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South Sudan's emergency state[1]

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Executive summary

Monday July 9th 2012 marked South Sudan's first anniversary as an independent state. But one year down the road, what is there to celebrate for this newborn polity? Faced with political instability and enduring external and domestic threats to its security, the nascent state of South Sudan has evolved into a patronage and crisis management tool for the ruling elite, putting the benefits of governance well beyond the reach of the majority of the population.

There is little doubt that continuing conflict with Sudan, extreme underdevelopment and dependence on oil revenues will ensure that South Sudan remains a state in emergency for years to come. In many ways the characteristics and uses of this emergency dominate domestic political calculus. Essential institutional reforms have been postponed, as has any real democratic opening. Until a measure of calm in South Sudan's relations with Sudan is achieved, donors will have to look for areas of engagement where their objectives do not interfere with the short-term interests of a government that subsists on a war footing. In this regard South Sudan's decision to suspend oil production and the subsequent need to generate alternative revenues may offer new opportunities.

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Introduction

To date, there have been relatively few deliberations on the future of the state in South Sudan in the domain of policy research.[2] The most obvious reason is that the country only very recently acquired formal statehood. The 2005 Comprehensive Peace Agreement (CPA) officially concluded 22 years of North-South war, and granted the South far-reaching autonomy and the right to self-determination after a six-year interim period. In a plebiscite held in January 2011 an overwhelming majority of southerners voted to break away from Sudan and found their own state; their desire was enacted six months later.

Prior to independence, political space to debate the option of secession and its implications for governance and development in the South was limited. The signatories of the CPA had pledged their commitment to the unity of Sudan, making it difficult to anticipate and explore any other scenario without risking derailing the process. Thus, captive to a limited horizon of political futures and preoccupied with more immediate security crises in the wake of a shaky peace deal, donors and experts working on South Sudan largely avoided scrutinising the nature of and prospects for the territory's nascent system of governance.

Ahead of Sudan's division, fundamental questions about how the world's newest sovereign polity would take shape started to surface. Following their break-up, however, Sudan and South Sudan quickly moved to the brink of a new war, which yet again forestalled this debate. In an effort to move beyond the focus on the immediate threat of large-scale conflict, this report explores what type of state can realistically be expected to materialise in South Sudan in the short and medium term, given existing political economy and security constraints. It also discusses what this assessment implies for donor engagement.

2 Some notable exceptions to the general silence on contemporary dilemmas of statebuilding in South Sudan include Lacher (2012), Schomerus and Allen (2010), and a recent series of reports by the United States Institute of Peace (USIP, 2011).

South Sudan's lack of everything

The fervent celebrations and outpouring of relief that accompanied South Sudan's independence on July 9th 2011 testify to the extent of the South's troubled past. The southern part of Sudan, like other peripheral areas in Sudan, had historically been neglected or marginalised by successive administrations in Khartoum, the country's capital. Two rounds of brutal civil war were rooted in subsequent political and socio-economic disparities and, from the early 1980s onwards, linked to access to oilfields discovered along the current Sudan-South Sudan border region. These wars spanned nearly four decades, the latest of which cost the lives of around 1.5-2 million people and devastated South Sudan.[3]

Following the signing of the CPA, the former rebel leaders of the Sudan People's Liberation Movement/Army (SPLM/A) were faced with the task of implementing peace across a territory roughly the size of France that had enjoyed little or no modern development since the outbreak of war.[4] At the start of this interim period, formal political and administrative structures in South Sudan were either weak or non-existent. The SPLM had gained only modest governing experience during the war and now had to change gears to oversee a civilian population rather than a military apparatus. Its armed wing, designed to wage guerrilla warfare, had to be transformed into a regular army, while a professional police and law enforcement sector needed to be built from scratch. South Sudan's infrastructure network was poorly maintained and restricted to only a few urban centres and its approximately eight million inhabitants lacked access to even the most basic social services.

Due to its subsistence economy, the country was devoid of any notable market activity and less than 1% of land suitable for farming was under cultivation. To add to its woes, the signing of the CPA had triggered the immediate return of hundreds of thousands of internally displaced

3 For the most authoritative account of the origins of Sudan's civil wars, see Johnson (2003).

4 In 2004 the World Bank and the United Nations established the Joint Assessment Mission to conduct a year-long post-conflict needs assessment. See UN (2005).

people and refugees to their former homes, placing an additional burden on the already stretched resources of recipient communities.

