Briefing Paper

October 2023

PAY DAY LOANS AND BACKROOM EMPIRES

South Sudan's Political Economy since 2018

Joshua Craze

Credits and contributors

Project coordinator:
Khristopher Carlson

Editors:
Khristopher Carlson and
Anthony Morland

Production and communications coordinators:
Olivia Denonville, Lionel Kosirnik, and
Katie Lazaro

Fact-checker:
Khristopher Carlson

Copy-editor:
Colin Mullins

Design and layout:
Rick Jones

Cartography:
Jillian Luff, MAPgrafix

Proofreader:
Stephanie Huitson

Front cover photo

Spent munitions lying on the ground at an abandoned oil treatment facility at Thar Jath, Unity State, South Sudan. February 2015. Source: Tony Karumba/AFP Photos.

About the authors

Joshua Craze is a writer with over a decade of experience doing research in Sudan and South Sudan. He has worked in the two countries for the Small Arms Survey, Human Rights Watch, the Centre for Humanitarian Dialogue, the United Nations Mission in South Sudan, Geneva Call, the Norwegian Refugee Council, Tufts University, and the London School of Economics and Political Science, among other institutions and organizations.

He has a PhD in Socio-Cultural Anthropology from the University of California, Berkeley and has also studied at the University of Oxford, l'École des hautes études en sciences sociales, and the University of Amsterdam. His essays and reportage on Sudan and South Sudan have been published by *The Baffler*, *The Guardian*, the *New Left Review*, *n+1*, *Creative Time Reports*, and *Al Jazeera*, among many other publications. He is currently writing a book for Fitzcarraldo Editions on war, bureaucracy, and silence in South Sudan.

Acknowledgements

I thank the Small Arms Survey and, in particular, Khristopher Carlson, as well as two anonymous reviewers, for greatly improving this Briefing Paper. I would also like to give thanks to all my friends and colleagues in South Sudan, who cannot be named here.

This publication was funded by a grant from the United States Department of State. The opinions, findings, and conclusions stated herein are those of the author and do not necessarily reflect those of the United States Department of State.

Overview

This Briefing Paper surveys the state of South Sudan's political economy. It focuses on the diversion of revenues by the political elite around South Sudanese president Salva Kiir in three key areas: oil production, humanitarianism, and loans from international financial institutions. This paper finds Kiir's regime has consistently employed strategies to render financial flows opaque, and it has used such flows to maintain its own military and political cadres at the expense of the South Sudanese people. A predatory political economy, which enables capital accumulation by an elite class in Juba, has become a structural condition for the survival of Kiir's regime. This paper concludes by analysing likely future scenarios for this political economy and offers policy observations to the international community.

Key findings

- International Monetary Fund (IMF) loans to South Sudan in 2020–21 have been characterized by a series of irregularities. The loans have been used to pay the salaries of security services allied to Kiir's regime rather than the opposition forces that compose part of the national army. Up to 30 per cent of these disbursements have not been accounted for, and the government's financial management has been poor.
- Kiir's regime profits from the humanitarian sector in South Sudan through checkpoints, aid diversion, and the exploitation of the infrastructural necessities of the sector.
- Despite repeated calls for the reform of the country's oil sector, South Sudan's oil revenue remains opaque and is controlled by Kiir's regime through a series of off-the-book accounting mechanisms.
- South Sudan's predatory political economy is dominated by the extraction of resources, including timber and gold. These operations are controlled by actors from within the country's elite and are used to build up shadow economic empires outside the ambit of the formal state.
- The political–economic landscape of South Sudan is characterized by obfuscation: a narrow coterie of politicians and commanders close to Kiir employ multiple bank accounts to obscure the diversion of money from the South Sudanese state.

Introduction

In August 2022, Kiir announced that the transitional period heralded by the 2018 signing of the Revitalised Agreement on the Resolution of the Conflict in the Republic of South Sudan (R-ARCSS) would be extended by two years, culminating in elections in 2024. Despite the extension, little has been done to implement key provisions of the agreement. The National Constitutional Review Commission has not been reconstituted (RJMEC, 2023). There has also been no progress on the crucial Chapter II provisions of the agreement, which provide guidelines for the process of security sector reform (SSR) in South Sudan. The Necessary Unified Forces (NUF) are supposed to join rebel and government soldiers into a single unified army, but they have not been deployed (Craze, 2021). Though their mid-level command structure has now been agreed upon, no appointments to those positions have been made as of the beginning of September 2023. Most importantly, many of the troops that graduated as part of the NUF are without wages, weapons, or health services. The peace agreement and its SSR process have not improved the lives of the young women and men of South Sudan.[1]

Such delays are not accidental. Implementation of these key provisions of the agreement would threaten Kiir's control of South Sudan, which is predicated upon a delicate military and political balance between fractious commanders and rivalrous politicians. This balance could be upended by—for instance—commanders being left out of the command structure of the NUF: an almost inevitable situation given that there are more commanders than positions (Craze, 2023b). In such a context, stagnation and non-implementation of the peace agreement is a more politically expedient option for Kiir.

Such stagnation compounds an already dire situation for the citizens of South Sudan. Approximately 9.4 million people will need humanitarian assistance in 2023—some 76 per cent of South Sudan's population. Conflict continues to scar the country, and climatic shocks exacerbate already acute resource scarcity (OCHA FTS, 2022). This humanitarian crisis, however, benefits Kiir's regime, which diverts aid and capitalizes on the infrastructural needs of the humanitarian sector (Craze, 2023c). The diversion of these resources is one of only a few lines

“South Sudanese politics has largely become a struggle to secure the benediction of government funds.”

of economic relief available to Kiir's regime, as the country's economy continues to flounder, with the South Sudanese Pound (SSP) depreciating 40 per cent against the USD since the beginning of 2023 due to inadequate central bank reserves (UNSC, 2023b, p. 3), an expansion of monetary supply via central bank borrowing, and rising global commodity prices (Yablon, Mulder, and Blas, 2022).

The conflict in Sudan has also exacerbated the crisis in its southern neighbour, leading to acute shortages of resources in border communities accustomed to being supplied from Khartoum. In addition, the conflict has increased flows of South Sudanese and Sudanese nationals into Renk, Upper Nile, and other frontier towns, straining the capacity of areas of the country already hard-pressed to respond to climatic and conflict-driven crises (REACH, 2023).

Despite these crises, and the government's failure to implement the peace agreement, Kiir's regime is intent on elections. The regime hopes electoral victory will give it international legitimacy and enable the ending of the UN arms embargo. The Sudan People's Liberation Movement (SPLM) is mobilizing its supporters across the country (Small Arms Survey, 2023b), while the Sudan People's Liberation Movement/Army-in-Opposition (SPLM/A-IO) and other opposition parties are ill equipped to mount a credible challenge to the ruling party, due to an acute lack of both resources and civic space (UNHRC, 2023). Despite the dominance of Kiir's regime, elections threaten to be explosive for South Sudan's fractured political landscape. Disputes over the demarcation of electoral boundaries, the selection of candidates, and contentions between ethnic groups, mean that elections will likely create serious conflict across the country (Craze, 2022c).

Interviews for this Briefing Paper were conducted remotely in the first half of 2023 and in person in Central Equatoria, Western Equatoria, and Upper Nile states in August–September 2023. They build on the author's 13-year-long engagement with South Sudan and recent fieldwork in 2019, 2020, 2021, and 2022.

