

Looking Back to Chart a “New Political Path” toward a Prosperous and Democratic South Sudan

A Keynote Speech to the Political Parties Leadership Forum during the “Democracy Dialogue”
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All the political parties’ representatives present,

Ladies and gentlemen

Good afternoon.

On behalf of the Ebony Center for Strategic Studies, I extend our profound appreciation to the International Republican Institute for inviting us to share our independent observations and research insights with participants on creating stronger, prosperous and democratic South Sudan.

As a roadmap, I outline my talk as follows:

- ❖ Characterizing Phase I: 2005-2013;
- ❖ Lessons for Phase II: 2014- Future;
- ❖ What Political Parties Can Do to an Average Junubi;
- ❖ What Political Parties Can Do to Govern; and
- ❖ Concluding Remarks.

What happened in December 2013, ladies and gentlemen, was horrible. Many lives were innocently lost, about 1.5 million people displaced and more will face severe hunger in 2015 if peace does not come on time.¹ Already, South Sudan has deplorably squandered the international goodwill it had accumulated over the years as the victim of Khartoum repressive policies.²

¹ IPC [Integrated Food Security Phase Classification]. (2014). Technical Release: Integrated Food Security Phase Classification. Republic of South Sudan, July 2014.

² The idea that South Sudan is a young country starting from “scratch” has become our daily bread, so much that it is ingrained in our psyche that we seemed to have proverbially refused to grow into supposed adults.

While a full recital of the past political developments and consequences of what many consider a “senseless war,” is unnecessary, I would like to argue that post-CPA South Sudan history can be categorized and critically analyzed in two major phases. Let us assume that Phase I runs from 2005 through 2013 while Phase II begins from 2014 and beyond. Therefore, I like to humbly submit to you that we can learn lessons from Phase I and if aptly applied, Phase II can be an opportunity to enhance livelihoods, advance democracy, and usher in an era of good governance.

Phase I is what I call “Euphoria Phase.” It was characterized by happiness, honeymoon feelings, post-independence pride and rejection of “anything” Khartoum. However, behind the façade of elation was an emerging reality of dishonesty, double dealing, denial of hard work, and an era underwritten with huge quantities of cheap and easy oil money. Put differently, South Sudan was like an adolescent who imagines being invincible, full of promises, of bright yet unrealistic ideas, and prone to live dangerously without regard to future. It is like Michael Jackson, Justin Bieber, and all those teenage wonders that get more money than they can manage or spend wisely.

Generally speaking, I believe in a certain school of thought that contends that economics and politics are intertwined because political decisions have bearing on economic outcomes such as redistributive effects and economics affects political decision-making. Simply stated, causality runs both ways.

Judged from this angle, certain distinct themes emerge from Phase I: reward of bad behavior, economic mismanagement, skill mismatch and fiscal indiscipline.³ These characteristics of Phase I did not auger well with the democratic ideals and sound economic governance expected to improve standard of living. Let us elaborate on each of these four features of Phase I:

First, many believe that the Big Tent philosophy (BTP) bought peace at the expense of encouraging more rebellions because there were gains to be made from revolting against the state. Rewarding bad behavior has, for example, proven to be an expensive project in terms of hotel accommodation, and salaries for more amnesty-granted generals, contributing to accumulation of government arrears estimated to be SSP10 billion.⁴ As we embark on building a “New” South Sudan, political parties should weigh in on any further application of the BTP.

Second, Phase I was typified by mismanagement of national resources. It has been documented beyond doubt that South Sudan received close to \$20 billion in oil revenues from 2005 through 2014.⁵ It is now hard to conceive of a situation in which “towns have been taken to people” when

³ Audit Chamber Reports, 2005 through 2008.

⁴ Ministry of Finance and Economic Planning. (2014). Draft National Budget Plan: Financial Year 2014/2015.

⁵ Ministry of Finance and Economic Planning. (2014). The 2014/2015 Budget Speech to the National Legislature.

close to 80% of the overall budget goes to the national government and only about 20% goes to the states and counties.⁶ Rather, corruption—remembers the alleged letter to the past and present government officials—and impunity have prevailed. Culture of impunity has given way to perverse incentives. Central Bank of South Sudan (CBSS), for instance, allocates dollars to the foreign exchange bureaus to meet demand for imports in priority areas but the “green bucks” end up in the black market, fueling unproductive activities or speculative mania.

