

A VIEW ON THE CRISIS IN SOUTH SUDAN

INTRODUCTION

South Sudan is a diverse country at an early stage of development. It gained independence in July 2011 as a multi-ethnic country, with 64 distinct ethnic groups. The population is very young: under-21s account for 50 percent, and 72 percent are below 30 years of age. Four-fifths of the country's population of some 12 million live in rural areas. More than 70 percent above 15 are illiterate. With almost every 50th birth resulting in the mother's death, South Sudan has the world's highest maternal mortality rate. Despite improvements since independence, infant mortality and primary school enrollment indicators are also among the bottom ten in the world.

The country has suffered a severe setback in its third year of independence. From 15 December 2013, South Sudan is facing its most serious bout of violence since 1991. As of March 2014, about ten thousand citizens have been killed. Of the one million displaced, 250,000 have left the country. The resulting wide-spread destruction of human, physical and social capital, coupled with a greatly exacerbated ethnic divide, has set the country back by many years. Trust has eroded between many ethnic groups; the government and the governed; and between the government and development partners. Barring a turnaround in the security situation to allow utilizing the coming planting season, famine may loom.

The narrative of what happened should not be oversimplified. Many commentators have focused on the immediate political conflict that triggered the current crisis. Complementing these insights, this paper aims to draw attention to the web of immediate and deep-seated issues that conspired to create a combustible situation and propelled events forward. These issues also brought into question the sustainability of the path South Sudan was on. At the same time, experience from other newly independent nations suggests that it is possible to overcome fragility. For this, the root causes of the crisis need to be identified, which in turn can help formulate policies to sustainably address South Sudan's problems.

THE SOCIAL PRESSURE COOKER

Average per capita incomes have been declining since 2009, contrasting starkly with heightened expectations. Attaining independence 2½ years ago gave rise to expectations of rapid improvements in the standard of living. Starting from a low base, this was a distinct possibility, given the peaceful setting and donor support. But by mid-2013, South Sudan has experienced 4 years of declining per capita real income. Reasons included oil price volatility, falling agricultural production followed by the oil shutdown and ensuing austerity; and rapid population growth stemming from high fertility and the large numbers of returnees from Sudan.

Steady Decline in Real Per Capita Income (SSP)



Source: National Bureau of Statistics, Own calculations

Median per capita income declined at an even faster rate. While no recent data are available on robust measures of income and wealth inequality, by all accounts both have increased markedly. Extreme reliance on oil as a source of revenues; considerable levels of corruption; rapid urbanization; and a dual exchange rate regime that favored those with preferential access to foreign exchange have all contributed to this outcome. As a result, the "citizen in the middle" experienced serious and prolonged erosion in living conditions.

The government has not managed to significantly improve the provision of basic public goods. The government had drawn in armed militias into the armed forces and top representatives of various ethnic groups into the civil service after 2006. This helped consolidate peace in return for guaranteed salaries, albeit at the cost of unsustainably large armed forces and a government comprising over three dozen national Ministries and Commissions, and similarly large administrations in all ten States. Unfortunately, Government capacity to provide essential public goods such as security, rule of law and enforceable property rights has remained very limited. And no effective steps were taken to integrate the absorbed forces into a professional armed force with loyalty to the nation, rather than to their specific earlier affiliation, allowing a reduction in its size.

The government also fell short of expectations (and even of its potential) in delivering public services to the population at large. Austerity reduced the already meager share of budget spending on health and education; any improvements stemmed from greater delivery of such public services by donor-funded projects and NGOs, part of which withered after mid-December 2013. Donor support for subnational government systems was minimal, and the parallel systems of provision did little to sustainably increase government capacities. As a result, public service provision barely kept abreast with rapidly rising demand in urban centers and large swathes of rural areas remained underserved by government.

