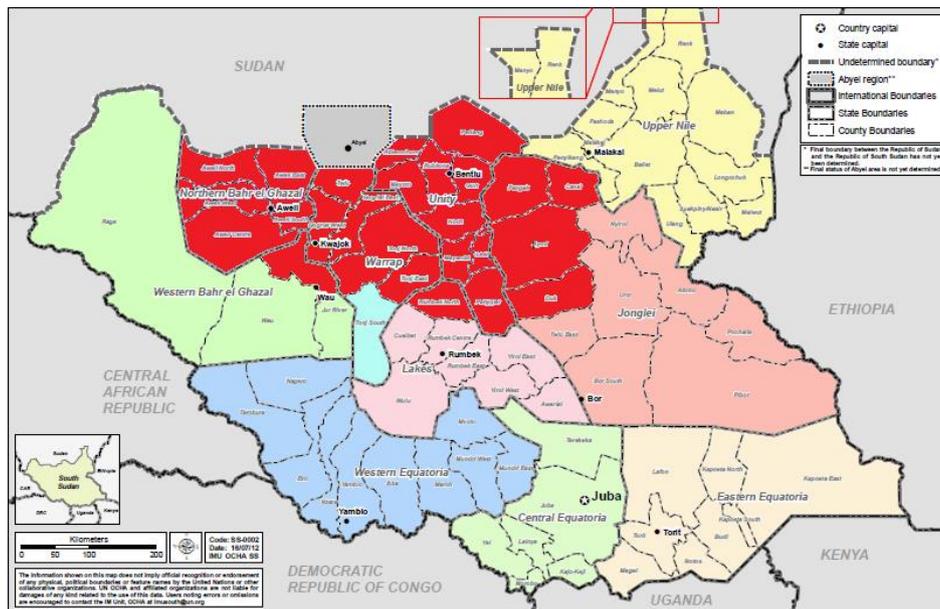


**HUMANITARIAN  
AND DEVELOPMENT  
PROGRAMME**

**A Two-Year Outlook for  
NORTH CENTRAL SOUTH SUDAN  
2016-2018**

April 2016

**HUMANITARIAN FORESIGHT THINK TANK**



## INTRODUCTION

With a peace deal in August 2015 and tentative steps towards elite reconciliation under the watchful eyes of the international community, South Sudan looks to be heading back to a state of ‘no peace, no war’ after two and a half years of disastrous civil conflict. With 2.3 million people displaced and 6.2 million in need of urgent food assistance<sup>1</sup>, an economy in crisis and on the verge of complete collapse, and spreading insecurity in Yambio, Mundri, Wau, and Pibor, Riek Machar’s April 2016 return to Juba may be the only thing holding back the complete collapse of the state. Even so, few believe that his return will solve many of the issues that are currently plaguing the world’s youngest nation.

For now, peace is moving forward through the **Agreement on the Resolution of the Conflict in South Sudan** (ARCISS). If both parties hold true to the timeline, the country will see national elections and a move towards multi-party democracy by mid-2018. However, there are still numerous hurdles that need to be cleared. Sporadic fighting has continued in Unity and Upper Nile, a move toward increased federalism—the 28 states—has raised long-standing fears of Dinka domination within the political system, and the challenges of resettling over 1.6m internally displaced people and 700,000 refugees are enormous. Factor in political tensions, issues of transitional justice and accountability, and a heavily armed population competing over land, pasture, and power, and South Sudan will remain highly volatile for the foreseeable future.

The following is a two-year outlook prepared for the Action Contre la Faim country office in South Sudan. It focuses on the north-central region comprising Northern Bahr el-Ghazal, Warrap, Unity, and northern Jonglei, examines the country’s political and economic landscape within a particular

<sup>1</sup> “South Sudan – Situation report April 2016.” <http://www.fao.org/emergencies/resources/documents/resources-detail/en/c/411155/>

geographic context, and presents four scenarios and two 'game changers' to inform strategic thinking and brief new mission staff.

## KEY ASSUMPTIONS/ HEAVY TRENDS

South Sudan presents a system that is both highly volatile and subject to trends that underlie political realities that are more constant and predictable. The key assumptions listed below provide the foundation for the following analysis and are expected to remain constant throughout the chosen time horizon.

### Heavy Trends

- **Poverty** in South Sudan is masked by oil sector revenues. Though per capita GDP in 2014 was \$1,111<sup>2</sup>, the national poverty headcount in 2009 found 50.6% of citizens below the poverty line. The oil dependent economy will struggle to change this over the two-year outlook.
- **Demographic Change** will heavily affect South Sudan in the long term, with one of the highest population growth rates in Africa at 4.4%<sup>3</sup> per annum.
- **Cattle Raiding** is standard among South Sudan's pastoral communities and has grown increasingly violent over the past twenty years due to an increase of light weapons including AK-pattern assault rifles, PKM machine guns, and RPG-7 anti-tank weapons. This status quo is expected to continue barring a comprehensive disarmament campaign.
- **Inter/Intra-Clan Conflict** typically overlaps with resource conflict, is continually mapped among similar actors, and is expected to continue along these fault lines. Examples include the Bul Nuer who compete with the Twic, Rek, and Ruweng Dinka, within Bul Nuer sub-clans, and with the Leek, Jagey, and Adok Nuer, the Malual Dinka/Riziegat/Missiriya border conflicts, and Gogrial East/West conflicts.

### Key Assumptions

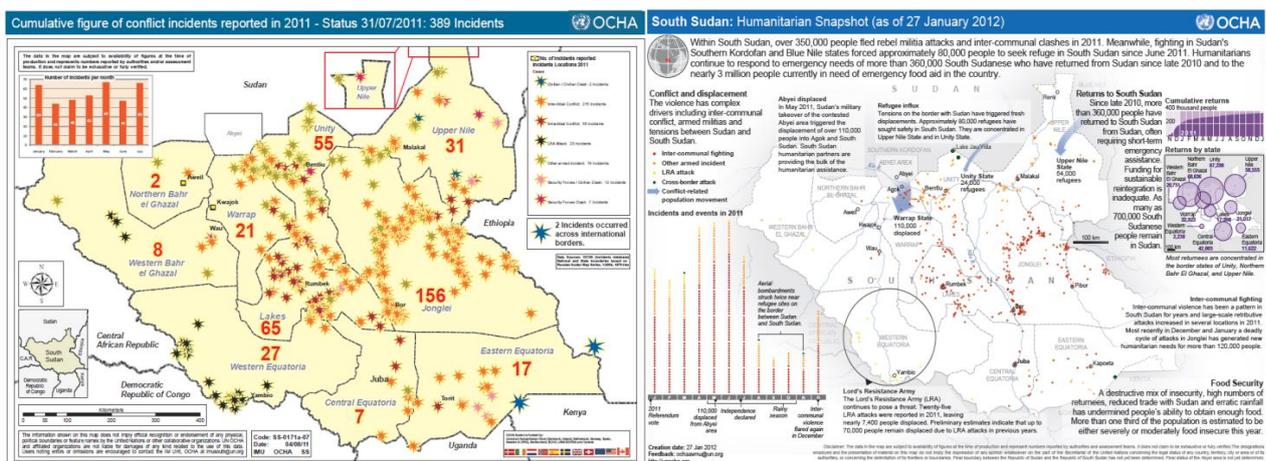


Figure 1 - Pre-Crisis Conflict Dynamics 2011/2012

<sup>2</sup> World Bank Overview Available at: <http://www.worldbank.org/en/country/southsudan/overview>