Third, we failed to listen to few of our public watchdogs such as the Audit Chamber. The Chamber has produced four documents so far and nothing substantial was done about them. Though not comparably, these failures rest squarely on all parties. The opposition political parties did little to challenge the government and the latter did little to change the course.

Fourth, fiscal indiscipline has gone on undiminished since 2005. Four issues, instead, illustrate fiscal indiscipline throughout Phase I:

- I. Ministry of Finance and Economic Planning (MoFEP) makes cash payments without supporting evidences (see Table 1).

Table 1: Lack of Supporting Evidences over Unexplained Cash Payments

Date	Voucher No	Voucher Details	Amount SDG	Amount US\$	Remarks
6/6/2005	chq 1129	(Cash withdrawal)	6,262,848	25,459	No support for this payment
7/6/2005	chq 1130	(Cash withdrawal)	3,388,000	13,772	No support for this payment
3/6/2005	chq 1125	(Cash withdrawal)	70,000	285	No support for this payment
4/10/2005	P. V.216839	Allowances	250,000	1,016	Voucher not signed by the payee
4/10/2005	P.V.216836	Allowances	450,000	1,829	duplicate signatures
4/10/2005	P. V.216836	Allowances	300,000	1,220	Voucher not signed by the payee
4/10/2005	P. V.216836	Expenses	2,500,000	10,162	Voucher not signed by the payee
4/10/2005	P.V.216836	per diems	600,000	2,439	Voucher not signed by the payee
6/2/2005	chq 721	Incentive	1,785,000	7,256	No details or narrations for the payee
6/2/2005	chq 782	Malakal medical	500,000	2,033	These are not payroll cost

⁶ Garang, James Alic. (2014). Critiquing Key Novelties and Weaknesses: A Review of South Sudan FY2014/2015 Budget. Ebony Policy Brief, August 18, p. 1-8.

19/2/2005	chq 790	(Cash withdrawal)	100,000,000	40,650	No support for this payment
1/4/2005	chq 1027	(Cash withdrawal)	1,420,000	5,772	No support for this payment
5/4/2005	chq 1031	(Cash withdrawal)	2,360,000	9,593	No support for this payment
5/4/2005	chq 1032	(Cash withdrawal)	6,007,021	24,419	No support for this payment
7/4/2005	chq 1036	(Cash withdrawal)	1,000,000	4,065	No support for this payment
12/4/2005	chq 1043	(Cash withdrawal)	1,250,000	5,081	No support for this payment
29/4/2005	chq 1080	(Cash withdrawal)	4,528,121	18,407	No support for this payment
		TOTAL	42,670,990	173,459	

Source: Financial Audit Report, 2005.

II. We have also failed to raise revenues through other sources but depended solely on oil. Because non-oil revenues have not received considerable attention, they make up tiny part of the overall budget (Table 2).

Table 2: Non-Oil Tax Revenues, 2007

Collecting Ministry/agency	Description	USD
Ministry of Finance and Economic Planning	Personal Income Tax and VAT	3,193,833
Ministry of Roads	Fees and charges	485,494
Ministry of Judiciary	court fees	309,995
Ministry of Legal Affairs	license fees	143,995
Telecommunication	license fees	19,246
Ministry of Agriculture	license fees	32,087
Ministry of Commerce	license fees	21,452
Urban Water Corporation	Fees and charges	2,228
Ministry of Health	Fees and charges	15,210
Ministry of Industry and Mining	license fees	9,808
Ministry of Information	Fees and charges	1,905
Total		4,234,902

Source: Audited Report 2007

III. Some institutions tend to spend more than what was actually approved to them (Table 3).

Table 3: Magnitude of Poor Budget Execution

Government Unit	Exceeding Approved Budget by (%)	Variance (\$)
Ministry of Finance and Economic Planning	1968	106,481,812
Ministry Environment, Wildlife Conservation and Tourism	682	26,134,034
Local Government Board	672	7,077,854
Southern Sudan Relief Commission	515	25,704,414
Southern Sudan Human Rights Commission	421	707,744
Ministry of Labor, Public Service and Human Resources Development	413	17,607268
Ministry of Telecommunications and Postal Services	324	5,815,049

Source: Audit Report, 2006

Ministry of Health exemplifies distinctly the idea that some institutions are inclined to receive less than their approved budgets (see Table 4).