After the CPA: a new start for old adversaries

In the eyes of most donor and aid organisations, the CPA interim period was perceived as a six-year window in which they could kick-start post-conflict reconstruction and support the authorities of South Sudan in tackling their development challenges. However, the political leaders that assembled as the newly formed, SPLM-dominated Government of Southern Sudan (GoSS) had other, more immediate concerns.

Unable to trust that the mere act of signing a peace deal had ended North-South hostilities once and for all – a legacy of previous experiences with agreements that had been broken – the GoSS approached the interim period essentially as a lull in fighting. Ensuring that the Khartoum government would not renege on the promise of a referendum for the South became the key objective. At the same time, the GoSS needed to be prepared for a return to war if events took a turn for the worse. For both reasons, South Sudan's perceived priority was to be able to act in unity.

Yet recent history had shown that southern unity was far from guaranteed. The GoSS inherited a fragmented region and was itself deeply divided as it started to take up its governance responsibilities. Throughout the 1983-2005 war relations among southern elites had been seriously damaged by disagreements over whether to pursue a unionist or secessionist agenda; accusations of authoritarian leadership; and a perception of favouritism towards the Dinka, the South's largest tribe, to which SPLM/A chief John Garang belonged. Revolts against the SPLA by groups belonging to South Sudan's second-largest tribe, the Nuer, and settled farming communities in the Equatoria region both manifested and exacerbated these divisions. Notably, in 1991 some high-ranking SPLA commanders broke away to form armed opposition movements, many of which were subsequently adopted by the Khartoum government to serve as proxy forces (Young, 2006). Thus, during much of the period that is often depicted as a North-South conflict, the South Sudanese were in fact embroiled in vicious infighting among themselves.

A number of its most senior dissidents, including South Sudan's incumbent vice-president, were reconciled with the SPLM/A in the run-up to the establishment of the CPA. Following its installation in July 2005, the GoSS embarked on a mission to repair the remaining rifts. Under the leadership of President Salva Kiir, who succeeded John Garang after the latter's death in a helicopter crash, a tacit consensus among the different southern factions was born. If they were to manage the interim period effectively and deliver the referendum, they had to close ranks. In retrospect, South Sudan's political elites have been quite successful in containing internal divisions and quelling potential opposition in the volatile early post-war years. For this they eventually received the ultimate reward: an independent state.

Governance in the interim period: divvying up the spoils

However, the South's unity came with a price tag. The embryonic institutions of South Sudan's state have developed into fully fledged instruments of patronage. Scores of political positions were given in reward or created for those in need of accommodation and co-optation, including the incorporation of past insurgent militias into the SPLA. While crucial in building the desired measure of post-conflict stability, the focus on establishing and maintaining inclusive elite buy-in has resulted in bloated and largely dysfunctional civil and security services, the salary costs of which are estimated to account for around 40% of the country's budget. These practices have also fostered a centralising trend in South Sudanese politics, with the GoSS keeping a tight grip on all levels of decision-making. It was no surprise that South Sudan's new constitution, which came into force after independence, allocated considerable power to the president and the national government at the cost of parliamentarians, regional administrations and traditional authorities. At the same time, the emphasis on the country's unity and preparations for future military confrontations

with Sudan has drawn attention and funds away from much-needed development efforts.

Hence, one could argue that South Sudan's state has become the private property of its dominant political class, putting the business of governance and the benefits it generates well beyond the reach of the vast majority of citizens. Meanwhile, donors were slow in realising that political consensus in South Sudan could not be taken for granted. Seemingly insensitive to the fact that they were dealing with a government in survival mode and encouraged by a peace deal that allowed for "neutral" interventions only (i.e. which did not envisage the South's independence), they took a predominantly technical approach to statebuilding and focused their support on strengthening the executive capacity of the GoSS. The prevalent assumption was that the GoSS would then use this capacity to expand its territorial footprint beyond the capital city of Juba and start delivering basic services to the South Sudanese population.