<sup>3</sup> World Bank statistics Available at: <http://data.worldbank.org/indicator/SP.POP.GROW>

- **Corruption** underwrites the patronage systems that heavily influence South Sudan's conflict dynamics. Corruption and patronage are politically effective means to buy power and control and must be understood both as guarantors of stability and as catalysts to violent competition for state power.
- **State Support to Rebel Groups** has diminished somewhat as intra-state conflicts have worsened in Sudan and South Sudan, but indirect, tacit support to proxy militias has characterized both countries' policy toward one another and is unlikely to change.
- **Food insecurity** has decimated much of the country as a result of poor harvests, conflict that has disrupted planting and harvest cycles, and loss of market access due to economic crisis and insecurity. With the high number of displaced, South Sudan will not cultivate to its full potential for at least two years.
- **Lack of Infrastructure** has hurt South Sudan in terms of trade links, state integration, human security, and humanitarian access. After two years of civil war, what little infrastructure existed is now heavily degraded and will remain as such over the two year outlook.

## POLITICAL OUTLOOK

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The geographic focus area looks at Northern Bahr el-Ghazal, Warrap, Unity, and northern Jonglei to limit the scope of the project and reduce the number of critical uncertainties. Since independence, South Sudan has increasingly centralized political power in Juba. This dynamic is likely to continue and deepen with an economic crisis and political gridlock. Due to the inability of the central government to address day-to-day concerns of poverty and increasing food insecurity as well as poor transport and communications infrastructure, many in the periphery do not and will continue not to feel a deep connection to elite power struggles in the capital.

However, these struggles often play themselves out in elite politicians' home areas, as the ability to generate local armed support is often necessary to maintain influence in the national-level political sphere. Thus, access to jobs, health, education, cash, and cattle can all be gained or lost through influence in Juba. Finally, it is impossible to understand political dynamics in this region of South Sudan without recognizing the Sudanese border as a multi-faceted driver that has immeasurable influence on security, trade, historical memory, identity, and political power.

### Local Issues

- **Northern Bahr el-Ghazal**

The politics of Northern Bahr el-Ghazal are dominated by one man—General **Paul Malong Awen**. The SPLA's chief of staff is one of the four remaining original commanders from the early days of the Second Sudanese Civil War and is one of only two governors who kept his position from independence through the beginning of the current South Sudanese Civil War.<sup>4</sup>

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<sup>4</sup> The other is Clement Wani Konga, governor of Central Equatoria (2005-2015). A powerful commander, Konga was one of the few surviving Anyanya I officers. His Mundari Forces allied with Khartoum under the EDF/SSDF and were critical to the defense of Juba against the SPLA. His power and influence were apparent in his easy transition from NCP to SPLA after independence.

## Who is Paul Malong?

Paul Malong Awen is known as a powerful and ruthless commander who generates equal parts fear and respect in his home area. He earned his position as governor in Northern Bahr el-Ghazal due to his military prowess at a time when the SPLA feared all-out war with Sudan post-independence. When civil war broke out in December 2013, he held SPLA Division III together alongside **Santino Deng** and prevented the inter-ethnic killings of the war's first chaotic days. In April 2014, he was tapped to replace James Hoth Mai as commander of the army and immediately set about a brutal campaign in northern Unity State that saw an alliance between the SPLA, the unintegrated Bul Nuer SSLA militia, and mobile units from the **Sudanese Revolutionary Front** (SRF).

Malong was able to put together this patchwork force due to long-standing ties to the border areas. After independence, the SPLA supported rebel groups within Sudan. JEM, in particular, used Northern Bahr el-Ghazal as a rear base for attacks in East and South Darfur and as a transit/resupply route to access the battlefield in South Kordofan. Beyond security arrangements, Malong has controlled trade along the border and been able to keep certain routes open, for a hefty fee. He has channeled trade away from the Malual Dinka and towards his Abiem Dinka, generating upwards of \$30,000 per day for several years, money that he has used to buy influence among Malual Dinka MPs across the state and to guarantee the loyalty of the army and civil service. This trade has also somewhat sheltered his community from the economic crisis.

Malong's control over the economic, political and security sectors of Northern Bahr el-Ghazal has kept the state relatively untouched by the current conflict, despite the machinations of Dinka general **Dau Aturjong**, who has gone into rebellion over political disputes with Malong. His success has been limited to guerrilla raids to resupply his small force.

The current conflict has also generated a peace dividend between the Malual/Abiem Dinka and the Missiriya/Riziegat Arab pastoralists who must access the River Kiir during the dry season. Historically, these Arab pastoral groups were mobilized by the Sudanese state as the Murahileen/Popular Defense Forces and were used to clear areas of suspected SPLA activity,

leading to accusations of ethnic cleansing and genocide. Since independence, concerted efforts towards peace and reconciliation have focused on negotiated migrations and border peace markets, but the current conflict has done more to generate peace through shared threat, and it is possible that with a greater peace deal that the border will again become a source of tension.

- **Warrap**

For much of South Sudan's history, Warrap has been overshadowed due to its relative calm. It has not hosted major rebel movements, nor has it generated the inter-ethnic violence that has gained the attention of the international community. However, much like neighboring Lakes State, Warrap has been plagued by intra-Dinka cattle raiding and clan violence. Of particular concern are community relations between Gogrial East and Gogrial West, which are both predominately Rek Dinka but riven by internal clan disputes over land, water, and pasture as well as the blood feuds that lead to long-simmering conflicts that have the potential to explode into violence after periods of relative calm.

Clan violence in 2015 disrupted planting cycles around Alek, in Gogrial West, and, in addition to constrained market access, has led to increased food insecurity in 2016. While it is unclear

whether the militarization of clan violence has increased with the current civil war, there is no doubt that the tactics incorporated in these cattle raids have been designed to maximally impact civilian livelihoods with increased looting, the targeted killing of men and boys, and raids designed to disrupt planting/harvest cycles. Additionally, raiding is oftentimes conducted in reference to political settlements with neighbors. Thus, clans in Gogrial East will target Gogrial West when they have made a seasonal peace with the Bul Nuer in neighboring Mayom County. Local staff are the best source of knowledge regarding these peace deals and the potential for increased violence and should be consulted regularly for seasonal strategic planning.

Like Northern Bahr el-Ghazal, Warrap has not suffered the rebel movements of Unity and Jonglei in part because of powerful political connections to Juba. President **Salva Kiir** is a Rek Dinka from Gogrial and his long presence at the centre of the SPLA has quieted centre-periphery divisions in his home area. These connections have only deepened and hardened with this conflict. Much of Kiir’s personal militia, the **Mathyang Anoor**, was derived from his home area in Gogrial and Malong’s in Aweil East.