Background: making markets

South Sudan is in the midst of a profound political–economic transformation. During the period of the Southern Sudan Autonomous Region (1972–83), most households in what is now South Sudan organized production through kinship networks, in which surpluses were distributed through societal institutions such as marriage (Thomas, 2015). Although such institutions continue to organize much of productive life in South Sudan, they now exist within a market economy. The majority of the South Sudanese population purchases the materials they need to live from markets that are deeply structured by the militarized forms of control that emerged during the second Sudanese civil war (Thomas, 2015, p. 7). In South Sudan, markets took hold as conflict disrupted people's access to land and enabled the commodification of agriculture within a system of military patrimonialism (Pendle and Anei, 2018; Pinaud, 2014).[2] During the period following the signing of the Comprehensive Peace Agreement (CPA) in 2005, the precarity produced by this shift in southern Sudan's mode of production was ameliorated by an oil-soaked expansion of state salaries, particularly in the security sector (Craze, 2020). Wages provided market access. However, since the beginning of the South Sudanese civil war in 2013, government provision of wages has largely collapsed. From the 1970s, the collapse of *nafir* (collective community strategies of agriculture and livestock management) left South Sudan increasingly dependent on markets and wages; since 2013, government collapse has created a society which, while dependent on wages, is without access to them.[3]

It is not simply that the South Sudanese state has failed to intervene to improve this situation; Kiir's regime has benefited from the catastrophe. The general immiseration of the population has created a surplus class of young men that can be conscripted into the state's security forces (Craze, 2022a). Moreover, it has removed the material basis for an effective opposition in the country; opposition figures are now easily bought off by the government (Craze, 2022b). Power, both political and economic, is increasingly concentrated in a narrow circle around the president, and South Sudanese politics has largely become a struggle to secure the benediction of government funds. A decade of civil war and immiseration has solidified the patrimonial political system Kiir has created (Craze and Marko, 2022). Today, there is effectively no outside to the system.

The political class that rules South Sudan took form during the second Sudanese civil war (Pinaud, 2014; 2016), though it often emerged from extant forms of customary and military authority (Kindersley, 2019). Over the last two decades, this class has consolidated its hold on southern Sudan by controlling capital inflows into the country. These largely come from natural resource extraction (primarily oil, but also timber and gold) and the manipulation of the humanitarian sector. Such resources are placed outside the ambit of the official state and used transactionally by Kiir's regime to buy the loyalty of the political and military classes in South Sudan by offering—or at least promising—a slice of the country's wealth (de Waal, 2014).

South Sudan thus continues to participate in what has been termed 'extraversion' (Bayart and Ellis, 2000). Rather than African states being passive players in the world economy, Bayart and Ellis claimed their elites creatively exploit the continent's unequal and subsidiary place in the global system by accumulating wealth in the shadows of the international order. Despite the protestations of the 'international community', such accumulation does not occur behind its back, but via the intercession of established international firms, including the energy companies that trade South Sudan's oil and the banks that finance those traders. Such accumulation is further aided by forms of opacity that are hardwired into international commodity markets (Blas and Farchy, 2021). For the commodity markets, as for Kiir and his confidantes, South Sudan works. Disorder and obfuscation are the political instrument of its success (Chabal and Daloz, 1999). It is the immiserated population of the country, increasingly politically fractured and set against itself, that bears the terrible cost of Kiir's victory.

Backroom empires

By 2008, only three years after the signing of the CPA, the World Bank's first GDP estimate for southern Sudan calculated that, at USD 15 billion, it already had an economy bigger than Uganda's. The international community told tales of the nascent country as a *tabula rasa*, ready to be set on the road to prosperity (Thomas, 2015; Craze, 2021). In the eyes of the World Bank, a new state was being created. Southern Sudan, however, was far from being a *tabula rasa*, and crucially, it had an extant political economy forged during the second Sudanese civil war from 1983 to 2005 (Nyaba, 1997). During this period, an elite military class had emerged, which had taken control of flows of external resources in the form of humanitarian aid and materiel. It used them to build up kinship networks and trading blocs to create a predatory political economy predicated on the displacement and immiseration of the southern Sudanese population and the accumulation of livestock and trading capital (de Waal, 2014; Geneva Call, 2021). This was the elite class that took control of the southern Sudanese state with the signing of the CPA in 2005.

With the end of the civil war, elite control of humanitarian resources was supplemented by a much more lucrative income source. Oil revenues, which flowed because of the wealth-sharing protocols of the CPA, enabled the government in Juba to be substantively autonomous from southern Sudanese society. It became dependent on petrodollars rather than popular support. Kiir's regime used oil revenue to massively expand the security sector, effectively buying off rebel groups that had not been included within the bilateral confines of the CPA (Craze, 2020). In doing so, Juba perpetuated a mode of transactional politics already mastered by former Sudanese president Omar al Bashir, who had previously purchased the loyalty of the opposition groups that Kiir then putatively integrated into the Sudan People's Liberation Army (SPLA) through the Juba Peace Agreement of 2006 (de Waal, 2014). Violence became the means of leverage for commanders seeking to gain access to political and financial capital. As a result, transactional payments to the security sector quickly ate up the budget of southern Sudan as commanders threatened—or carried out—rebellions and (after a payoff) were then reabsorbed into the SPLA. From 2005 to 2011, approximately half of the state's budget was used to pay wages, and 70 per cent of the military's budget was spent on salaries (Ministry of Finance and Economic Planning, 2011).

Despite the simulacrum of a bureaucratic state that was—with international assistance—being built in South Sudan, the state's dysfunctional financial system and absent accounting practices were neither atavistic remnants of a previous era nor temporary blips on the road to transparency. Rather, they were deliberately made parts of the new system. Cloaking the distribution of oil revenue in ambiguity enabled payoffs to the military class that had emerged during Sudan's second civil war and which subsequently gorged itself on the nascent South Sudanese state. The emerging nation was soon beset by corruption scandals, including—most famously—the dura saga of 2008. The government had awarded USD 3 billion to a series of companies for the purchase and storage of grain (including sorghum, known locally as *dura*), most of which never arrived (National Audit Chamber, 2012). By independence in 2011, Kiir acknowledged that there was USD 4 billion for which he could not account (ICG, 2021)—many observers consider this a gross underestimate.[4]

Kiir's regime is a machine designed to survive crises. During the CPA period


Flooding in Akobo county, Jonglei state, 2019. Source: J. Craze, 2019

> “Most of the money dispensed to parliament was via allowances and other benefits rather than in the form of wages.”

(2005–11), it used oil revenue to integrate opponents into the regime’s coalition. Kiir effectively outbid Bashir for the loyalty of the largely Nuer militias that had previously served Khartoum during the second Sudanese civil war (Young, 2006). This meant the machine needed constant capital inflow to grease the transactional gears of the machine. When in 2012, disputes over oil transit fees that South Sudan was supposed to pay its northern neighbour precipitated South Sudan turning off oil production, some predicted a subsequent fall in revenue that would be a ‘doomsday machine’ for Kiir’s regime (de Waal, 2014, p. 357).[5] The beginning of the South Sudanese civil war in 2013 seemed to bear out the truth of this prophecy. Kiir’s regime, however, was able to change strategies following the oil shutdown. It began to use oil-backed loans in earnest, and revenues were switched from oil production to oil-backed debt.