Unsurprisingly, the outcomes of this strategy have been disappointing. Despite over $8 billion of donor investments following the signing of the CPA, including contributions to a United Nations (UN)-led peacekeeping operation, relatively few tangible gains in addressing South Sudan's development challenges were made in the six-year interim period leading up to its independence (Bennett et al., 2010).

The post-independence hang-over and the threat of war

The initial excitement over South Sudan's sovereign status quickly faded as the enormous task ahead for the new Government of the Republic of South Sudan (GRSS) became apparent. The self-determination referendum was one of the few CPA provisions that had been implemented in time and in full. As a result Sudan and South Sudan still have to resolve many outstanding issues before they can formally close the chapter on their partition.

For a long time, a tentative deal that would ensure free movement and residency rights for their respective nationals was a rare highlight during ongoing African Union-led negotiations in Addis Ababa, Ethiopia. Agreement on other issues, including the demarcation of the Sudan-South Sudan border and the division of the national debt of close to $40 billion, remains elusive. Talks on the status of Abyei are also deadlocked. This contested border region has repeatedly been the scene of violent Sudan-South Sudan clashes and again took the spotlight after a referendum on whether it would remain part of Sudan or join South Sudan was cancelled due to irreconcilable views on who was eligible to vote. Although the conflict in Abyei was once essentially about local land rights and access to grazing grounds, it has gradually become part of a larger strategic contest and represents a bargaining chip in ongoing negotiations over the most incendiary post-CPA dispute – oil.

With nearly the entire oil infrastructure based in Sudan, while around 75% of the active oilfields are located in South Sudan, both parties are condemned to work together if they wish to maximise the profits from the resource wealth of their border regions. But talks over fees for using Sudan's pipeline, refineries and port have proved excruciating. Frustrated with the lack of progress in talks in Addis Ababa and outraged after the Khartoum government illicitly diverted a share of the crude supply, the GRSS decided to suspend all oil production in January 2012. While plunging its northern neighbour deeper into a political and economic crisis, this move has had equally far-reaching repercussions for South Sudan, given that oil revenues constitute 97% of the government's budget. Following the shutdown, the GRSS now has to find a way to make up for a monthly loss of $650 million (De Waal, 2012).

Under immense international pressure, the parties reached an understanding over oil payments on August 3rd 2012, the details of which were still unclear at the time of writing. Although a welcome sign of progress after months of tension, during which negotiations had come to a near-total standstill, it would nevertheless be premature to assign too much significance to the deal, given that its implementation will largely depend on the outcome of further talks on Abyei, border security and demarcation, and other remaining post-CPA issues, which are expected to be resumed towards the end of August 2012.

The outbreak of war in the border area has gravely complicated these talks from the very beginning. In South Kordofan and Blue Nile, two Sudanese states bordering on South Sudan, large parts of the population rallied behind John Garang's agenda to emancipate the country's marginalised peripheries and fought alongside the SPLA during the 1983-2005 civil war. Ahead of Sudan's division, the leaders of this northern section of the SPLM/A ignored an ultimatum to disarm and withdraw, after which the Khartoum government launched military operations in June 2011.

Fighting in the border area has since been a constant and has drawn in South Sudan's army. Although some of Sudan's and South Sudan's tit-for-tat shows of force can be regarded as strategic posturing during the post-CPA negotiations, the risk of miscalculation and localised conflicts spiralling out of control is ever present. The hostilities along the border are disastrous for the affected communities, with an estimated 100,000 people from South Kordofan and Blue Nile fleeing their homes since mid-2011 and inadequate humanitarian access being available to those in need. All-out warfare between Sudan and South Sudan would be extremely costly and is in neither party's long-term interest. Nevertheless, it is impossible to rule out the possibility altogether, if only because of existing levels of mutual resentment, the limits to the respective leaderships' ability to manage current conflict dynamics, and the personal agendas of the political actors involved.