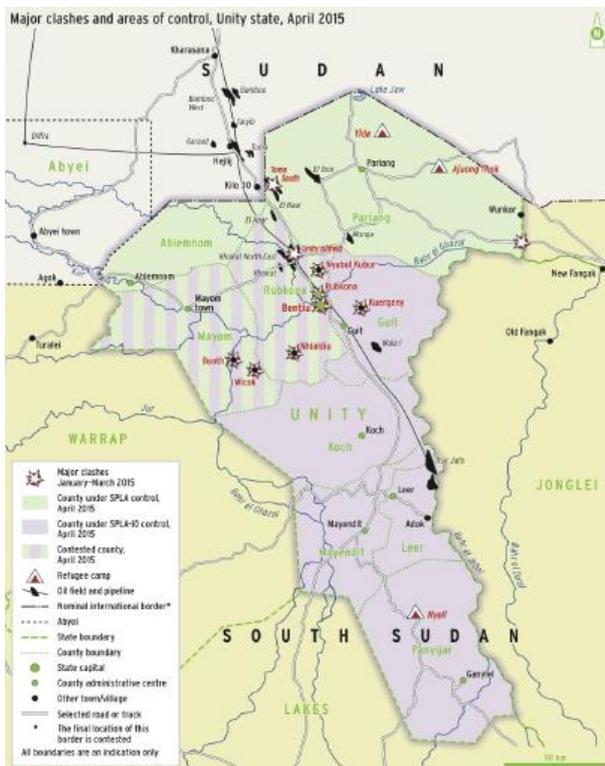


Figure 2 – Major clashes and areas of control (April 2015) HSBA for Sudan and South Sudan

the offensive upended politics in the state as government forces burned much of Leer, Koch, and Mayendit Counties to the ground. While the SPLA’s Division 6 held Mayendit, Division 4 and the SSLA persuaded the Koch County youth to join them in a series of devastating cattle raids into

• **Unity**

Unity State has been the site of some of the country’s worst violence in the past two years. In the early days of the civil war, government and opposition troops rampaged up and down the state, destroying infrastructure, looting homes, and committing a series of abuses. The government alliance with the SRF added an element of speed to the campaign that would simply not have existed otherwise.<sup>5</sup>

A worsening fight against the Sudanese state and accusations of crimes against humanity forced the SRF to withdraw for the 2015 dry season campaign, but their status as a force multiplier was replaced by new tactics and new equipment.<sup>6</sup> The government was also joined in its April 2015 campaign by the Bul Nuer South Sudan Liberation Army (SSLA), a former militia group headed by **Matthew Pul Jang** and **Bapiny Monytil**. The brutality of

<sup>5</sup> The SRF, specifically JEM, specialize in a type of highly mobile combat through the use of ‘technical’—commercial small light trucks modified for use in war. They were devastatingly effective in early campaigns, with the opposition fearing these ‘cavalry’ units much more than their SPLA opponents.

<sup>6</sup> Foreign military advisors were rumored to be behind the government’s change in tactics which incorporated sustained day-time attacks and the use of amphibious armored personnel carriers, which had never previously been used.

Mayendit and Leer. This has hollowed out livelihoods and resilience for those civilians who remain in the state, which is currently split between government and opposition.

Traditionally, none of this violence is new, nor are community relations anything but conflictual after some of the worst violence of this current conflict and the Second Sudanese Civil War. The Bul Nuer already existed somewhat apart from the Leek, Jagey, Dok, and Jikany Nuer in the state due to their militancy under **Paulino Matip**, who led the South Sudanese Defence Forces (SSDF) from Mayom County and was instrumental in clearing the oil fields for the Sudanese in the late 1990s.<sup>7</sup> The extreme violence and massive displacement generated the conditions for the 1999 Wunlit Peace and Reconciliation Conference, which paved the way for SPLA reunification in 2001.

Unity State’s status as the main oil producer has thus linked it much more readily to political centers in Juba and Khartoum, and national politics have impacted much more heavily on local dynamics. Major players including **Taban Deng Gai**, **Angelina Teny**, **Riek Machar**, **Joseph Monyтуil**, and **Peter Gatdet** all hail from Unity State and their various alliances and divisions with power brokers in Juba prompted rebellions by Gatluak Gai in 2011 and the SSLA in 2012.<sup>8</sup>

Going forward, divisions between the government and opposition will play a major part in the political stability of the state. Jikany, Dok, and Leek Nuer feel betrayed by the Bul Nuer, who joined the government and committed horrific abuses in the 2015 military campaign. The resettlement of the 120,000 people currently in the UNMISS Protection of Civilians site will generate conflicts in the absence of truth and reconciliation or restorative justice mechanisms that may never develop in the transition period.

Add to this the nature of border disagreements with Sudan, the main oil hubs in the Unity fields and Thar Jath, and northern Unity’s status as a transit corridor for the SRF’s fight in South Kordofan, and Unity State will continue to be the key to understanding politics in South Sudan, with local and national-level issues inextricably intertwined.



Figure 3 – Current map and areas of control (February 2016) **HSBA for Sudan and South Sudan**

<sup>7</sup> See Rone, Jemera. *Sudan, Oil, and Human Rights*. Human Rights Watch. New York, 2003.

<sup>8</sup> Peter Gatdet joined Joseph Monyтуil’s brother Bapiny Monyтуil and Matthew Pul Jang as part of the South Sudan Liberation Army for a limited time before rejoining the SPLA as commander of Division 8 in Bor. His defection back to the government angered many in his Bul Nuer community.

- **Northern Jonglei**

Northern Jonglei exists somewhat apart from the rest of this geographic scope due to geographic divisions of the White Nile and the swamps of the Sudd. This geographic isolation has also protected many civilians who have sought refuge deep in the riverine areas of Ayod and Fangak County. The area has sheltered many displaced, especially those from Ayod town, which a government garrison has held throughout the war.

The most important military/political figure for Ayod and Fangak Counties is **General Gabriel Tanginye**, who has been active in military campaigns since the First Sudanese Civil War as a member of Anyanya I. Tanginye fought on the side of the Sudanese and against the SPLA throughout the civil war. He refused Salva Kiir’s amnesty through the Juba Declaration and remained with the NCP in Khartoum. His presence as part of the SPLA/SAF Joint Integrated Units sparked serious violence and displacement twice in Malakal, in 2006 and 2009. He eventually joined the SPLA after independence, but his status as a warlord in his home area has dictated terms between the different ethnic groups.

Tanginye’s defection to the opposition and traditional clashes between his Gawaar Nuer and the Shilluk helped keep Shilluk commander Johnson Olony on the government’s side for the first year of the civil war. Phom (New Fangak) and Tonga were the main sites of clashes between Olony’s forces and Tanginye, which mirrored many of the clashes over the last decade between the Shilluk and Gawaar over land and access to the Nile.

Duk, Twic East, and Bor Counties, on the other hands, benefitted from years of Bor Dinka control of the SPLA under John Garang. Political shifts after Garang’s death and in the first years of independence saw many Bor Dinka leaders sidelined as Kiir sought a reset with Khartoum. The result has been that Duk and Twic East have unofficially claimed their neutrality in the conflict, protecting many of their citizens from the worst violence.