The structural reason for the beginning of the South Sudanese civil war lies not in a crisis created by the oil shutdown, but rather in the nature of the militarized state that Kiir’s regime had created. During the period from 2005 to 2011, the SPLA had already become less an institution than a political marketplace. This led commanders close to Kiir to increasingly place their trust in monoethnic militias recruited outside of the SPLA’s ambit (Boswell, 2019).[6] Whatever trust and *esprit de corps* there had been within the SPLM/A during the CPA period had largely vanished by 2013. The increasing ethnicization of South Sudan’s armed forces made conflict almost inevitable, regardless of whether the oil had been turned off in 2012.

During South Sudan’s civil war, the fracturing of the country continued apace. The country’s armed forces increasingly became a series of militias with direct relations to actors outside of the formal structure of the state (Craze, 2023 b). These divisions were paralleled by a fracturing of the country’s political economy. Kiir tried to keep major capital inflows under the tight control of a coterie of his supporters and outside the supervision of the South Sudanese state. He accomplished this by having a diverse and constantly changing set of accounts and inflows to his clique. Paradoxically, Kiir’s fragmentation of the state’s coffers, just like his fragmentation of the country’s military, was a means of maintaining centralized control (Craze and Marko, 2022).

This centralized fragmentation has left the state increasingly hollowed out. Kiir’s regime has largely ceased to provide services or wages in South Sudan, except for a handful of chosen positions in the government and the security sector. Even those wages that are actually paid out have no real value due to inflation. The government’s lack of interest in maintaining the real value of the government payroll is partly because it has shifted strategies: favoured commanders now receive direct cash payments from the Office of the President, or they are granted licences to tax and predate in areas under their control.[7]

Historically, opposition to the state—and especially military rebellion—in southern Sudan has been dependent on external support: the SPLM/A, in the early years of the second Sudanese civil war, relied on support from Ethiopia; and the Bul Nuer militias that contested control of Unity state with the SPLM/A during the 1990s, and again from 2010 to 2013, relied upon support from Khartoum (Craze and Tubiana, 2016). From 2013 onwards, a regional realignment occurred, with the regimes in Khartoum and Juba drawing close, partly due to the role played by Kiir’s security advisor, Tut Kew Gatluak.[8] As a result, the SPLM/A-IO, among other opposition forces, was unable to find succour in Khartoum. Lacking support, it became quasi-impossible for opposition forces to maintain positions outside of the state, and there has been a concomitant competition for government positions. Kiir achieved marked success in convincing opposition commanders to defect (Craze, 2022a), and in keeping the security services under close control, by ensuring direct cash payments and materiel only go to those trusted to wage war on Kiir’s behalf (Craze, 2022b). Formally, all government workers should receive their salaries, as should the beleaguered troops wasting away in cantonment sites (Craze, 2020), putatively integrated but without pay or medical services. Substantively, however, real wages are wielded as an instrument of favour and only destined for those useful to Kiir, while the rest of the country goes hungry.

Though the South Sudanese civil war formally ended in 2018, this basic pattern of centralized fragmentation has only accelerated, and a period of forced austerity created by climatic disaster and conflict has revealed its lineaments all the more clearly. According to the World Bank, the South Sudanese GDP fell from nearly USD 18 billion in 2011 to under USD 3 billion by 2016 (World Bank, 2023). Nonetheless, the basic weightings of the state’s income have remained unchanged: 98 per cent of the government’s budget comes from oil, which accounts for 80 per cent of the country’s GDP. The priorities of Kiir’s regime have also remain unchanged. The amount spent on the Ministry of Health from July to December 2021 was half as much as the annual healthcare allowance for members of parliament (UNSC, 2022b). In 2022–23, accountability, health, and education received less than 30 per cent of their budget allocation, a total of USD 15 million. During the same period, USD 21.1 million was spent on parliament (UNSC, 2023a, p. 31). Most of the money dispensed to parliament was via allowances and other benefits rather than in the form of wages. This is but one example of a more general strategy: instead of paying wages to favoured military and political personnel—a central strategy of the CPA period—Kiir’s regime now dispenses allowances and favours, which, unlike wages, can be iterative and selective, rather than comprehensive. This shift allows Kiir to continue rewarding loyal followers, while hollowing out the salaried class.

The R-ARCSS has multiple commitments to transparency and accountability in relation to national wealth (IGAD, 2018). In reality, however, the peace agreement has been a machine to dispense favours and accumulate wealth within the political and military elite.

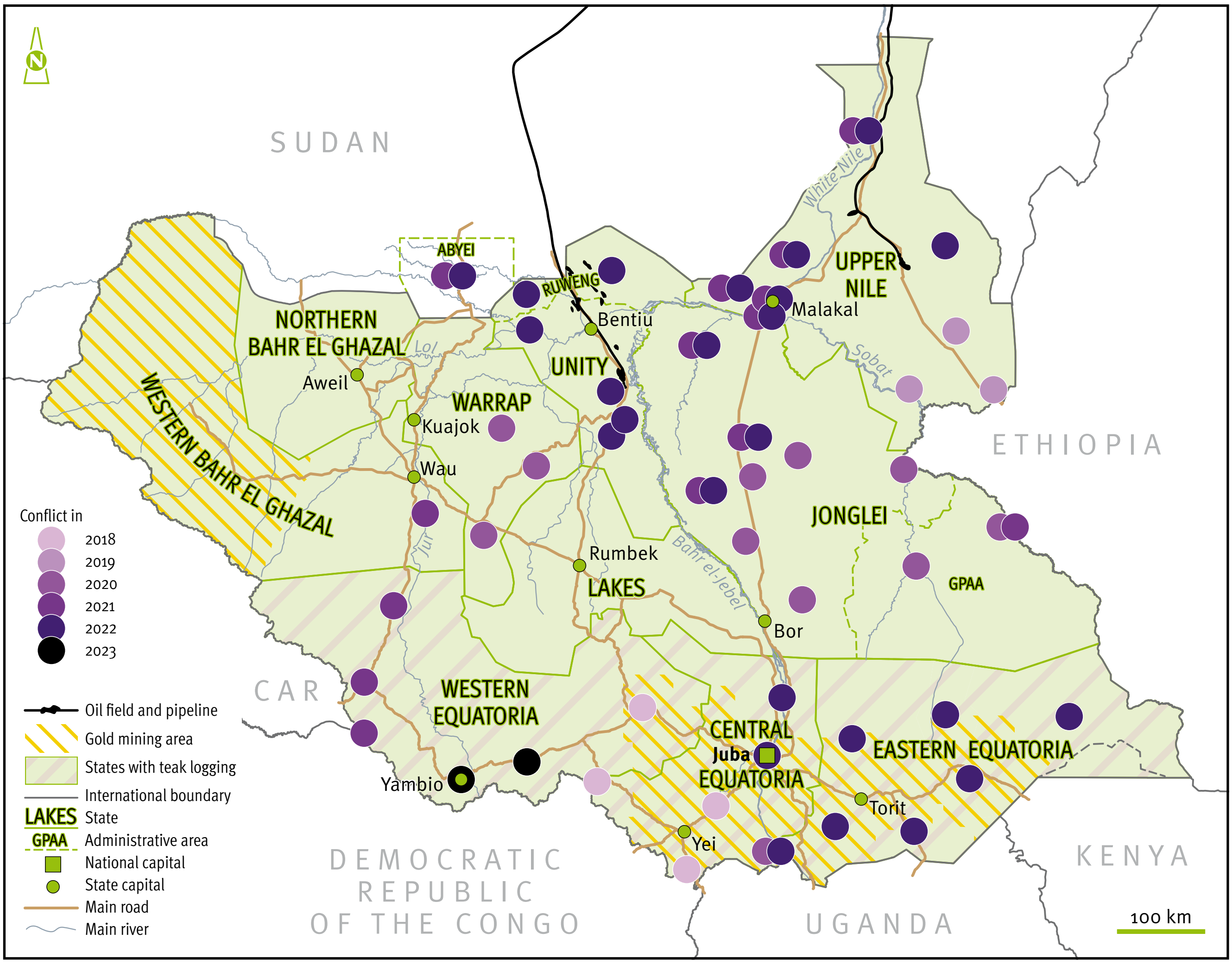
This is clearly demonstrated in a SPLM-IO report on the suspension of one of its members for speaking up against SPLM corruption within the Transitional National Legislative Assembly (TNLA) (Office of the First Deputy Speaker, 2023). According to this report, the benefits and privileges doled out to members of the TNLA and the Parliamentary Services Commission include a car loan of USD 50,000 per term of parliament for each MP and a USD 30,000 medical allowance per year. For the entire parliament the total of this medical allowance would equal USD 19.5 million per year, a sum that dwarfs the amount of money dispensed for health provision across the entire country (UNSC, 2023a).[9] While the document notes that these benefits—among many others—have only been irregularly honoured, they are indicative of the government's priorities.[10]