Trouble at home

Besides having to manage the separation from Sudan, the GRSS is struggling to monopolise the use of force and maintain order at home. Decades of war soured intercommunal relations, damaged the effectiveness of traditional conflict resolution mechanisms, and confused roles and responsibilities in dealing with violence within and between communities. This in turn gave way to local clashes over cattle, land and political space that have claimed thousands of lives and displaced many thousands more since the referendum (Schomerus & Allen, 2010). In addition, a number of SPLM/A breakaway groups took up arms against the GRSS in a process that was partly instigated by the flawed elections of April 2010, which unsurprisingly fuelled discontent among unsuccessful candidates (Hemmer, 2009). Sporadic attacks by irregular armed groups, and armed robberies and gang-related violence in and around cities add to a general atmosphere of insecurity.[5]

It has long been recognised that the SPLA – renamed the South Sudan Armed Forces (SSAF) following independence – is incapable of remedying this unsafe environment and direly needs reform beyond trying to match its military capabilities with those of Sudan. Despite certain improvements since 2005 the army still largely resembles a patchwork of militias. The resulting deficiencies in the system of command and control help explain the reluctance of the GRSS to employ the SSAF when groups of different tribal origins clash (LeBrun & Mc Evoy, 2010).

However, any attempt to professionalise the army will have to entail a significant reduction in the current number of around 250,000 troops. In the absence of private sector jobs or other livelihood alternatives for former combatants, any such downsizing will meet resistance. Similarly, it will be hard to reform the SSAF without alienating some of its roughly 800 generals, including powerful individuals with evident spoiler potential in future dealings with Sudan or domestic governance. In any case, given existing tensions with Sudan, the GRSS will certainly reject any reform that risks weakening its fighting capabilities in the short term. Meanwhile, efforts to set up an effective police force are still in an infant stage, while campaigns aimed at disarming civilians have generally shown themselves to be counterproductive due to communal mistrust of the government's willingness and ability to safeguard the security of those who agree to hand in their weapons.

5 The Sudan Human Security Baseline Assessment and Saferworld's monthly ''South Sudan Monitor'' provide useful updates on South Sudan's dynamics of insecurity: <http://www.smallarmssurveysudan.org/index.html> and <http://www.saferworld.org.uk/where/sudan>.

Enmity, economy and prospects for governance

South Sudan's state structures appear to have emerged by default rather than by intentional design. Today, these structures primarily serve the necessary but narrow objectives of consolidating an elite settlement and maintaining a military apparatus that can effectively deal with external security threats. The longevity of this system of governance primarily depends on two factors: South Sudan's tense relationship with Sudan and the ability of the GRSS to pay the bills of patronage.

It is safe to assume that South Sudan's relationship with the Khartoum government will continue to be volatile in every conceivable scenario in the short to medium term. This has profound implications for the prospects for governance in the coming years. The existence of an antagonistic neighbour will probably serve to justify a policy in which keeping Sudan in check takes precedence over generating development and providing security domestically. It will also reduce incentives for genuine political pluralism outside the realm of existing SPLM structures. In times of perpetual crisis, South Sudan's ruling class is unlikely to open up political space at the risk of disturbing inter-elite harmony or hampering rapid decision-making. Instead, the GRSS can be expected to adopt a political and rhetorical approach that sustains the notion of a common enemy as a means to try and foster a sense of national unity among its divided population while in the process forestalling any meaningful governance reforms.

Oil has served as the principal glue in uniting South Sudan's fractured political establishment and has enabled the GRSS to maintain the umbrella role for the new nation state that it worked hard to acquire. This highlights just how risky the recent oil shutdown is: with its budget drying up rapidly and the tentative fee agreement reached in August 2012 offering no guarantees that oil production and exports will in fact resume any time soon, it remains to be seen if and how the GRSS will manage to sustain the patronage system holding together the factions in domestic political life.[6] In the light of impending, inevitably ferocious austerity measures, forthcoming general elections – tentatively scheduled for 2015 – may prove to be a real test of resilience for South Sudan's elite settlement.

For the population, the decision to halt oil production thwarted any expectation that South Sudan's independence will quickly translate into improvements in their daily lives. In January 2012 the GRSS announced that service delivery and planned development activities will be put on hold for at least 30 months. Layoffs and salary cuts within South Sudan's civil and security services may be difficult to avoid, despite early reassurances to the contrary, while the UN has warned that shifting government priorities following the freezing of oil production could worsen existing levels of food insecurity (Christian, 2012).

At present, South Sudan is exploring alternative export routes for its oil so as to lessen its dependence on Sudanese pipelines, which it perceives as a de facto hostage situation. One option under consideration is the construction of a pipeline, road and railway from Juba to the coastal city of Lamu in north-eastern Kenya. However, many observers question the viability of a Lamu corridor, given predictions about sharply diminishing oil supplies, a lack of progress in the search for new fields and more general regional security concerns (see Reuters, 2012a).