Indicator	2008	2009	2010	2011	2012	2013	2014	2015
Population (million) ¹	8.5	8.9	9.4	9.9	10.4	10.9	11.4	11.9
Population growth rate (percent)		5.5	5.3	5.1	4.9	4.8	4.6	4.5
GDP at 2009 prices (million SSP) ²	26,247	27,379	28,540	28,987	15,241	15,500	15,500	16,210
Real GDP growth rate (percent)		4.3	4.2	1.6	-47.4	1.7	0.0	4.6
Real per capita GDP (SSP)	3,098	3,062	3,031	2,929	1,467	1,424	1,361	1,363
Real per capita GDP growth rate (percent)		-1.1	-1.0	-3.4	-49.9	-2.9	-4.4	0.1

Sources: National Bureau of Statistics. 1) Mid-year population projection (Statistical Year Book 2011). 2) Statistical Yearbooks for historical data. Consensus projections from 2013 onwards.

Government expenditure was skewed toward security sector salaries, leaving no public funds for social or infrastructure spending. Over 70 percent of government expenditure went toward salaries for the SPLA, Police, Prisons, Wildlife and Firefighter Services. New schools, healthcare facilities, roads and other infrastructure predominantly relied on donor funds and were limited in number. During austerity from early 2012, government-funded new infrastructure projects have essentially ceased, and no fiscal space was left for social protection measures.

Some government policies were unsustainable. The absence of resolute reforms, including in reforming the armed forces and civil service, resulted in a lack of fiscal space to provide public services, to build infrastructure or address social pressures. The result was a large, increasingly centralized political establishment that engaged in rent-seeking amid rising inequality. The dual exchange rate system and the associated central distribution of foreign exchange exacerbated the economy's dependence on oil and the ebbing competitiveness of non-oil activities.

Less than three years of independence has not been enough to forge a national identity for people in South Sudan. This process took decades, rather than years in other countries, and a similar horizon is to be expected in South Sudan. Therefore, allegiances of citizens remained primarily with their own ethnic groups, not with the country as a whole—a feature reinforced by the crisis.

Socially excluded youth evolved into a volatile force that lacked hope. Youth constitutes a clear majority of the population, and they received a raw deal in terms of availability of jobs & gaining skills to facilitate employability. Facing mounting socio-economic pressures, an overstuffed public sector and a dearth of marketable skills that precluded job opportunities in either the public or private sector, South Sudan's dissatisfied youth was ripe for political manipulation.

Women are another huge and underserved constituency. They possess half of the country's human capital, yet their access to education and to justice, and economic opportunities are markedly worse than that of men. This is a massive waste of potential. Attaining greater equality could markedly raise incomes. Women could arguably have also acted as a stabilizing factor during the run-up to the conflict.

Small arms remained easily available. The country's pre-independence history and its porous borders with several countries/areas with high level of conflict (DRC, CAR, Chad, and Darfur) explain small arms proliferation.

Political institutions were at an early level of development. The SPLM, South Sudan's dominant political party has wide-ranging public support given its leading role in gaining independence. But its governance institutions have not been able to contain routine contestation for political power within the realm of peaceful politics.

The confluence of these factors raised socio-economic pressure and added to a highly combustible mix. Ingredients for explosive violence were in place, while the budget remained unable to cater for redistribution to ease social tensions, and unaddressed ethnic cleavages festered in the main institutions that could have helped stem violence. None of these were the immediate triggers for the violence—contestation for political power was—but jointly they help explain its unexpected ferocity and the speed at which it acquired an ethnic dimension.

The crisis has further ratcheted up inequality. Displaced people—a fifth of the population or more in the most affected states of Jonglei, Upper Nile and Unity—were particularly badly hit. Their wealth was greatly reduced owing to massive losses of property and of access to land associated with displacement. Equally importantly, displaced people also face a long term reduction in their ability to earn income. This stems from loss of productive assets, financial constraints owing to higher cost of living outside their homes, and productivity constraints as congested camp living conditions and sanitation problems undermine their health. Displacement also breaks them away from their social networks that could help in obtaining gainful employment. Meanwhile, geographical inequality rose with violence concentrated in a few states; and a small number of individuals have benefited disproportionately from looting, land grabs, and raided cattle.