Payments to the political class are also overwhelmingly partisan and are part of Kiir's efforts to starve the SPLM-IO of finance, thereby eroding its support. For instance, between July and September 2022, ministries controlled by the government spent four times as much as those controlled by the opposition (UNSC, 2023a, p. 31; Ministry of Finance and Planning, 2022).[11]

While budgets are designed with one eye to the Troika and international financial institutions, spending patterns are more reflective of the priorities of Kiir's regime.[12] The apportioning of state finances also reflects the regime's intentions to centralize control of economic affairs in the Office of the President. In the first quarter of 2022–23, for instance, the Ministry of Presidential Affairs spent 581 per cent of its allocation. In contrast, the Ministry of Health, the Anti-Corruption Commission, the National Constitutional Amendment Committee, and further oversight mechanisms were all starved of funds—the Anti-Corruption Commission was evicted from its offices in 2022 due to the non-payment of rent (UNHRC, 2023, p. 79).

The overwhelming concentration of financial capital in the political class in Juba has created fragmentation and conflict elsewhere, as politicians compete for access to lucrative positions and mobilize their constituencies in zero-sum competitions for political power (Craze, 2022b). Given the almost total absence of a developmental state in South Sudan, government is increasingly associated with these positions, and the national compact correspondingly contracts. For South Sudan's many ethnic groups, government means controlling a county commissionership or a state gubernatorial position, and the resources and political power such a position affords. This creates zero-sum competitions between groups for administrative positions all over the country.

Map 1 Resource extraction and armed conflict



Base map data source: OpenStreetMap

Sources: OCHA (n.d.); Neumeister and Cooper (2019); James (2015); Hunter and Opala (2023). The marked conflict areas are all from HSBA research.

The partial withdrawal of the state from the provision of wages outside the national capital and the concentration of capital in Juba to the detriment of the rest of the country has also had a deleterious effect on the security situation in South Sudan. Military commanders and county commissioners are increasingly licensed as entrepreneurs as Kiir's regime outsources the monopoly on violence along with the capacity to collect revenue. Contentions over such outsourced business opportunities are part of the engine of conflict in Upper Nile and Unity (Craze, 2023a; Small Arms Survey, 2023a).

Other than oil, South Sudan has significant resource extraction operations in gold and timber. These operations are almost entirely 'off-book' and are dominated by the South Sudanese security services; they have become part of the entrepreneurial opportunities offered by the state to its commanders and politicians. State and county-level officials and military commanders pursue deals with private organizations outside formal channels and form part of regional networks. Timber logging in the Equatorias, for example, is facilitated by the South Sudan People's Defence Forces (SSPDF): companies pay off commanders for access to timber, for logistics, and for security.[13] This timber—primarily mahogany and teak—is largely exported via Uganda. The sector is almost entirely unregulated and informal.[14]

Gold mining, like timber logging, is almost completely informal. It occurs in Central and Eastern Equatoria states and on the western border of Western Bahr el Ghazal state. All of South Sudan's gold is exported to Uganda, Kenya, Sudan, and the United Arab Emirates (UAE). Although there is no exact figure on the size of the gold mining sector in South Sudan, the USD 110 million of gold reportedly received by Uganda and the UAE in 2020 is almost certainly a huge underestimate (Hunter and Opala, 2023). Gold mining is mostly unregulated, and state-level administrations grant licences without formal approval from the national government (Small Arms Survey, 2023b). In Central and Eastern Equatoria, gold brokers arrange mining deals, find foreign partners, and pay off local politicians and commanders. This increases the militarization of both states and leads to contestations over gold mining sites (The Enough Project, 2020).

These informal unregulated sectors represent a political strategy for Kiir's regime. Rather than pay off the political and military class from oil revenues that are used by Juba, commanders and soldiers alike are encouraged to become entrepreneurs (Craze, 2023b). Without such activities, they would not survive. As the IMF notes, more than half of South Sudanese government workers live on less than USD 5 per month, well below the World Bank's international extreme poverty line of USD 2.15 per day (IMF, 2022; World Bank, 2022). For example, a police officer in Yambio, Western Equatoria, earns USD 4–9 per month if their salary is paid; a kilogram of goat, in comparison, is USD 4.[15] Salaries often go unpaid, and even when delivered, they are simply not enough to survive. This necessitates public officials taking on other forms of work—such as agricultural labour—or finding other sources of income. For soldiers and other uniformed personnel, the inadequacy of the wage structure has meant that soldiers often sell off materiel to youth fighters, work in mining operations, or extract revenue from checkpoints and engage in other forms of predatory behaviour (Small Arms Survey, 2023b).

The undermining of the government wage structure that had previously assuaged South Sudan's uneven transition to a market economy is not the result of South Sudan's economic crisis. Allowing wages to become effectively meaningless, given rampant inflation, was rather a *political* decision taken by Kiir's regime. The oil for roads programme now takes up more of the government's budget than the provision of wages, because the programme enables Kiir's regime to move money off-book quickly and into the hands of his associates. Paying wages, in contrast, commits Kiir to a more formalized system, where there is more oversight of expenditure and less selectivity about who should receive income. Wages are simply a less malleable system for political control than dispensing favours and licences.[16] The shift away from wages is thus part of Kiir's regime survival strategy. The bloated wage-bill of the security sector from 2005 to 2011 helped create an appearance of unity in South Sudan and enabled Kiir to buy off the militias that Khartoum would have otherwise used to disrupt the 2011 referendum on secession. From 2013, however, Kiir has ruled not through unity, but through disorder and the fragmentation of the country into rivalrous factions: that South Sudan's political economy has shifted from wages to favours is a fundamental part of this transformation.