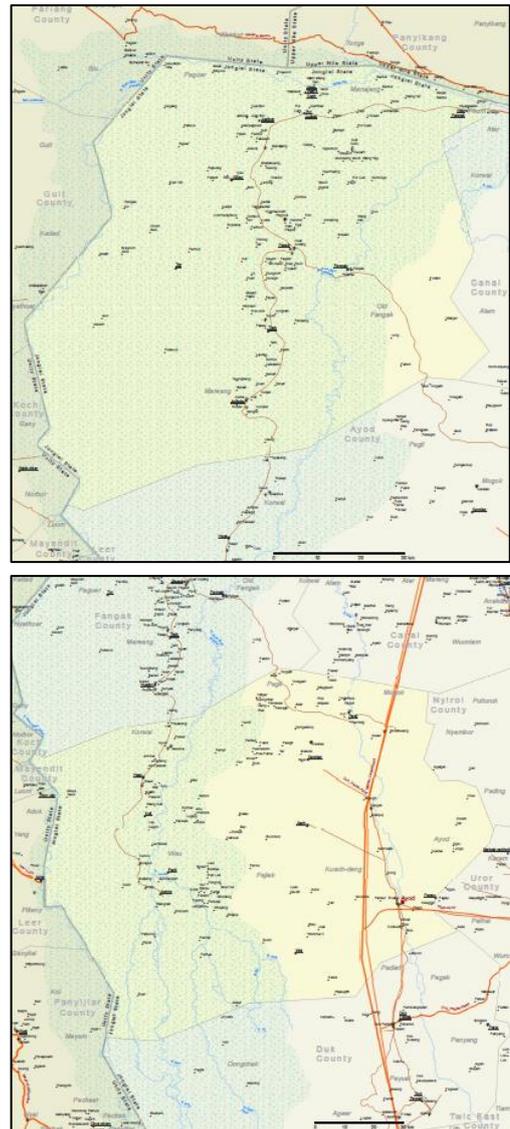


Figure 4 - Fangak and Ayod Counties

Cattle raiding has reduced throughout Jonglei due to the overriding concerns of the war, which has also benefitted this region. Traditionally, the Lou Nuer, Bor Dinka, and Murle triangle sees some of the most violent raiding in the region<sup>9</sup> for both cattle and, in the Murle's case, children. With ARCISS moving forward, one can expect to see an uptick in raiding as front line fighting disappears and the need for intra-ethnic cohesion breaks down without an external enemy.

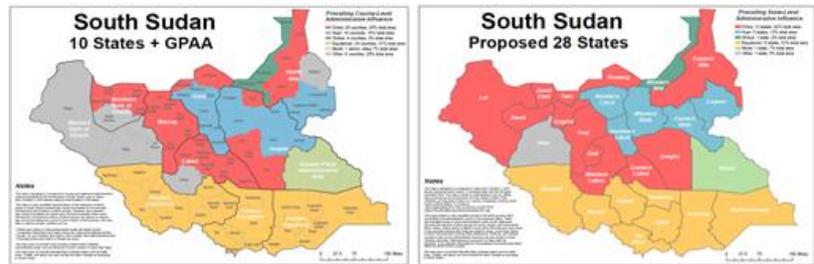
### National Issues

The national political situation is in constant flux thanks to the implementation of the peace process. Though signed in August 2015, the **Agreement on the Resolution of the Conflict in South Sudan** (ARCISS) has been delayed time and again, the predictable result of the international community forcing the two sides to the table and to an agreement.

As an example, the demilitarization of Juba and cantonment of forces was mandated to occur within thirty and ninety days of the signing of the agreement. The cantonment of combat troops has still<sup>10</sup> not fully occurred and Juba will likely never be fully demilitarized. Moreover, the cantonment issue has sparked conflict in areas around the country as opposition forces have tried to set up cantonment sites in areas where they had little to no presence, and government forces have attacked what they deem illegal cantonment sites, targeting militias in areas of unrest around Mundri and Wau.

Delays to implementation and the two parties' intransigence on the issues have threatened the peace several times since August, but perhaps no greater threat to the peace came out of the government's establishment of a new federal system based on **28 States** in December 2015. Though the opposition had proposed and started to implement its own system based on the 21

## Why are the 28 States so Controversial?



The new states have been criticized from a number of angles. Their creation by the executive, without consultation or input from the legislature or any committee has been deemed wildly unconstitutional. Many viewed Kiir's ability to appointment new governors in new territories as a naked power grab at odds with the ARCISS, which was predicated on a division of power based on the current ten states. With an economic crisis, the new states are not economically viable, raising the concern that they are less an act of decentralization but a consolidation of power in Juba, as the states would be reliant on the capital for budgetary support.

Moreover, the new states, drawn without consideration for service delivery or access, seem to be a gerrymandered attempt at establishing de jure ethno-political boundaries that currently do not exist. This has raised the specter of 'Dinka domination' that has plagued SPLA unity throughout its existence. Lol State, for example, would be majority Fertit if not for the addition of Dinka-majority counties Aweil West and Aweil North, which, despite no real transport connections to the capital Raja, has given the state a Dinka majority.

<sup>9</sup> See Figure 1 above

<sup>10</sup> As of late April 2016

colonial states, they backed away from this proposal and ultimately dropped it as part of the peace process.

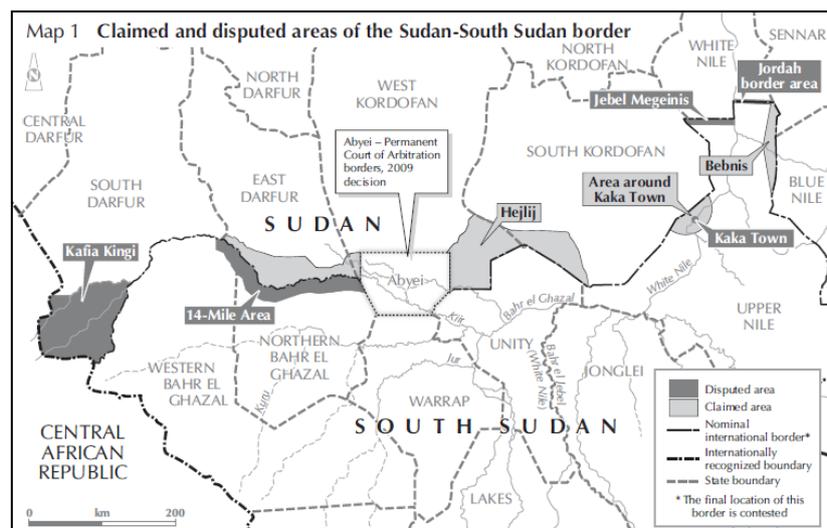
The 28 states continue to move forward, despite government claims to the contrary. The international community condemned the move and the **Joint Monitoring and Evaluation Committee** (JMEC) forced the government to publicly retreat from the policy, but hardline pressures, especially from the **Jieng Council of Elders** (JCE) have seen states and administrations continue to proliferate, causing confusion over who is in charge of what and where.

Moving forward, the decentralization policy may have generated a momentum that cannot be stopped. As the government has quietly continued with decentralization despite international pressures, the national-local power struggles have started to generate conflict throughout the country. In February, for example, fighting erupted in Pibor town after the president effectively dissolved the Greater Pibor Administrative Area (GPAA) and replaced Governor **David Yau Yau** with **Baba Medan**, the SPLA appointee of the new Boma State.

