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South Sudan Country Policy Environment: A Call for Institutional Readiness Assessment

On July 9, 2011, the Republic of South Sudan celebrated its independence. The country began its life with significant natural resources and a binding narrative of triumph and freedom, but with a legacy of over 50 years of conflict and an extremely low level of physical, human and institutional development[1] (2012:1).

I. Introduction

1.0 The above passage from the World Bank is an important point of departure for this concept note on the urgency for an institutional assessment as one of the key pre-requisites for recovery and resilience programs, which the development partners are formulating. South Sudan started from a very low level of development as articulated by the framers of the Bank's Interim Strategy Note. But, the leaders of the new country did not internalize this reality of the "legacy of over 50 years of conflict" and "low level of physical, human and institutional development." This is evidenced by series of inappropriate decisions that ended with the eruption of violent and devastating conflict on 15 December 2013 and 8 July 2016.

2.0 South Sudan is now at the point of a cautious optimism underpinned by the quotation from the Interim Strategy Note of the World Bank in 2012. The Revitalized Agreement on the Resolution of Conflict in South Sudan (R-ARCSS) has stipulated a new transitional period of 36 months, which begins in May 2019[2]. Chapter 4 of the R-ARCSS touches upon pertinent issues of economic management and reform in the context of recovery. The current Transitional Government of National Unity (TGoNU) has recently launched a three-year (July 2018 –June 2021) National Development Strategy (NDS) under the theme of Consolidating Peace and Stabilizing the Economy. Moreover, the Country Engagement Note of the World Bank focuses on Recovery and Resilience. While the United Nations Country Team (UNCT) has proposed a "**South Sudan Multi-Partner Trust Fund for Reconciliation,**

[1] Interim Strategy Note (FY 2013 – 2014) for the Republic of South Sudan. Report No: 74767-SS

[2] It will now begin in November 2019

Stabilization, and Resilience (South Sudan RSRTF)," with the main objective of supporting "**the drive towards more resilience focused programming by fostering stable political and security environments necessary to enable the sustained engagements required to achieve longer-term recovery and development goals**." But, all these initiatives and strategies miss a critical point of departure, which is institutional readiness assessment.

II. A Critical Point of Departure for Recovery and Resilience in Post-Conflict South Sudan

3.0 It should now be obvious as to why the country that "***began its life with significant natural resources and a binding narrative of triumph and freedom***" is suffering from the heavy burden of more than 50 years of conflict. There is emerging empirical evidence that violent conflict continues to weaken institutions and capacities of the State to provide basic services and economic opportunities for sustainable livelihoods and inclusive growth in South Sudan[3]. In this regard, for any program aimed at recovery and resilience to be effective, it must begin with the why and then how questions.

4.0 South Sudan was born on 9 July 2011 with inherent fragility (see Table 1 below) that it inherited from Sudan, which was ranked, 3rd that year on the list of the most fragile states in the world[4]. This is further articulated by the Fund for Peace (FFP) as follows:

> **Instability and violence continue to define Sudan. The southern half of the country voted to secede from the north in January 2011. Though this process has been partially successful, new clashes are now being reported between the North and the South, especially in and around Abyei. The discovery of oil in southern Sudan in 2005 (sic) exacerbated an already complex secession crisis and it remains to be seen how peaceful the planned separation will be. Violence also continues in Darfur, sending refugees into central Sudan and neighboring states, giving the conflict a regional dimension. Leaders in the North and the South will have to exercise restraint in the use of violence by fringe rebel groups if the fragile peace is to be kept**[5].

5.0 Inherent fragility notwithstanding, South Sudan is endowed with natural resources, such as fossil oil, minerals, water, wildlife, livestock, fisheries, forestry,

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[3] See for instance, Identifying Binding Constraints on Growth in the Context of Fragility: The Case of South Sudan, a collaborative research funded by the African Economic Research Consortium (AERC), conducted by Lual A Deng, Abdurohman Ali Hussien, and Augustino Ting Mayai (2018).

[4] Sudan was ranked number 3 in the Failed States Index 2011, published by the Fund for Peace (FFP) on June 18, 2011

[5] Ibid

and vast area of land consisting of **648,051 square kilometers**. It has a population of 12.3 million of which about 83% lives in the rural areas (NBS, 2016). The country is not only young, but it also has a young population where 51% are less than 18 years old, and—more dramatically—72% of the total population of South Sudan is below 30 years of age. It is a multi-ethnic country with several ethnic groups and three main language (Bantu, Nilotic and Sudanic) families (Nyombe, 2007).