Pay day loans

Oil is the single largest contributor to South Sudan's economy, even if, substantively, it only reaches the South Sudanese people via the intermittent payment of government salaries. For Kiir's regime, oil is the wellspring. In the 2021–22 budget, it represented 90 per cent of government revenues (Ministry of Finance and Planning, 2021). For the 2021–22 financial year, production stood at around 150,000–160,000 barrels per day (bpd). For the 2022–23 financial year the government exceeded its budget target of USD 1.6 billion in gross oil revenues (UNSC, 2023a , p. 30).[17]

From the moment the oil is siphoned from the ground, a game begins. Donors and international financial institutions want oil revenue put into a single fund so that it is accounted for transparently; Kiir's regime, however, tries to funnel money off-book and into the hands of the security services and political allies. Only 40–45 per cent of the South Sudanese oil revenue ever goes to the state (ICG, 2021). The rest goes to the three joint venture oil producers in the country.[18] Some of this money partly covers the costs of security companies working in the oil field—companies linked to South Sudan's security services—but these payments are obscure and little understood.[19] The annual surface rental fees that oil producers must pay is another way the regime diverts petrodollars. These fees have not been paid into the National Revenue Fund, as stipulated by the Petroleum Act of 2012, and it is unclear where they go, or how they are spent (UNSC, 2021).

The state-run Nile Petroleum Corporation (Nilepet) also regularly receives tens of millions of USD from producers and the government, but these amounts are not reliably disclosed (Global Witness, 2018; The Sentry, 2018). Nilepet has stakes in all three of the joint venture companies operating in South Sudan (Global Witness, 2018; Radio Miraya, 2021). Nilepet's accounts have never been audited because it has never filed statements with the National Audit Chamber. In the 2019–20 budget, there is an allocation to Nilepet of USD 160 million, though it is unclear how this amount was calculated or whether it was paid in full (ICG, 2021). The National Security Service (NSS), among other security organs, has also received support from oil producers, including in-kind donations of fuel and medical care. Such donations have gone to both the NSS and private companies controlled by the NSS (UNSC, 2022b).

Part of the state's portion of the oil revenue is paid to Sudan in transit fees. Since independence, South Sudan has paid Sudan transit fees—historically between 19,000 and 28,000 bpd—to use Sudanese pipelines and to service a debt of USD 3 billion to Sudan. Even though this debt was finally paid off in March 2022, payments to Sudan have mysteriously continued with only a minimal reduction. From July to September 2022, for instance, South Sudan allocated approximately USD 200 million worth of oil to Sudan, despite the cost of transit fees being only about USD 65 million. These excessive fees are not accounted for in either South Sudan or Sudan. According to politicians with knowledge of the arrangements, these fees are divided between South Sudanese and Sudanese elites close to Kiir and Abdel Fattah Abdelrahman al-Burhan, the head of Sudan's military junta. These arrangements are orchestrated by Tut Kew Gatluak, Kiir's security advisor, and Bol Mel, the Senior Presidential Special Envoy for Special Programmes, and the head of several US-sanctioned businesses previously involved in diverting oil funds and other state revenues (UNSC, 2023a; The Sentry, 2021).[20] At present, the portion of these transit fees destined for Sudan flow to the Sudan Armed Forces, despite repeated attempts by the UAE and the Rapid Support Forces (RSF) to have Kiir cut off this important source of income for the Sudanese army.[21]

The 35,000–45,000 bpd remaining to the state, after payments to the joint venture oil producers and to Sudan, is also subject to diversion before that money reaches the national budget (where it is also subject to diversion). One such means of diversion is through obtaining oil-backed loans. The terms of these loans are seldom disclosed, and they are rarely placed into the central account of the National Revenue Fund. Oil-backed loans began in 2012 (ICG, 2021, p. 8), when South Sudan borrowed more than USD 1 billion against future oil production from two of the major oil producers operating in the country, the Chinese National Petroleum Corporation and Petronas. South Sudan also secured oil-backed loans from the Qatar National Bank for USD 793 million, from 2012 to 2015, and from Stanbic Bank, Kenya's sixth largest commercial bank, for USD 200 million (UNSC, 2021). While this money was intended to deliver fuel, food, and medicine, much of it disappeared into shell companies connected to the political class, and services were not delivered (The Sentry, 2022; Global Witness, 2018).[22]

> “The advantage of such loans for Kiir's regime is that they allow money to be diverted away from the designated oil revenue account.”

After the outbreak of the civil war in 2013, South Sudan turned to commodity traders to secure oil-backed loans. These were generally pre-payment arrangements, the international equivalent of pay day loans, with correspondingly high levels of interest (ICG, 2021).[23] Initially Trafigura, one of the world's major commodity brokers, provided most of these pre-payment arrangements, worth around USD 300 million from 2013 to 2018, but the South Sudanese government soon brokered agreements with smaller traders too, including B.B. Energy and Sahara Energy Resources DMCC, receiving USD 400 million during the 2017–18 financial year (ICG, 2021; UNSC, 2019, pp. 30–31). These loans immiserate the state in advance, with repayments—including substantial interest fees—cutting into future government revenue (IMF, 2019; Anderson and Gibb, 2019; Gibb, 2020).

In June 2019, the government announced it would suspend pre-sales of oil. This commitment, however, has not been honoured. Instead, the government has simply not declared existing loans, while continuing to contract new loans. For instance, the government obtained a loan from Nasdec General Trading of up to USD 539 million in 2018, but only reported it in 2022 (IMF, 2022). During the 2021–22 financial year, the government borrowed USD 675 million from the National Investment and Development Bank (UNSC, 2023a). South Sudan's total commercial debt remains unknown, but it is likely now more than USD 1.7 billion, which is to be repaid through future deliveries of oil (UNHRC, 2023, p. 80).

The advantage of such loans for Kiir's regime is that they allow money to be diverted away from the designated oil revenue account. For example, the Nasdec loan was paid into government accounts with First Abu Dhabi Bank in the UAE, rather than into the designated oil revenue account, facilitating diversion (UNSC, 2022a, p. 16). According to the IMF, the constitution and the Public Finance Management Act require Parliament to approve all borrowing, but formal procedures for borrowing and debt monitoring do not exist (IMF, 2023b). With each IMF disbursement, the government of South Sudan reduces its dependence on oil-backed loans. When the IMF funds are exhausted, however, the government returns to borrowing (UNSC, 2023a, p. 30).

In 2022–23, the government sold the bulk of the country's oil to smaller oil traders via auctions. While there have been periods when single large oil brokers such as Trafigura have purchased most of South Sudan's oil, the government has effectively ruined its relationship with the larger commodity brokers, due to the inconstancy of its financial practices, and smaller oil traders have become the only firms willing to do business with Kiir's regime. Even smaller oil traders, however, complain that government officials expect to be paid allowances, travel, and expenses. Moreover, South Sudan's oil cargoes are not necessarily allocated to the highest bidders and the process lacks transparency (UNSC, 2023a). Buyers further complain that they are asked for advance payments in order to secure cargoes. The Ministry of Petroleum has failed to publicize the selection of buyers, the terms of negotiation, and the details of the cargoes, despite a commitment to do so in the R-ARCSS.

Payments for these cargoes are predictably opaque. They initially seem to enter the government's account with the Federal Reserve Bank of New York. From there, the UN Panel of Experts for South Sudan reports that funds are transferred into a dizzying array of commercial banks in Kenya, Uganda, and the Gulf, with Nilepet, the NSS, and the National Revenue Authority each operating multiple accounts (UNSC, 2023a, p. 35). This obfuscation makes oversight more difficult, and government audits in 2021 and 2022 report large numbers of irregular transfers, worth millions of USD, from a wide range of government accounts (National Audit Chamber, 2021). In the view of the US State Department, this 'facilitates significant revenue leakage and diversion by corrupt actors, undermining the already negligible financing of basic services for [the] South Sudanese people' (US Department of State, 2023).