In any case, new arrangements will take time to materialise, while more immediate alternative sources of income are scarce. The abundance of oil revenues in the early post-war years allowed South Sudan's leaders to disregard other opportunities for raising revenues, such as capitalising on the country's agricultural potential or seriously investing in private sector development. With fiscal reserves estimated to last only until October 2012 at the latest, the World Bank has warned that South Sudan's economy is close to collapse.[7] The imminence of a new war with Sudan may not suffice as a source of national unity when faced with the centrifugal forces that

6 For more on the marketplace logic in terms of which the politics of South Sudan appears to be organised, see De Waal (2009; 2012).

7 See the March 1st briefing by Marcelo Giugale, World Bank director of economic policy and poverty: <http://www.foreignpolicy.com/files/wb-briefing-on-ss.pdf>. This confidential memo was first published by the *Sudan Tribune*.

will come into play when South Sudan runs out of cash. Hence, less than a year after coming into existence, the newly independent state could well be on the verge of a new round of social and political fragmentation.

The donor agenda: beyond managing emergencies

Even in the most optimistic scenario for its future governance, South Sudan will remain a state in emergency for years to come. For its leaders, dealing with the crisis with Sudan and containing threats to its security and economic stability at home will dominate political calculus. But what might this mean for members of the international community who pledged to help the South Sudanese to build their country upon acquiring independence a year ago? A recent report aptly observes that in South Sudan "short-term crisis management consumes the resources required for long-term stability, and clientelism impedes the development of effective structures", and that in this environment "the pre-conditions for successful statebuilding as understood by the donor community are simply absent" (Lacher, 2012: 32). This lack of a playing field that is conducive to donor engagement should serve as a clear warning against ambitious, large-scale exercises aimed at "constructing" or "fixing" the state of South Sudan. For at least as long as South Sudan's de jure status of a post-conflict country has not translated into reality, a degree of pragmatism and prudence on the part of donors are to be recommended.

This is not to say that external actors have no role to play. Ongoing support to current mediation efforts between the two Sudans is essential to prevent further escalation and lay the groundwork for their future co-existence. While the prospects at present for a durable cessation of hostilities appear rather bleak, a measure of calm in South Sudan's relations with Sudan is a necessary requirement for any structural improvements in the former's governance. Until this is achieved, donors will have few other options than to look for areas of intervention where their objectives do not interfere or collide with the short-term interests of a government that subsists on a war footing.

The oil shutdown has created new incentives for South Sudan to diversify its economy, which may therefore be an example of a promising domain for engagement: developing and expanding the country's agricultural sector offer the prospect of enormous benefits to the nation's welfare. Ideally, increased agricultural production will not only enhance food security, but also generate jobs, of paramount importance in a country where over 70% of the population is under the age of 30. In addition, the need to drastically cut government spendings may prompt steps towards improving South Sudan's tax collection system (Benson, 2011). Similarly, fiscal constraints may possibly lead to enhanced efforts to reduce corruption and improve financial oversight.[8] These are developments that donors could encourage and support, although South Sudan's logic of patronage sets a clear limit to the extent to which the exploitation of public funds for private purposes, which is currently a widespread phenomenon, can be mitigated.

Of more immediate concern are the potential hardships and basic shortages following impending austerity measures. The decision to halt the production of oil has put the donor community in a very uncomfortable position. On the one hand, donors will be reluctant to be blackmailed into bridging the resulting fiscal and service delivery gap, a response that the GRSS apparently anticipated. Yet while donors reportedly feel that South Sudan is stretching international goodwill too far and are angered by what they perceive as irresponsible behaviour on the part of the country's leaders, it is difficult to imagine that they will merely stand by and watch the South Sudanese people bear the brunt of their government's strategic gambling. Perhaps symptomatic of engagement with South Sudan more generally, this is one dilemma that offers no easy solutions.

8 On May 3rd 2012 President Salva Kiir allegedly sent a letter to 75 current and former South Sudanese government officials to ask them to give back the $4 billion of public money that they have "stolen" and offered the perpetrators amnesty in return. See Reuters (2012b).

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