Other militia leaders currently fighting the government around Wau, Mundri, and Malakal will look to the invalidation of the GPAA and Yau Yau's removal as proof that the hardliners within the government will not honor their commitments, bringing harder-line opposition to the fore as a result. Despite advances in the peace process, the threat posed by hundreds of heavily armed opposition soldiers now camped alongside thousands of equally heavily armed SPLA units within Juba will guarantee that the national political situation remains extremely volatile with a chance of renewed violence.

## Regional/Border Issues

The civil conflicts in both Sudan and South Sudan have distracted the international community and humanitarian actors from long-standing, unresolved issues between the two countries regarding their shared border. Disputes span the length of the frontier from Kafia Kingi to Renk, but the biggest tensions are over the **14-Mile Area** between Northern Bahr el-Ghazal and East Darfur, the **Abyei Administrative Area**, the Heglig oil fields near Jaw, and the **Two Areas** of South Kordofan and Blue Nile States.



Less than a year after South Sudan's independence, the two sides were the closest they had ever been to full-scale war. A series

of political and economic antagonisms led to Sudan confiscating South Sudan's oil, which prompted South Sudan into an emergency shutdown and an invasion of the Heglig oil fields. However, on 27 September 2012, the two sides signed a cooperation agreement intended to resolve several issues between the two sides remaining from CPA. In terms of border security, the most important was the **Safe Demilitarized Border Zone (SBDZ)**, a ten-mile wide buffer area that spanned the entirety of the two countries' 2,010-km shared border.

The September 27 agreements proved to be more a tool for political posturing than any real attempt to resolve shared border disputes. Neither side was willing to make tough political compromises that angered powerful constituent groups: the Ngok and Malual Dinka in Abyei and the 14-Mile Area, and the Misseriya and Riziegat pastoralists in Darfur.<sup>11</sup> The agreements called for a Joint Border Verification and Monitoring Mechanism (JBVMM) to ensure demilitarization, but lack of funding, personnel, and logistical support from the two states has destroyed its effectiveness and credibility.

For the focus area in South Sudan, the border is particularly important due to a lack of East African trade linkages. Unity, Northern Bahr el-Ghazal and Upper Nile States are all more closely connected to Sudanese markets than they are to the transit links connecting South Sudan to Kenya and Uganda. The intermittent closing of the border has heavily impacted their market access, though in Northern Bahr el-Ghazal, this has been moderated somewhat by cross-border relationships built over the years in the peace markets of Kiir Adem, Warawar, and Gokk Machar. After two years of fighting, transport infrastructure is in a dire state, and it is likely that the focus area will not be able to rebuild or resettle its population without strengthening its ties to Sudan.

For the Sudanese, the border is a source of instability and threat to the regime. The Government of Sudan (GoS) has long suspected SPLA support to the SRF, which Juba has consistently denied. However, there is little doubt that elements of the SRF use the focus area to move troops and equipment between battlefields in Darfur and the Two Areas. Humanitarians have long known that the Yida refugee camp has acted as a rear base for JEM and the SLA factions, who forcibly recruit children and young men from the population. Occasional cross-border bombing runs by the Sudanese Air Force have targeted training camps and supply lines, much to the SPLA's annoyance.

Despite the current civil conflict in South Sudan, the SPLA has maintained a heavy military presence along the border with Sudan, and that is likely to continue. With civil wars in both countries, Sudan and South Sudan have been focused more on internal security issues; however, if either can reach a peaceful settlement with their rebel groups, it is likely that their full attention will be turned back to the border in the search for resources or political gain.

## ECONOMIC FORESIGHT

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Fiscally and financially, South Sudan is in crisis both literally and figuratively. The country has been mired in near insolvency for over a year, with some of the highest inflation in the world and

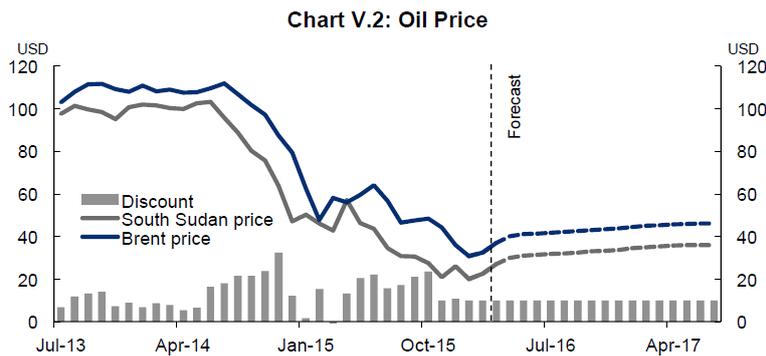
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<sup>11</sup> The Arab pastoralists have long been given support by the Sudanese state and have acted as an irregular paramilitary force against JEM and the SPLA. Without the pastoralists' support, which has been diminishing in the past several years, the SAF would not have the resources to hold Darfur and would likely be compromised in South Kordofan and Blue Nile as a result.

a central bank that long ago ran out of foreign exchange. Completely dependent on oil as a source of revenue, the international price collapse in oil markets has crippled the country’s ability to pay its soldiers and civil servants.

Before the current civil war, South Sudan was struggling with its economy due to its emergency oil shutdown in 2012. Turning the oil off at the tap damaged not only the economy and balance of payments but corroded the oil infrastructure and limited output. The country only started to recover fully in mid-2013, months before the outbreak of conflict in Juba. Since then, the pipeline infrastructure in Unity State has gone offline and the government’s sole source of revenue has come from the fields in Paloich, Upper Nile, which produces lower-grade, sulfur-rich Dar Blend, selling at a steep discount on international markets.

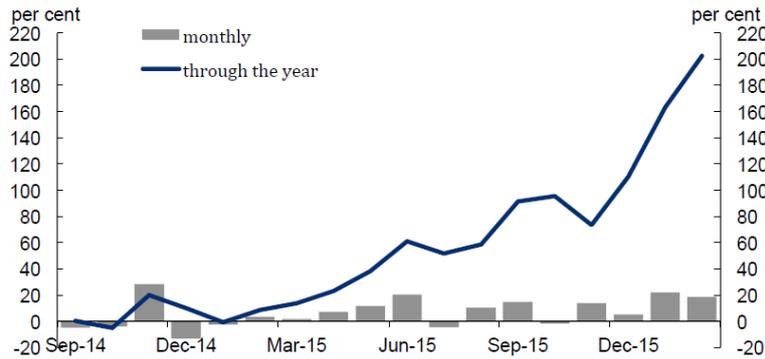
This has coincided with a steep drop in international oil markets, with prices for Dar Blend falling for to \$20/bbl at the worst to \$45/bbl today. With the steep discount as well as pipeline and transit fees to Sudan under the September 27 Addis Agreements, South Sudan was actually losing money on each barrel of oil sold. In a rare moment of mutual cooperation, Sudan waived some of its fees to maintain its access to South Sudan’s oil for domestic consumption. These fees are currently going into arrears alongside the \$3.028bn owed by the GoSS as per the Addis Agreements.