The oil-for-roads programme is another way that funds are likely diverted from government revenues (UNSC, 2023a). This scheme is also the single largest destination of public funds in South Sudan. In the first quarter of the 2022–23 financial year, for instance, the government allocated USD 174.8 million in oil revenues to the programme, though there is no detailed reporting on this expenditure. Funds are deposited directly into the accounts of the contracted companies, without being obviously tied to extant contracts. Much of this programme is administered by ARC Resource Corporation. The company is linked to, if not owned by, Bol Mel, the Senior Presidential Special Envoy for Special Programmes. There are obvious conflicts of interest in Bol Mel being at once responsible for negotiations over oil and the recipient of oil revenues. Such connections are part of the way that Kiir's regime gets oil revenue off-book, in order to peel off commanders from the SPLA-IO and thus finance its own version of Bashir's transactional patrimonial political system.

Sailing in international waters

In 2020, facing extremely destructive floods and the economic consequences of the global pandemic, which included a precipitous drop in the price of oil, South Sudan's economy collapsed. By August of that year, the central bank announced that it had no more foreign currency reserves, and the government resorted to printing money, which fuelled inflation (ICG, 2021). As the South Sudanese economy fell further into the abyss, the IMF gave the government a Rapid Credit Facility (RCF) loan of USD 52.3 million in emergency assistance in November 2020 and USD 174.2 million in March 2021. Both loans came with a number of conditions designed to improve South Sudan's financial management (IMF, 2021).

Both disbursements, however, were tarnished with a number of irregularities. For the first disbursement, the IMF, along with South Sudan's auditor general, found that 31 per cent of the funds effectively vanished, or in the more technocratic language of the IMF, 'Adequate documentation could not be provided for 31 per cent of the funds disbursed' (IMF, 2023b). There was a similar story with the second disbursement, which was 29 per cent non-compliant with the conditions of the loan. Despite these irregularities, the IMF agreed to a further disbursement of USD 114.8 million under the 'Food Shock Window' of the RCF on 1 March 2023 (IMF, 2023a).

Even the approximately 70 per cent of the initial two disbursements that was accounted for revealed a consistent set of government strategies to divert these funds. These included making ghost payments to non-existent soldiers and prioritizing payments to the regime's own military forces while minimizing payments to SPLM/A-IO forces and officials. For instance, in 2020, payments for salary arrears in the SSPDF overwhelmingly went to military divisions in Bahr el Ghazal close to Kiir's political circle: Division 11 in Warrap received SSP 20,459,090 (USD 20,000) and Division 3 in Northern Bahr el Ghazal received SSP 26,400,210 (USD 26,000). In comparison, Division 4 in Unity state received only SSP 14,811,486 (USD 14,000) (National Audit Chamber, 2020, p. 38). These payments to the SSPDF occurred at a time when Division 11 was recruiting in Warrap —in contravention of the R-ARCSS—raising the real possibility that IMF loans went directly to new recruits (Craze, 2022b, p. 39).

The IMF RCF in November 2020 was designed to pay for salary arrears for government civil servants, as well as for the military. Here, too, there were irregularities designed to funnel payments to actors loyal to Kiir. For instance, nearly a third of the almost USD 6 million allocated for salary arrears to diplomatic missions was used for other purposes (National Audit Chamber, 2020). Money from the IMF was also used to fund the Intelligence Bureau of the NSS, during a period when the NSS continued to detain activists living abroad and bring them back to Juba for detention and execution (UNSC, 2023a, pp. 28–29; Amnesty International, 2023). The IMF RCFs, like the oil-backed loans, were used by Kiir's regime to reward military and political loyalists.

The price of angels

Humanitarian assistance constitutes the fourth great pillar of external revenues flowing into South Sudan, alongside oil, international financial assistance, and other resource extraction operations. Like the other pillars of South Sudan's system of extraversion, humanitarian assistance is subject to diversion by the political and military elite. Before this section outlines the mechanisms by which humanitarian aid is diverted to the government, it is worth underscoring the humanitarian sector's most fundamental benefits to the government. The international community provides most of South Sudan's social spending, including almost all its health services, through approximately 1.7 billion dollars in humanitarian aid, most of which is for food and nutrition (IMF, 2023b, p. 6; OCHA FTS, 2023, p. 5). Without this aid, the South Sudanese government would be forced into a franker reckoning with its population, which it provides with almost no services. Thus, aid itself functions to allow Kiir's regime to organize itself as a predatory state, with the humanitarian sector picking up the slack. Furthermore, the fact that the humanitarian agencies, alongside the UN mission in the country, have to recognize the state and abide by its edicts is a fundamental part of its claim to legitimacy, despite its continual attacks on the civilian populace, as—for example—during brutal government assaults in southern Unity state in 2022 (UNHRC, 2023).

Belligerent parties in what is now South Sudan have a long history of diverting aid in order to assist conflict actors, and of controlling access to humanitarian actors as a means of organizing the displacement of populations (Keen, 1994; Africa Rights, 1997; Craze and Tubiana, 2016; Craze, 2018). Unsurprisingly, the looting and seizure of humanitarian assets, and the control of populations, continues today. This short paper cannot do justice to the enormous body of literature on this topic and will instead focus on some recent case studies.

In conflict in Upper Nile in 2022, both the SPLA-IO-aligned White Army and the SSPDF-aligned Agwelek forces attacked sites immediately after World Food Programme (WFP) distributions (Craze, 2023a). This food aid was used to feed soldiers carrying out attacks on Nuer and Shilluk civilians. In Jonglei, WFP convoys travelling to the Greater Pibor Administrative Area (GPAA) have been repeatedly looted at the Anyidi junction (Craze, 2023c). In 2023, 120 metric tons of food aid were taken in only three incidents (though around 30 metric tons were recovered by the government). These attacks often use dozens of motorbikes and rapidly remove the looted items from the area of the attack. According to sources close to the Jonglei state government, they are carried out with the involvement of members of the SSPDF and the local administration.[24] Such assaults have two functions: they attack Pibor from a distance by denying food aid to the Murle, and they feed the discontented youth and soldiers of Bor, who have few resources due to a lack of salary payments to the SSPDF, and a WFP suspension of general food distributions in the area.

> "Humanitarian jobs, and the wages that come with them, are prizes dispensed by government agents."

Instrumentalizing displacement

Actual looting is only the most egregious example of the way that humanitarian aid is diverted by Kiir's regime and other armed groups in South Sudan. Populations of internally displaced persons (IDPs) have long been contested as 'prizes' by the country's political elite (Geneva Call, 2021). Since August 2021, the Unity state governor, Nguen Monytuil, has moved IDPs into Rubkona county, and demanded humanitarian support for these IDPs, which has often been delivered (Small Arms Survey, 2023a). Monytuil has facilitated these movements in order to erode support for the SPLM-IO Deputy Governor of the state, Tor Tungwar, among his own Leek Nuer group, by trying to assure the Leek that he can provide resources—via humanitarian support—that Tungwar cannot (Small Arms Survey, 2023a). Similarly, Vice President Taban Deng Gai, who comes from Guit county, Unity state, set up his own IDP camp in Rubkona county in 2022, and also demanded humanitarian assistance. In Panakuach, on the border with Sudan, there is continual tension over movement of IDPs from South Sudan and more recent returnees from Sudan. Panakuach is contested by the Ruweng Administrative Area and Unity state, and both administrations are competing for Sudanese and South Sudanese nationals fleeing the war in Sudan, and the humanitarian resources that flow to them.