Table 1: Fragile States Index for South Sudan (2012 – 2017)

Components of the Index[6]	**Years**					
	2012	**2013**	**2014**	**2015**	**2016**	**2017**
1. SA	**9.7**	**9.6**	**9.9**	**10.0**	**10.0**	**10.0**
2. FE	**10.0**	**9.8**	**10.0**	**10.0**	**9.7**	**9.7**
3. GG	**10.0**	**10.0**	**10.0**	**10.0**	**9.9**	**9.7**
4. EC	**7.3**	**8.6**	**8.8**	**9.0**	**9.3**	**10.0**
5. UD	**8.8**	**8.9**	**8.9**	**8.8**	**9.0**	**8.9**
6. HF	**6.4**	**6.5**	**6.8**	**6.9**	**6.6**	**6.4**
7. SL	**9.1**	**9.1**	**9.7**	**10.0**	**9.7**	**10.0**
8. PS	**9.5**	**9.8**	**9.9**	**10.0**	**10.0**	**10.0**
9. HR	**9.2**	**9.3**	**9.9**	**10.0**	**9.7**	**9.5**
10. DP	**8.4**	**8.9**	**9.1**	**9.8**	**9.9**	**9.9**
11. RD	**9.9**	**10.0**	**10.0**	**10.0**	**10.0**	**10.0**
12. EX	**10.0**	**10.0**	**9.9**	**10.0**	**10.0**	**9.8**
Overall Index	**108.4**	**110.6**	**112.9**	**114.5**	**113.8**	**113.9**
Rank	**No Rank**	**4th**	**1st**	**1st**	**2nd**	**1st**

__Source__: **Constructed from Fragile States Index by Fund for Peace (FFP).**

6.0 South Sudan was expected, in the light of rich natural resources and international political capital, to experience high rates of economic growth or at least to take steps toward a steady-state economy. However, this turned out to be impossible because the country was already caught in a fragility trap. The World Bank articulates five critical phases of the fragility trap. The Bank states that, "**If countries experience repeated cycles of poor governance, low investment, new stresses and violent relapses, they can remain stuck in a fragility trap**[7]." It is important that these phases of a fragility trap for South Sudan are briefly highlighted. They do not

[6] The index is composed of 12 elements: Security Apparatus (SA); Factionalized elites (FE); Group Grievance (GG); Economic Decline & poverty (EC); Uneven Development (UD); Human Flights & brain drain (HF); State Legitimacy (SL); Public Services (PS); Human Rights & rule of law (HR); Demographic Pressures (DP); Refugees & Internally displaced persons (RD); and External Intervention (EX).

[7] The Way Out of Fragility Trap, a presentation made at the World Bank South Sudan Country Team Retreat, May 28 – 30, 2014 at Windsor Resort, Nairobi, Kenya.

only describe the nature of fragility, but the initial conditions prevailing in South Sudan before the onset of the violent conflict in April 2012, on 15 December 2013, and on 8 July 2016.

7.0 The first phase is when South Sudan missed, during the Interim Period (2005 – 2011), the opportunity to reform or neutralize organs of resistance to the creation of a nation-state. This failure led to the second phase of fragility—the absence of necessary investments in creating new capacities and opportunities. These are what Dani Rodrik (2018) calls '**fundamental capabilities**' necessary for the country to embark on the path to sustained peace, economic growth, and poverty eradication. There was, for instance, minimal investment in critical areas—institutions of economic governance, provision of basic services, creating social and human capital, provision of essential physical capital, repairing and upgrading necessary infrastructure, and so forth. This failure was inexcusable in the presence of substantial oil revenues flowing into the country. Estimates at that time show that the Government of Southern Sudan (GoSS), and its successor Government of the Republic of South Sudan (GRSS), received a combined estimated amount of **$20.0 billion** of oil revenues between 2005 and June 2013.[8]

8.0 Moreover, World Bank records show that GoSS/GRSS claimed to have spent **$1.3 billion** on roads during the same period, yet it is public knowledge that there is only one tarmac highway of 192 km (i.e. Nimule – Juba road). But, this was funded by United States Agency for International Development (USAID). In fact, that amount of money (i.e. **$1.3 billion**) could have built **1,300 km** of paved roads. Low investment in the key areas that we have mentioned above, in turn, led to generalized-discontent and new stresses. These are symptoms of the third phase of the fragility trap. These stresses were manifested in political recklessness and misguided actions by a number of warlords and militias. Unfortunately, the ruling party, the Sudan People's Liberation Movement (SPLM), also demonstrated political recklessness. The shutdown of oil production in January 2012—and two press conferences of December 6 and 8, 2013—are generally blamed for triggering the current violent conflict.

9.0 The fourth phase is the eruption of violent conflict on December 15, 2013 and again on 8 July 2016. The fifth phase is the Agreement on the Resolution of Conflict in South Sudan (ACRISS) of August 2015 and now Revitalized-ARCSS of September

[8] The Minister of Finance in his budget speech to the National Legislative Assembly (NLA) on July 2, 2014 had given a figure of $19.0 billion for the period 2006 – 2013. Our calculations for 2005 tend to indicate that GoSS had at least received $1.0 billion of oil revenues in that year; hence the estimated total figure is $20.0 billion.