Heightened insecurity deals a lasting blow to economic development. It narrows the range of opportunities to generate income and reduces the horizon for planning ahead for all people, including those who are not displaced. Private investment thus falls to the extremely low levels that public investment registered in recent years; and many households

are forced to abandon assets they can no longer protect or sell them at a loss. Public service provision tends to decline with higher security costs in the wake of violence despite humanitarian spending remaining high. Moreover, with donor support for development drastically cut and some infrastructure looted or destroyed, prospects for enhanced government capacity to take over an increasing share of public services or to serve the needs of private market-based activities are undermined. While the destruction was limited to a few States, the retreat of donors from funding development hits all of South Sudan.

Government is markedly thinned out, resulting in further degraded capacity. Several Ministries are now without some Deputies, Undersecretaries and Director-Generals owing to the departure of several high ranking dual-citizen civil servants and of some ethnicities who felt unsafe in their duty stations. The capacity of SPLA, SSNPS and other armed services to provide security and enforceable property rights is reduced. Several state level governments have much diminished ability to provide basic public services, notably in Jonglei, Unity and Upper Nile.

Development has been set back by years, and food insecurity is looming. Human capital and infrastructure suffered destruction, and trust in society is diminished. Similarly, the government's trust vis-à-vis the international community is dented (and vice versa). In addition, the threat of severe food insecurity is real if the current planting season remains unutilized in large areas owing to lingering insecurity. Unfortunately, the country's current level of infrastructure does not allow large-scale truck movements to move food to areas facing shortages after the onset of rains in June.

WHERE TO GO FROM HERE?

Youth played a big role in violence; and it is key for emerging from conflict. Sustained, peaceful development cannot happen even in the presence of oil income if the majority of the population does not see avenues for it to progress and benefit from peace and recovery. They need to be engaged, their voice must be heard, and their needs must be attended to—most notably on education, health, and equitable opportunities for obtaining public and private sector jobs. Without channeling the creative energies and skills of a huge part of the population into productive work and making tangible progress toward gender equality opportunities, a sustainable rise in living standards will remain a mirage.

There was no single cause for the violence; and there is no single silver bullet for sustainably resolving the crisis. Instead, marked, near-simultaneous progress toward a core critical mass of different but interdependent objectives needs to occur. At the same time, cogent sequencing will also be needed. The critical objectives include:

- 1 Effective and lasting cessation of hostilities;
- 2 Reconciliation, peace- and nation-building;

- 3 Strengthening the institutions of legitimate politics;
- 4 Reforming the security sector to make it professional, stable and financeable, and to provide security equitably, supporting national, rather than tribal goals;
- 5 Ensuring stable rule of law, and equitable access to justice for all;
- 6 Reforming the civil service to create further fiscal space and create transparent and accountable governance in government and regulatory institutions;
- 7 Boosting government's capacity—particularly at subnational levels—to budget for expanded public services, to control spending to occur as budgeted, and to reliably fund it;
- 8 Facilitating the emergence of a thriving private sector through growth-friendly policies, and a predictable and transparent business environment;
- 9 On a related note, explicitly aiming for job-rich growth to create jobs for huge cohorts of youth reaching working age, while bolstering their employability;
- 10 Boosting gender equality and youth involvement in the economic, social, and political spheres to open up a massive source of sustained growth.

South Sudan is at cross-roads, with sustainable recovery within reach. A package of measures that holds the credible promise of moving the country toward these objectives without undue delay would allow the world's youngest country to begin capitalizing on its considerable potential. It could lead to improved security, social peace and sustained, strong growth; and allow donors to return and assist development on a larger scale, gradually moving toward using—and in the process further strengthening—government systems. Even more importantly, it could lead to private sector-driven growth less dependent on a single commodity.

The alternative is unfortunately also possible without thoughtful action. Failing on just a couple of the above aspects could undermine sustained recovery. To avoid this, strong support from other countries will be needed, as well as a considerable level of social cohesion. These would help mobilize broad support in society facing up-front costs, often for powerful vested interests, while - much larger - benefits materialize only later and for more diverse groups.

ABOUT UNDP SOUTH SUDAN

UNDP has been present in Southern, then South Sudan for three decades without a break, and has streamlined its portfolio in light of the crisis. It offers a range of projects directly relevant in many of the areas mentioned above. UNDP builds on strong relationships with communities, civil society, NGOs, county and state governments to deliver, particularly at the subnational level.