In a situation in which wages and services have largely stopped flowing from the central government in Juba, humanitarian organizations—including the wages they pay and the services they provide—are prizes in South Sudan's conflicts. In 2022, during the conflict in Upper Nile, the SPLA-IO mobilized youth forces in Ayod county by claiming that only if they had military control of the White Nile could humanitarian distributions occur. The resulting conflict was in many senses a war for control of flows of humanitarian resources (Craze, 2023a).

Taxes and fees

Taxes, both formal and informal, are another way that the humanitarian sector pays Kiir's regime. Since the beginning of the civil war in 2013, the government has continually tried to squeeze NGOs with increased work permit fees and registration fees. Taxes on local humanitarian workers also function as an important source of revenue for county commissioners, and this pushes local political actors to attempt to shape humanitarian access to follow political rather than humanitarian priorities (Geneva Call, 2021). Furthermore, checkpoints are a means for informally diverting humanitarian aid to government commanders. A 2021 survey of the political economy of checkpoints found that their number in South Sudan had increased 50 per cent since independence—an eloquent commentary on the collapse of wage labour for South Sudanese security forces and the correlative need for 'entrepreneurial activity' (Schouten, Matthysen, and Muller, 2021). The study further found that such checkpoints are lucrative, especially on riverine routes. (One reason for the ferocity of the conflict in Upper Nile in September–December 2022 was that control of the port of Tonga means controlling riverine taxation.) For instance, if the WFP contracted 20 round trips from Bor to Renk along the White Nile, it would pay security forces USD 320,000 in illicit river checkpoint taxes; for 400 trucks travelling from Juba to Bentiu, it would pay USD 272,800 (figures calculated from Schouten, Matthysen, and Muller, 2021).

At every opportunity, the government attempts to divert funds into its patrimonial system. This effort permeates every aspect of humanitarian assistance. For instance, the guards at humanitarian compounds and the workers in humanitarian organizations tend to come from families closely linked to the relevant county commissioner. Humanitarian jobs, and the wages that come with them, are prizes dispensed by government agents. NGOs, as one report had it, 'are the new oil fields' (USIP and ODI, 2018, p. 6).

South Sudan's elites also derive benefits from the infrastructure used by the humanitarian sector. Aid agencies' logistical contracts with trucking companies and payments to landlords for compounds are worth hundreds of millions of dollars a year. Some of that income goes to the regional firms that dominate the sector, but none of these companies can operate without the right political backing. In Wau, the author observed WFP and International Organization for Migration compounds that had been rented from a company owned by Kiir, on land that was gifted to him by the then-governor of Western Bahr el Ghazal, Angelo Taban.[25] A military officer living in Wau detailed how the creation of *prêt-à-pôrter* compounds for rent by humanitarian organizations constituted a lucrative business interest.[26]

None of this is new. As previously stated, there is a long history of the

South Sudanese elite instrumentalizing humanitarian aid. Just as pronounced is the elite's knowledge that, despite warnings and threats from the international community, humanitarian aid will continue, suspensions of activity will only ever be temporary, and attempts to demand accountability will never be rigorous or coherent.

Conclusion: the coming violence

In August 2022, the government announced an extension of the transitional period, now to be ended with elections in 2024. In theory, the government is finally making progress. There are a series of laws slowly moving through Parliament that begin to chart a course to elections. The first group of 55,000 NUF recruits has now graduated, albeit not deployed. Even given the timeframe of the extension, however, things are running behind schedule. For instance, the National Constitutional Amendment Committee suspended its work in March 2023, citing a lack of salary payments over three years. Mid- and lower-level commanders in the armed forces have also not been appointed, leading to further delays with the Chapter II provisions of the R-ARCSS. While the government has asked the UN Mission in South Sudan (UNMISS) for help preparing for elections, UN officials privately doubt that the sizeable legal and practical work needed before even modestly credible elections could take place will be completed as per the timetable set out by the extension.[27]

Substantively, however, the situation is worse than even these delays suggest. Displacement in South Sudan is at its highest level since the signing of the R-ARCSS (UNSC, 2023, p. 2). The SPLM/A-IO is increasingly weak, and its leader (and South Sudan's first vice president), Riek Machar, has lost his support among the Eastern Nuer, who have been bought off by Kiir's regime.[28] The government continues to rule South Sudan by setting commanders against each other (Craze, 2022a; 2022b). Consequently, the security landscape in South Sudan is increasingly chaotic, with local forces mobilizing to defend territory and obtain scarce resources, including from humanitarian agencies. South Sudan is dependent on a fragmented and fractious elite class, competing in the periphery for power in Juba.

There is little to suggest this will change in the near future. While Kiir's regime may be suffering from reduced financial capacity, regional realignments mean that rebel groups no longer have external sources of support. Moreover, South Sudan has a relatively stable system of disorder predicated on Kiir's regime's manipulation of a fractious set of commanders. Continuing conflict in South Sudan is unlikely to return to the pattern seen at the beginning of the civil war, where there were two principal belligerent actors. Instead, it will likely be a series of localized conflicts that, nonetheless, follow a national pattern: politicians will continue to instrumentalize ethnic militia forces, and communities will fight for prizes—such as county commissionerships—determined by the state, while simultaneously struggling violently against the encroachment of state forces.

In such a context, elections pose a threat to Kiir's control and will likely lead to violence. Since 2005, and especially since 2018, communities across South Sudan have fought to determine delimited territorial boundaries—which are everywhere more disputed as they become more formalized—and to gain administrative positions that the political class has encouraged the South Sudanese to see in ethnic or sectional terms. These struggles are not archaisms. They reflect a much diminished national compact, as ethnic and sectional strife has become the logical consequence of the political system in place in South Sudan.[29] Although elections would be explosive and risk the implosion of Kiir's coalition, his regime is committed to them, as a means of garnering international legitimacy and ending the arms embargo. It is a perilous plan given the rifts in the country that Kiir has encouraged.

Policy observations for the international community

This Briefing Paper aims to provide the international community with policy observations related to three areas of focus: the diversion of humanitarian resources, oil revenues, and international financial institutions' lending to the South Sudanese government.

Humanitarian diversion

- The humanitarian sector, including UN agencies, should conduct a robust, transparent, public analysis of its use of infrastructure in South Sudan, including compound rentals and the use of transport companies. It should then collectively organize a series of public red lines to ensure that humanitarian funds do not go to actors fuelling conflict. A clear register of ownership in South Sudan —of both businesses and buildings —should be established so that laws prohibiting conflicts of interest and the participation of government and military personnel in private business can be respected.
- The government relies on the humanitarian sector to administer basic services and assistance to society. This not only prevents the situation in South Sudan from becoming an even greater disaster, but also assuages popular discontent with the government. Consequently, the sector has much more leverage than it believes. The donor community must establish a firm set of red lines about humanitarian diversion as a condition for the continuance of humanitarian relief in the country.
- Agencies must invest more in rigorous conflict sensitivity analysis to ensure that humanitarian access is not used as a tool of population displacement and conflict. These conflict sensitivity analyses should be public and transparent.
- The international footprint in Juba should be reduced until humanitarian aid is no longer diverted. This could be achieved by a withdrawal of non-essential personnel, the decentralizing of operations outside of Juba to the peripheries of the country, and building cross-border delivery pipelines.