Monetary reform in December 2015 helped stabilize a government hemorrhaging cash, at the cost of the pound losing 84% of its value overnight. Floating the currency injected much-needed cash into government coffers and allowed the government to pay and even raise salaries. It has not, however, been able to halt rampant inflation caused by the Bank of South Sudan printing money without any backing throughout two years of war. Monthly inflation in January 2016 was 24%; it reached 18% in February 2016. Through the year inflation hit 250% in March 2016, up from 163% in January and 203% in February.<sup>12</sup>

<sup>12</sup> Expert interview – April 2016

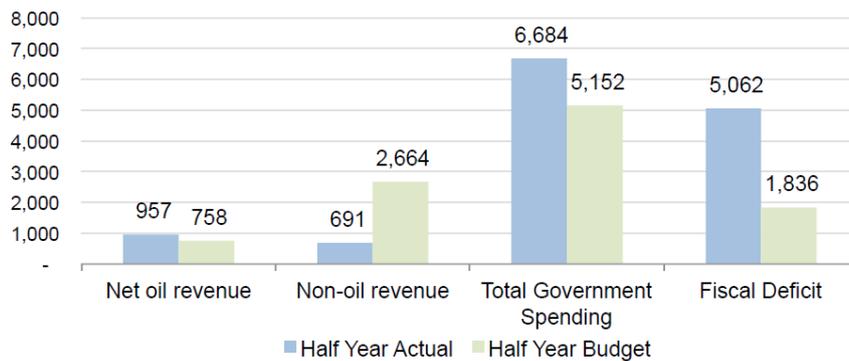
Chart VI:1 Monthly and Through the Year CPI Inflation



Theoretically, floating the currency should have stabilized inflation and volatility in the forex markets. Currently, there are few answers as to why that has not happened. Black market exchange rates have fluctuated wildly, even within a few weeks' time, rising to a high of 44:1 SSP to the dollar before Easter (March 27) and falling to 22:1 after Riek Machar landed in Juba on April 26. This is due to an extremely shallow black market that bases its rates on consumer confidence, payment of NGO salaries, and increased dollar spending during major holidays.

The only way to stabilize the currency is to enact fiscal reforms alongside monetary reforms. The Ministry of Finance and the Office of the President have continuously overspent their budgets at the expense of other ministries including health and education. Balancing the books means the government could reduce spending, and thus the printing of money, or hope for a rise in oil prices, which international analysts do not anticipate in the next two years due to Saudi Arabia and Iran's very public wrangling over price and supply.

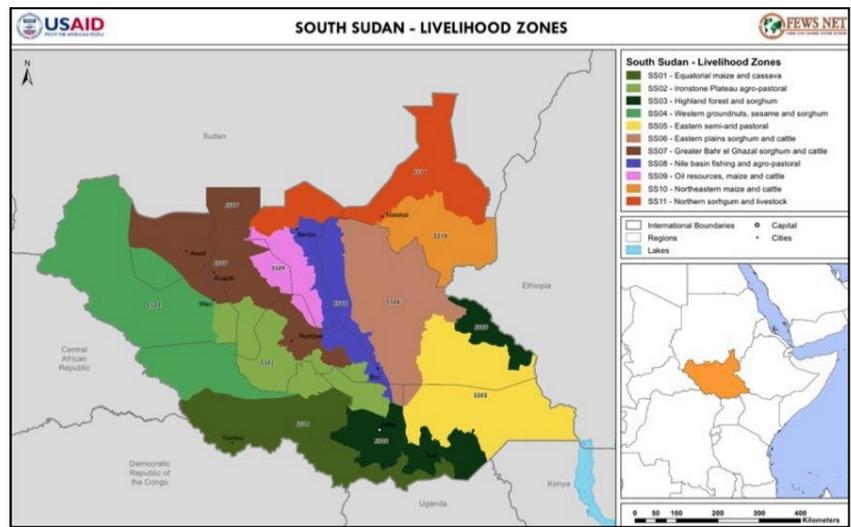
Chart VIII.1: Half-Year Revenue & Expenditure



The South Sudanese government has filled gaps through advance loans on oil revenue and through a massive \$650m from the Qatar National Bank. These short-term solutions are not sustainable, as the oil companies have already displayed doubt over South Sudan's ability to pay back loans and the lack of transparency over how the Qatari loan was spent. Analysts with expert knowledge

have hinted that South Sudan may find it preferable to default on the QNB loan, damaging its credit even further but escaping the debt obligation.

Many are now hoping that with a tentative peace, the government may be eligible for an IMF program, which would come with several conditions regarding fiscal reform. While these reforms might save the South Sudanese economy, they would surely disrupt patronage systems that have been used to keep various factions allied to the government and lead to further conflict. As lender of last resort; however, it is more likely that the government will receive a much-needed bailout from the IMF than from Turkey, China, or any other major international player.



Due to high poverty and a majority of South Sudanese employed in agriculture and pastoral livelihoods, few of these macroeconomic issues actually penetrate the countryside. However, this war has heavily disrupted livelihoods in Greater Upper Nile in ways that will only fully unveil themselves with time.<sup>13</sup> Many argue that the resource curse has hampered agricultural development in South Sudan. With projections that the country will have exhausted its reserves in the next ten years, South Sudan will increasingly need to turn to agriculture for its development.

## HUMANITARIAN OUTLOOK

Despite peace, South Sudan is still facing a long road to resolving its humanitarian disaster. Over 2.3m people have been displaced by conflict and food insecurity. Possibly hundreds of thousands have died as a result of direct violence and the knock-on effects of disease, displacement, and hunger. Around one-third of South Sudanese are severely food insecure, with 2.8m deemed in crisis or emergency (Phases 3 and 4) according to an IPC assessment in December 2015.<sup>14</sup> In Northern Bahr el-Ghazal and Warrap State, over 38,000 people crossed the Sudanese border due to food insecurity in the first three months of 2016.<sup>15</sup>

<sup>13</sup> See Luka Biong Deng, "Changing Livelihoods in South Sudan" for impact on livelihoods during/after the Second Sudanese Civil War. <http://odihpn.org/magazine/changing-livelihoods-in-south-sudan/>

<sup>14</sup> <http://www.fao.org/emergencies/resources/documents/resources-detail/en/c/411155/>

<sup>15</sup> UNHCR. "Food Insecurity Drives More South Sudanese to Sudan." <http://www.unhcr.org/56fa787a9.html>; According to local residents in Alek, Warrap State, many of the displaced have taken their families and left nothing behind. Interviewees doubt these food insecure families will return.