2018. The imperative is now to restore peace and security through cessation of hostilities and the full implementation of governance and security arrangements that serve the interests of the nation's people. The government and the development partners would then need to tackle the underlying causes of the country's current economic collapse and associated food insecurity. However, this necessary process of restoring peace through cessation of hostilities and implementation of security arrangements must be accompanied by an ***institutional readiness assessment***. The urgency is that conflict-induced fragility now prevents the effective emergence of the South Sudanese state (see Table 2 below).

10. Recovery and resilience are catch phrases these days in the context of South Sudan. There is, therefore, a compelling need to have a consensus of what they mean with respect to: (i) the country policy and institutional environment; (ii) the state of service delivery; (iii) jobs and livelihoods; (iv) food security and agricultural development; and (v) private sector development.

Table 2: The Status of Country Policy and Institutional Assessment (CPIA) Index

Cluster	CPIA Scores by Year					
	2012	2013	2014	2015	2016	Change in CPIA Scores from 2012 to 2016
Economic Management	1.8	1.8	1.8	1.5	1.0	-0.8
Structural Policies	2.3	2.2	2.2	2.2	2.0	-0.3
Policies for Social Inclusion and Equity	2.3	2.2	2.1	2.1	1.8	-0.5
Public Sector Management and Institutions	2.0	2.0	1.9	1.7	1.5	-0.5

Source: **From Lual A. Deng, Abdurohman Ali Hussien, and Augustino Ting Mayai**

11. Institutional readiness assessment should inform the development policy community in South Sudan as to which institutions have proven to be resilient during the devastating violent conflict and which ones are critical for the country to embark on the path of effective governance, but required to recover first. Table 3 below could act as a guide toward determining resilient institutions for effective governance in post-conflict South Sudan. There is also a need at this point to have a common understanding of the terms institutions and governance. Bromley and Anderson tell us that:

The institutions pertinent to development are the legal relations in a nation-state that define realms of acceptable and unacceptable individual behavior. An economy is constituted by this institutional architecture. Public policy is concerned with modifications in these legal arrangements with the explicit purpose of altering existing individual behaviors. Those behaviors are in need of modification because in the

aggregate, such behaviors lead to unwanted outcomes. Policy reform is simply the process of modifying existing institutional arrangements[9]. [

Table 3: South Sudan Country Policy and Institutional Assessment 2016		
Indicator	**South Sudan**	**SSA IDA Average**
Economic Management	**1.0**	**3.2**
Monetary and Exchange Rate Policy	1.0	3.3
Fiscal Policy	1.0	3.0
Debt Policy	1.0	3.2
Structural Policies	**2.0**	**3.2**
Trade	2.0	3.6
Financial Sector	2.0	2.8
Business Regulatory Environment	2.0	3.1
Policies for Social Inclusion and Equity	**1.8**	**3.2**
Gender Equality	2.0	3.2
Equity of Public Resource	2.0	3.3
Building Human Resources	2.5	3.6
Social Protection and Labor	1.5	3.0
Policies and Institutions for Environmental Sustainability	1.0	3.2
Public Sector Management and Institutions	**1.5**	**3.0**
Property Rights and Rule-Based Governance	1.5	2.8
Quality of Budgetary and Financial Management	1.0	3.1
Efficiency of Revenue Mobilization	2.0	3.4
Quality of Public Administration	1.5	2.9
Transparency, Accountability, and Corruption in the Public Sector	1.5	2.7
Overall	**1.6**	**3.1**

Source: From CPIA Africa - Assessing Africa's Policies and Institutions. Published by the World Bank, July 2017.

12. A comprehensive definition of governance is needed here to contextualize emerging issues under this cluster:[10]

The traditions and institutions by which authority in a country is exercised. This includes (1) the process by which governments are selected, monitored and replaced, (2) the capacity of the government to effectively formulate and implement sound policies, and (3) the respect of citizens and the state for the institutions that govern economic and social interactions among them. (2003:3).

[9] Bromley, Daniel W. and Glen Anderson. 2012. Vulnerable People, Vulnerable States: Redefining the Development Challenge, London: Routledge.

[10] See htt://www.worldbank.org/wbi/governance/Kaufmann.

There are six components (indices) of governance as derived from the best international practices, which could help augment the understanding of the term governance in the context of South Sudan:

i. Voice and accountability;
ii. Political stability and absence of violence;
iii. Government effectiveness;
iv. Regulatory quality;
v. Rule of law; and
vi. Control of corruption.