Table 4: Health Expenditure Performance Due to Underspending

Budget (US\$)	Expenditure (US\$)	Unspent (US\$)	Unspent (%)
82,500,000	32,554,300	49,945,670	60.5

Source: Audit 2007, p. 153

Spending line ministries continue to violate spending codes. This is another sign of fiscal indiscipline (Table 5).

Table 5: Staring Fiscal Indiscipline in the Face

The violation included:	SDG
On budget expenditure	30,840,772
Excess Transfers from MoFEP	899,862
Unbudgeted expenditure	13,811,346
Unauthorised line transfers	10,048
Unsurrendered savings at year end	567,966
Unexplained cash withdrawals	7,830,864
Double payment to retirees	552,395
Double salary payments	10,486
Unpaid salaries not accounted for	30,833

Source: Audit Report 2007 (Note: This is a failure to request for Supplementary Budget).

IV. End of the year cash accounts reconciliation were not and remain improperly done.

Largely, these problems of overspending tend to undermine budget integrity and the National Legislative Assembly Appropriations Acts. In addition to these fiscal flaws, CBSS has continuously displayed weaknesses on monetary policy front by remaining silent on several

monetary questions, not communicating speedily and clearly. It has consistently remained behind the news and when it reacts, the market is way ahead of the curve.⁷ Second, CBSS has allowed rent-seek behavior to cloud its policy intervention in the area of exchange unification.

What is needed to chart a “New Path” during Phase II in South Sudan?

Phase II must have the following elements: political will, political maturity, accountability, coherent governance, engaging the citizenry, the tax bargain, empowerment, and nation building through creation of inclusive local economy.

Having political will, for example, would ensure that a good constitution is enacted, political parties are given breathing spaces and that elections are held on time. Such will be some kind of a catalyst for effecting good governance. Leaders should come out openly and forcefully on the side of the public. Allowing the law to punish the corrupt, and putting the right skills in the right place is advantageous to all.

Second, political maturity on the part of all political parties would challenge all of us to be less militant and civil in our approach to resolving political differences. This applies to both the ruling party and the opposition parties. Instead of picking up guns to shoot ourselves into leadership position, we can strive to show maturity in seeking redress from courts or other avenue of seeking justice. Resorting to violence has characterized South Sudanese political discourse for so long and it contributed immensely to economic underdevelopment and demise of some political parties. After all, political instability, of whatever nature, is bad for economic growth as it scares the market and drives investors away.

Notwithstanding the importance of political maturity and political will, the problem is that the idea of “political parties” does not exist in South Sudan today. We have FACTIONS of liberation movement/army that have little interest in governing and every interest in claiming the liberation crown. They all cling to the popular ACROMNY (SPLM) and they append their little faction initials in the worst fashion of African post-liberation identity politics, for example, the ZANU-PF in Zimbabwe. For South Sudan, we have the SPLM-IG, SPLM-IO, SPLM-FD, SPLM-DC and other SPLM-inklings to be born.

What is more, South Sudan will not reach full maturity unless the factions drop their SPLM banners and reinvent themselves into true political parties such as:

- I. The New Democracy;
- II. The Sunrise Party;
- III. The Unity Party,
- IV. The Economic Futures Party,
- V. The People’s Party and so forth.

⁷ I always say the ghost of ambiguity and clarity continues to haunts CBSS.

Collectively, we must challenge them to leave the liberation struggle behind and evolve into coherent set of contending and competing “political parties” who tend to carry their messages out into the countryside in search of votes. Venturing into the rural South Sudan will force these parties to define what they stand for and might be a catalyst for evolving into “mature” governing possibilities, rather than historical remnants of yesterday’s lights, fights, struggles, insults and grievances.

However, what can political parties do to improve the life of an average *Junubi*?

First, political parties must push for the broadening of the tax base and diversification of the economy. More taxpayers enhance revenue collection and if the latter is well spent, it can help provide social safety net and reduce social discontentment. In other words, opposition parties should have own economic programs, ready to go.

