating in Juba. Many are active in the development field and the government welcomes their contributions. Civil society groups in the field of human rights and the media revealed that they are involved in public hearings of legislative drafts and are providing their input to other committees. However, to what degree these organizations will be able to influence political processes remains unclear. Looking back at the run-up to the elections in 2010, the government censored the media and intimidated journalists who criticized the government.

Civil society
participation

4

South Sudan has an extremely violent past not only with Sudan, but also between ethnic groups in South Sudan. However, the political leadership has not addressed the resulting psychological scars and injustices. Given the collective experience of suffering, opinion leaders sometimes portray the South Sudanese society as a society in collective trauma. The church is the only major institution in South Sudan that has addressed psychological scars and injustices. The church has been applying the people-to-people peace process, a reconciliation initiative that involves large numbers of two warring parties and is considered the counterpart to high-level political peace agreements.

Reconciliation
4

After the signing of the CPA, a large number of international agencies and NGOs were deployed in South Sudan to engage in peace and reconciliation work in the communities.

17 | International Cooperation

With the technical and financial support of development partners (e.g., Multi-Donor Trust Fund, the World Bank) the government has been able to improve its strategic and planning capacity at the national level. The South Sudan Development Plan 2011 – 2013 outlines the strategy to improve human and economic development. The strategic objectives are (1) to improve governance capacity, (2) to develop the economy and improve livelihoods, (3) to improve and expand education and access to health care and (4) to improve security and deepen peace building. The major constraint in all these areas is that there is little to build on in terms of infrastructure and human resources. In general, foreign development consultants help draft strategy papers and guidelines, and carry out evaluations. However, foreign consultants are not the ones to implement programs. The government has a plethora of international consultants and the will to use their knowledge. What it does lack in the human resources capacity to understand and implement macro strategies into public services, which benefit the local population.

Effective use of
support
6

The government of South Sudan is still in the process of consolidating itself and finding its position and prime partners in the international community. After the signing of the Comprehensive Peace Agreement in 2005, the government of South Sudan received plenty of attention and support from a wide spectrum of international partners. International partners had very high expectations that the former rebel movement would quickly transform itself into a political party and set up nation-state structures. The government learned how to deal with international donor countries' expectations in order to ensure continuing normative and financial support.

Credibility
2

In recent years, the international donor community increasingly complained about the government's lack of commitment towards democratic values. Growing

corruption and mismanagement has resulted in widespread criticism from development partners, hampering the government's credibility.

South Sudan has positive political relations with its southern neighboring countries, which is strengthened by Kenyan and Ugandan companies heavily investing in Juba, as well as strong trade relations with Uganda. The relationship with Sudan is strained. The major contested topics are disagreement over the use of the oil pipeline through the North, accusations of mutual support of rebel movements and a dispute over border demarcation. There is little hope that relations with Sudan will substantially improve in the coming years, as the political leadership in both Khartoum and Juba are unable to find pragmatic solutions for the sake of their countries' development.

South Sudan's application for membership in the East African Community (EAC) was deferred in December 2012. The EAC is a regional intergovernmental organization that aims to deepen political and economic integration. Observers assume that South Sudan's periodic clashes with Sudan are a major reason for the deferment of EAC membership.

Regional
cooperation
5

Strategic Outlook

The relationship with Sudan will have a large impact on South Sudan's short- and midterm outlook. Although South Sudan gained independence in July 2011, major issues with Sudan remain unsolved, particularly border demarcation and the referendum in the disputed Abyei region. There is little hope that border issues will be solved in the short- or midterm. Another dispute concerns transport fees for South Sudanese oil to Port Sudan. Representatives of Sudan and South Sudan were reported to have found an agreement on transport fees, but additional conditions regarding South Sudan's alleged support of rebels in Sudan has protracted negotiations. Therefore, it is unclear when oil production will resume. Due to the shutdown of oil production, South Sudan lacks funds to start investing in key development areas, namely infrastructure, education, health, food production and security. The relationship with Sudan will also have immediate consequences for the resumption of trade. This will decrease prices in the northern states of South Sudan, which largely depends on imports from Sudan.

The political leadership of Sudan and South Sudan urgently need to form a constructive relationship. The future development of both countries depends on this. Not only is cooperation between the two nations necessary to settle open disputes, but also to be better prepared to foster future trade relations between the countries.

Democratic transformation will largely depend on how the political and military elite deal with the emerging civil society and new political parties. There is growing discontent among ordinary South Sudanese with the performance of the government. Not all, but scores of government officials are facing accusations of corruption and incompetence. Large numbers of the better-educated diaspora, who received education in Uganda, Kenya and Sudan, have returned to South Sudan in recent years. These returnees can thoroughly contribute to development. However, this will depend on whether the ruling elite allow these young citizens to contribute to building the country, or whether the elite will choose to sideline the future generation.

The political and military elite urgently need to loosen their tense grip on power and allow political competition in order to lessen social unrest and intra-state conflict, and lay the groundwork for social and economic development.

Stability and peace largely hinges on the government's handling of ongoing rebellions in the peripheral areas. The northern and eastern regions of South Sudan have suffered from years of interethnic violence over resources. In recent years, violence against civilians in these regions has been extreme.

Internal peace and security will also be influenced by the churches and traditional leaders. The churches enjoy plenty of authority and credibility within South Sudan because they stood by the

people for decades and provided refuge and relief during the civil war. Local peace initiatives by the churches have often been a success story in supporting reconciliation between ethnic groups.

With regard to development, Jonglei state and Upper Nile state have received particularly little development assistance since the signing of the Comprehensive Peace Agreement. Large areas of Jonglei state remain inaccessible by road during the rainy season and state institutions are limited to the few major settlements. The rest of the region remains a stateless territory and is thus conducive to rebellions. Development initiatives in these regions are thus needed to provide people with basic services and discourage further unrest.

The political leadership on the national and state level, as well as the army and the U.N. missions (UNMISS and UNISFA) need to improve their strategies and strengthen their operational capacities in order to provide better security to civilians. Improved security and economic development are vital prerequisites for peace in South Sudan's troubled regions.