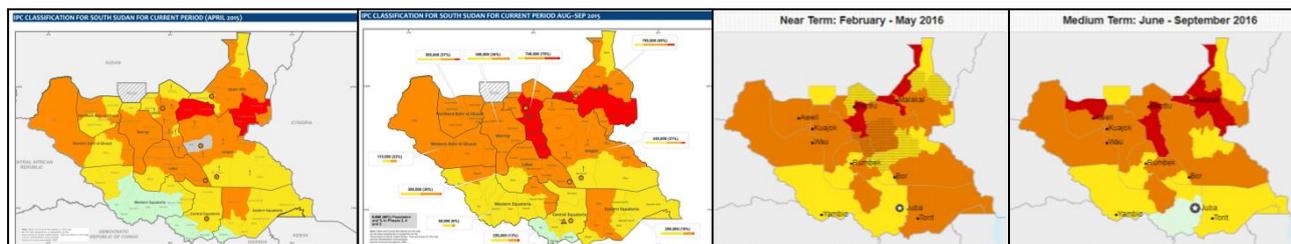


Figure 2 - IPC Classification April 2015, August 2015, February 2016, June-Sept Projection

The situation in northern Jonglei and Unity is defined by displacement, with large IDP populations in Ayod and Fangak Counties as well as the PoC site in Bentiu, which has become one of the largest cities in the country. It will be impossible to resettle populations before the 2016 rainy season, guaranteeing a need for food, water, health, and education assistance through the next year. Protection of civilians and peace/reconciliation will be high on the list of priorities as a population victimized by two years of war looks to revenge itself on perceived antagonists.

Reconstruction will be a long process and may only occur with extensive donor support, which must remain focused on humanitarian intervention but will likely transition to development, security sector reform, and governance issues.

In the two-year outlook, it is unlikely that the majority of the Greater Upper Nile region will be ready for development assistance, whereas the situation in Northern Bahr el-Ghazal and Warrap State will be much closer linked to South Sudan's overall economic health. Whereas Greater Bahr el-Ghazal will benefit from improved health and education sectors and support to government capacity, Greater Upper Nile will be struggling with the barest of necessities including food security, shelter requirements associated with resettling IDPs, renewed focus on clean water and sanitation, and rebuilding basic infrastructure.

Without a strategic plan for equitable development and renewal, there is a possibility that these regional inequalities could create long-lasting and bitter divisions over the long-term.<sup>16</sup>

## SCENARIOS BY JUNE 2018

The following are potential scenarios for North-Central South Sudan's two-year outlook in June 2018. None of these scenarios should be considered definitive but are rather presented as plausible possibilities given the system's key uncertainties and the impact of those uncertainties. Elements of the four scenarios are linked into narratively cohesive pieces, but the volatility in the system presents challenges for foresight even on a limited time scale. Two potential 'game changers' are presented to spur consideration of major disruptions.

- **Scenario One – "A Temporary Peace"**

ARCISS held throughout the remainder of 2016 and into 2017 with sporadic fighting continuing around the country, especially around Pibor, Wau, Mundri, Yambio, Koch, and Leer. The international community ignored the warning signs that accompanied a reset of the 2011 elite

<sup>16</sup> See Stewart, F. & Langer, A., 2008. "Horizontal Inequalities: Explaining Persistence and Change." In: F. Stewart, ed. *Horizontal Inequalities and Conflict: Understanding Group Violence in Multiethnic Societies*. Basingstoke: Palgrave Macmillan, pp. 54-82.

bargain and maintained its faith in a liberal peace. While Kiir and Machar appeared outwardly committed to the deal, various elements of the SPLA, Opposition, and regional militias quietly rearmed and jockeyed for positions that would give them strategic advantage should conflict break out again.

With the façade of peace holding, the international community granted South Sudan an IMF bailout towards the end of 2016, which kept the country on the hook for much of its external debt. However, much like ARCISS, South Sudanese leaders were allowed to pick and choose what aspects of the deal they liked and delayed implementation of those that did not suit them. The economy stabilized, but corruption and low oil revenue limited a strong recovery. The economic malaise constrained Juba's ability to distribute patronage, pushing regional elites to rely more on economic rents they could generate at home via cattle raiding, control of strategic resources, and taxes on trade and commerce. This increased violence around the country, making road access dangerous for humanitarians and merchants, and hampering both access and trade.

Pressures mounted toward the end of 2018, though the international community ignored many troubling signs of fragmenting power and influence and continued to support the government through development and security projects. Increasingly weakened, the core of SPLA leadership looked to distract its constituents from its organizational failures. Throughout 2017, Kiir and the Jieng Council of Elders used increasingly bellicose rhetoric against Sudan and the Opposition factions and increased their support for proxy militias on the border.

The tensions only needed a spark, and fears of another coup, rumored to be funded and supplied by Sudan, pitched the two sides back into a devastating 2018 dry season campaign with both sides better armed, better prepared, and less likely to compromise again, leading to severe consequences for civilians across the country. A humanitarian emergency quickly unfolded similar to 2013, though conflict fatigue amongst donors limited a similar level of funding and response.

- **Scenario Two – “Fragmented Power, Economic Collapse”**

Though Machar returned to Juba in April 2016, the hope for peace proved to be short lived. Hardline elements on both sides sabotaged the peace, and by August the two sides were in open conflict again, with the conflict spreading and overwhelming the SPLA around Wau, Mundri, and Pibor. Fighting in Juba forced another evacuation of the international community. Angered by the return to war, the Troika pressured the UN to impose economic sanctions shortly thereafter but, critically, did not impose an arms embargo, allowing weapons to proliferate across the country.

Without an IMF bailout and unable to access additional loans, the economy collapsed fully in March 2017. High inflation and a lack of forex rendered the pound worthless, prompting severe food insecurity during the traditional hunger season. The region now faces a worsening refugee crisis with thousands pouring over the borders into Uganda, DRC, Ethiopia, and Sudan due to food insecurity and a worsening security situation as conflict engulfs regions that had previously

managed to avoid the war. Regional elites abandoned Juba, and by January 2018, South Sudan looks much like eastern DRC—broken and factionalized, with power splintered between small clan-based civilian defense forces, bandit militias, and warlords in Northern Bahr el-Ghazal, Warrap, and Fangak.

An unsecured border gives free rein to Sudanese militia groups, who took advantage of their mobility and began to severely threaten the SAF in South Kordofan during the 2018 dry season campaign. The Sudanese state attempts to eliminate the SRF by targeting its camps and supply routes in South Sudan prompting a regional crisis as Ethiopia and Uganda move to guarantee their own political and economic interests. By June 2018, the threat of a regional war along the lines of the DRC from 1999-2006 is very real and high on the agenda of the AU and UN.

- **Scenario Three – “Dictatorship and Dinka Dominance”**

Greatly weakened by two years of war and with a dwindling will to fight, the opposition rejoined the government with Machar’s return in April 2016. With peace on the table, South Sudan qualified for and received an IMF bailout, which helped stabilize the economy. However, a strengthened government felt better able to resist international pressure to compromise on peace and enact fiscal reforms, keeping many patronage systems in place and buying loyalty from regional commanders and national elites.

Tensions remained high throughout 2016, with some elements of the opposition refusing to recognize the peace. However, the majority realized that they would have greater access to power and resources within the system if they rejoined. Some former warlords were given governorships in November 2016 as the government moved forward with its campaign of decentralization. Juba never had the will nor the resources to fully devolve power, however, pushing these governors to raise their own taxes and collect their own rents. Support from preferred elites in the periphery allowed Juba to further centralize its power and control over politics and the military.