Second, political parties should encourage CBSS to take policy stance on the Financial Inclusion Agenda.⁸ This presents a chance to increase financing for SMES—small and Medium-Sized Enterprises. After all, close to 99% of our enterprises are SMEs. They can push for removing constraint to access to finance such strengthening regulatory framework and channeling part of the oil through the banking sector and persuading the latter to engage in a targeted lending to SMEs.⁹ This policy will create more jobs, and enhance subscription fees for political parties.

In addition to what the political parties can do for the country, are there things they can do to improve their chance of winning next elections?

I would argue that political parties can do five things to increase their chances of winning elections, namely pushing for a Decent Campaign Finance Law, endeavoring to register more members to enjoy the “Tyranny of “Non-Ethnicized” Numbers.”¹⁰ They should also shun militancy as gateway to top leadership positions, rethink Multistakeholder Peace Talks in Addis (it is contradictory already when IGAD discusses interim government arrangements while Juba prepares for 2015 elections; all in the same time and space) and press for an interim government whose duration is 36 months.¹¹ An explanation for these five factors is in order.

First, elections are expensive enterprises. In an environment like ours, it is hard to raise fund locally. Therefore, all parties must work hard and push for a legislation on a decent Elections

⁸ Access to finance for all has gained traction over past few years (see World Bank, 2008).

⁹ Garang, James Alic. (2014). How to Increase Financing for SMEs in South Sudan. Ebony Policy Brief, July 7, 2014, p.1-9.

¹⁰ Ngunyi, Mutahi. (2013). The Tyranny of Numbers Hypothesis.

¹¹ Ebony/DPF, (2014). Mandating an Interim Government: The Foundation for Resilient Institutions and effective Governance in Post-Conflict South Sudan, 16 May.

Finance Law. As experience has shown, “The financing of political life is a necessity—and a problem.”¹² Financing of political party is a necessity because to compete in elections, political parties need money and the same financing of political parties are also a problem in the sense that they are source of many scandals and tragedies around the world. Take for example, the online journalist Georgi Gongadze who lost his life in Ukraine in 2008 for covering a story alleging that business oligarchies were implicated in corrupt deals involving political financing.

Second, membership is only gained for campaigning hard and registering more members. As of last month, the SPLM Party embarked on nationwide registration of its members. Other political parties are “left behind.” The question is: when will they go to the rural South Sudan and register their members?

Third, political parties should rethink their approach to **Multistakeholder Approach to Peace Talks in Addis**. Ebony Center through the Development Policy Forum—DPF—came out persuasively against this approach last July, stating that it has not worked.¹³ This paper argues that endeavoring to have an inclusive dialogue when blood is flowing is costly. To stop the war, you need warring parties to agree first then involve everyone else through the National Dialogue. It went further to propose the third step and that is an Intra-SPLM Dialogue to have some unity within the party and push for robust reform agenda.¹⁴

In conclusion, by developing a sense of political will and maturity, political parties can move this country in the positive direction. Sound management of scarce resources can ensure that the pie is increased and everyone can take a bit. By focusing on job creation, poverty reduction, delivering equity and justice for all, this approach can be a gateway to prosperity. Political parties on the other hand, can better themselves and improve their chance of winning elections by pushing for Campaign Finance Laws, registering more members, shunning militancy, rethinking current approach to peace making for South Sudan in Addis, Ethiopia and selling their own economic programs beyond Juba.

After all, it is the “Economy Stupid” that will enable any contending political party to win elections and govern.¹⁵

¹² Pinto-Duschinsky, Micahel. (2008). Financing Politics: A Global View. Journal of Finance, Vol. 13, No. 4, p. 69-86.

¹³ Deng et al. (2014). A Conceptual Framework for Resolving the Crisis of Governance and Leadership in South Sudan. A paper Presented to the Development Policy Forum, 19 July 2014.

¹⁴ Intra-SPLM Dialogue has already materialized as party ranking members convened a conference in Tanzania on 14 October 2014.

¹⁵ Deng, A. Lual. (2013). The Power of Creative Reasoning: The Ideas and Vision of John Garang. iUniverse, Inc., Bloomington, IN, 2013.