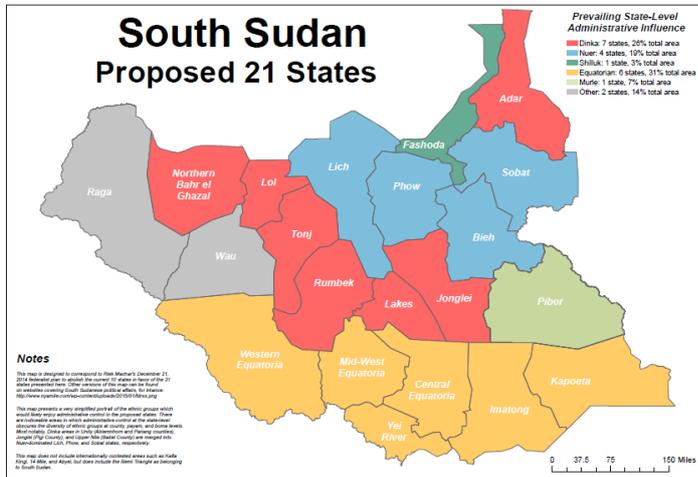
Hardliners within the government continued a brutal crackdown against rebellions around the country, making full use of helicopter gunships, heavy weapons, and attacks on civilians. Human rights and protection actors decried the violence through 2017 to no avail. With rebellions quelled around the country, an increasingly belligerent SPLA searches for military gains on the border disputes with Sudan, leading the two countries to increasing tensions in early 2018.

By June 2018, the government looks increasingly authoritarian and has passed NGO and media bills that have greatly constrained any criticism. Humanitarians fear that they will lose access to beneficiaries and increasingly limit their advocacy to appease government officials. South Sudan looks increasingly like Sudan and mirrors increasingly restricted NGO access around the region.

- **Scenario Four – “Moderation and A New Start”**

Few thought Machar’s return to Juba would bring peace, but concerted international pressure, the threat of an arms embargo and individual sanctions, and regional buy-in boost moderate voices

within the government and opposition to move towards a lasting peace. Positive developments qualified South Sudan for an IMF bailout, and while fiscal reforms bite, a commitment to cleaning up corruption and waste ultimately produced more benefits for elites than they saw before the war, easing demands for state patronage.



This created buy-in for compromise. While all parties recognized the need for further decentralization, an honest conversation produced a 21 state solution much like that proposed under the opposition that prioritized service delivery and government responsiveness.<sup>17</sup> The government began rolling this out in January 2017 and saw immediate results in inter-community cattle raiding during the dry season as local government was brought closer to the people was better

able to respond to violence before it spiraled out of control.

Chinese and Indian engineers restarted oil production in Unity State in June 2017 and although prices did not hit previous highs, the boost to the budget combined with greater local government effectiveness quelled grievances across the country. Sudan also benefitted from the resumption of production, and with the death of Hussan al-Turabi in March 2016, the two governments moved towards cross border cooperation and re-engagement in solving their shared border disputes.

Humanitarian needs are still rife, especially in Greater Upper Nile, but reopening the border eases market, food security, and humanitarian operations for much of the region. Displaced communities in Sudan likely will not return home without incentives from the Government of South Sudan or a much improved economy, which is beyond the time horizon of the current project. A humanitarian surge in the 2017/18 dry season could entice displaced people to return home and begin rebuilding. Without it, there is little likelihood that the displaced, especially those in the PoCs will have the resources to begin anew in the near term.

## GAME CHANGERS

Though South Sudan has a high degree of volatility, the various scenarios already presented exhibit a wide degree of possible futures for the country over the next two years. However, two game changing scenarios could cause serious disruption, and while elements of the scenarios may remain, the system would enter a region of extreme unpredictability. The following two game changers sketch some possibilities.

- **Assassination**

<sup>17</sup> No matter the number of states, the opposition’s decentralization prioritized geographic area and trade linkages, making the priority service delivery and governance. The current policy on the table does neither of these.

Opposition movements in South Sudan have often exhibited a degree of conflict within senior leadership that has led to splits, defections, and a weakened front against a common enemy. Officers and politicians have typically been kept under house arrest and have often later rejoined the movement due to political necessity. Men like Lam Akol and Joseph Bakosoro often have powerful constituencies and the government cannot afford to eliminate them.

However, a disturbing trend has arisen during this civil war. The government has been more likely to use violence against its detractors, in particular targeting civil society and journalists. Additionally, while analysts tend to focus on the SPLA's 'big tent' approach to conflict resolution following the Juba Declaration, it is too easy to forget that rebels Gatluak Gai and George Athor died under mysterious circumstances in negotiations with the government.

If a prominent ethnic leader along the lines of Bakosoro, Akol, or Machar came to an 'unfortunate end,' it would represent a new degree of overt political violence rarely seen in the country. Considering their national-level status, there are few politicians active at this time that would be able to match these men's influence, their history during the liberation struggle, or their cross-clan appeal. A fractured ethnic group would be more prone to both intra-clan violence and external repression.

- **Regional War**

In April 2016, Murle raiders crossed the border into Ethiopia, killing scores of Nuer refugees and abducting over one hundred children. While details are little known at the time of writing<sup>18</sup> only a few weeks after the raid, the Ethiopian military responded with cross-border military operations alongside the SPLA to recover the children.

This presents a worrying regionalization of the conflict after the success of forcing Uganda's withdrawal during peace negotiations. It is too early to predict how this incursion will affect the overall system, but it is not difficult to see Ethiopia, Uganda, and Sudan competing over resources and influence in the country once one of them has crossed the proverbial Rubicon. Uganda and Sudan have waged a proxy conflict over South Sudan for years, and there is no love lost between Museveni and Bashir. Though it does not hold the mineral riches of DR Congo, South Sudan does still have water, gold, diamonds, timber, and wildlife that could sustain armed campaigns much like those that embroiled its neighbor from 1996 through the present day.

If the war continues, there is a possibility that the AU would authorize force to protect civilian lives. This has been presented at previous peace conferences and was recommended by Mahmood Mamdani in his leaked AU report. The fact that this was discussed at all makes it a credible threat that could be used against South Sudan if peace is not sustained. The possibility that neighboring

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<sup>18</sup> April 2016

nations could be embroiled in internal South Sudanese politics would disrupt the system and power dynamics in a way that is wholly unpredictable at this time.

## CONCLUSION

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South Sudan may be one of the most volatile countries in the region. A grueling civil war, economic collapse, and untold destruction have created the conditions for complete state collapse. Even with the recent peace deal, South Sudan still has a long road to travel before it recovers from its ordeal. Millions have been displaced and are suffering from food insecurity. Hundreds of thousands have lost friends and relatives, homes, and livelihoods. Two armies are sharing Juba, kept in check by a shaky peace deal long-delayed in its implementation. The possibility for renewed violence and continuing war is high.

As conflict spreads around the country, there is hope that the current peace deal will build space for compromise and reconciliation. The chances are unfortunately slim, but may be attainable through an elite compromise and judicious use of oil revenues for reconstruction and development. In any case, over the two-year period, donors and diplomats must recognize that humanitarian assistance will still be needed to resettle, feed, and house the millions who will return home and attempt to rebuild. ■

# A Two-Year Outlook for NORTH CENTRAL SOUTH SUDAN 2016-2018

April 2016

*Humanitarian Foresight Think Tank*

*A think tank under the*  
**HUMANITARIAN AND DEVELOPMENT PROGRAMME**

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