Oil revenue and international finance

- More international pressure should be placed on the government to establish a single transparent public oil account, as well as to make an immediate disclosure of government revenues and debts, and the full disclosure of the allocations of oil to off-budget projects. These allocations should also end. Until such measures are taken, donors and international financial institutions, including the IMF, should not provide further financial support.

- The IMF should not take minimal improvements in the management of its RCFs as a sufficient sign of progress by the South Sudanese government; instead, it must demand full transparency with regard to oil revenues as a condition of further disbursement of loans.
- Pressure should be placed on South Sudan's commercial partners. Those oil companies with a presence in Europe or the United States should be asked to be transparent and to comply with South Sudanese law—including routing all payments to a single designated oil account. The European Union, Switzerland, UK, and US could ask all businesses working in South Sudan to require permits that force such businesses to comply with a rigorous transparency code.

Abbreviations and acronyms

BPD Barrels per day

CPA Comprehensive Peace Agreement

GDP Gross domestic product

GPAA Greater Pibor Administrative Area

IDP Internally displaced person

IMF International Monetary Fund

NGO Non-governmental organization

Nilepet Nile Petroleum Corporation

NSS National Security Service

NUF Necessary Unified Forces

R-ARCSS Revitalised Agreement on the Resolution of the Conflict in the Republic of South Sudan

RCF Rapid Credit Facility

RSF Rapid Support Forces

SPLA Sudan People's Liberation Army

SPLA-IO Sudan People's Liberation Army-in-Opposition

SPLM Sudan People's Liberation Movement

SPLM/A Sudan People's Liberation Movement/Army

SPLM/A-IO Sudan People's Liberation Movement/Army-in-Opposition

SPLM-IO Sudan People's Liberation Movement-in-Opposition

SSP South Sudan pound

SSPDF South Sudan People's Defence Forces

SSR Security sector reform

TNLA Transitional National Legislative Assembly

UAE United Arab Emirates

UN United Nations

UNMISS United Nations Mission in South Sudan

USD United States dollar

WFP World Food Programme

Notes

1 Interviews with graduated NUF soldiers, Juba and Yambio, August 2023.
2 This Briefing Paper will use the designation 'southern Sudan' to refer to the area of Sudan that is presently the nation-state of South Sudan, prior to its independence in 2011.
3 For an excellent treatment of the transformation of rural livelihood strategies in South Sudan see Kindersley and Majok (2020; 2021).
4 Interviews with South Sudanese political analysts in Juba, Malakal, and Bentiu, 2012–22.
5 In January 2012, during a stand-off in negotiations with Sudan over oil transit fees and other aspects of oil exportation, South Sudan turned off its oil pumps.
6 In the analysis of Alex de Waal and others, South Sudanese politics has become a permanent political marketplace in which payoffs are made with petrodollars. Such an approach to South Sudanese politics is ahistorical: there was, indeed, a political marketplace, but it functioned thanks to conditions that pertained to the CPA period—the political marketplace is not a magic lens through which to view all of South Sudan's political history. For the 'political marketplace' approach see: de Waal (2015), and Boswell et al. (2019).
7 Multiple interviews with commanders in Wau, September 2021; Juba, September 2022; Yei, August 2023.
8 This situation has now changed, given the war which began in Sudan in April 2023. Tut Kew Gatluak, given his proximity to the RSF, has subsequently lost influence in both Khartoum and Juba.
9 Thanks to Ferenc David Marko for these calculations.
10 In October 2022, the TNLA received half its medical allowance; of the promised car allowance, again, only half was apparently received. See Radio Tamazuj (2022).
11 Under the terms of the R-ARCSS, all positions in the transitional government of national unity are assigned based on party affiliation. For instance, five deputy ministerial portfolios are given to the incumbent regime, with three going to the SPLM-IO, and another to the South Sudan Opposition Alliance. Such apportioning continues all the way down the chain, with a 'responsibility sharing ratio' allotted for state and local government positions (R-ARCSS, Clause 1.6-1.14, pp. 7–20).
12 The Troika refers to the United States, the United Kingdom, and Norway—three countries with a historically long-standing investment in Sudan and, since 2011, independent South Sudan.
13 Shortly after the signing of the R-ARCSS, Kiir renamed the SPLA as the SSPDF. This Briefing Paper will refer to the South Sudanese army as the SPLA in reference to actions carried out before October 2018 and the SSPDF for actions carried out after that point.
14 Interviews in Nzara payam, Western Equatoria, September 2023.
15 Interviews with police officers and market traders, Yambio, Western Equatoria, September 2023.
16 In the 2023–24 budget being debated by the TNLA as of September 2023, salary increases of between 300 and 600 per cent are being considered. Even if such a large increase in the budget is passed by the TNLA and actually implemented, salaries will still be effectively meaningless for the vast majority of salaried employees; USD 24 per month (the wage of an entry level police officer if the salary increases were passed) is still not enough to live on in Yambio.
17 In the 2023–24 financial year, production is anticipated to fall to 132,000 bpd.
18 The three joint venture companies are the Dar Petroleum Operating Company, the Greater Pioneer Operating Company, and the Sudd Operating Company.
19 Author's fieldwork in Upper Nile, 2015–20.
20 Interviews with South Sudanese politicians, Juba, September 2023.
21 Interview with Sudanese officials, Juba, September 2023.
22 The USD 1 billion in loans from Qatar National Bank and CfC Stanbic Bank in Kenya were issued in US dollars in the form of letters of credit. These letters were then supposed to be issued to local traders, who were to use the letters to pay for imports. Instead, multi-million-dollar contracts were awarded to foreign-run companies, companies that only existed on paper, and businesses with connections to the ruling class, including the president's family (The Sentry, 2022).
23 Pre-payments for oil are payments for oil that will be delivered in future. This practice has been criticized by the IMF for not being transparent (IMF, 2019).
24 Telephone interviews with politicians from Jonglei state, February–March 2023.
25 Author's observations, Wau, November 2021.
26 Interview in Wau, November 2021.
27 Interviews with UNMISS officials, Juba, August–September 2023.
28 The Eastern and Western Nuer speak different dialects and live in different areas. The Eastern Nuer (the Gawaar, Jikany, and Lou sections) live east of the White Nile and in the Gambella region of Ethiopia, while the Western Nuer cluster primarily

in Unity state and are composed of the Adok, Bul, Jagai, Jikany, Leek, and Nyong sections, among others.

29 Nilotic groups, such as the Dinka and Nuer, are organized into sections.

References

Africa Rights. 1997. *Food and Power in Sudan: A Critique of Humanitarianism*. London: Africa Rights.

Amnesty International. 2023. 'South Sudan: Authorities Must Clarify Fate and Whereabouts of Detained Critic.' News release. 25 February.

Anderson, Mark and Michael Gibb. 2019. 'As South Sudan Seeks Funds for Peace, a Billion Dollar Spending Spree.' Organized Crime and Corruption Reporting Project (OCCRP). 2 December.

Bayart, Jean-François and Stephen Ellis. 2000. 'Africa in the World: A History of Extraversion.' *African Affairs*, Vol. 99, No. 395, pp. 217–67.

Blas, Javier and Jack Farchy. 2021. *The World For Sale: Money, Power, and the Traders Who Barter the Earth's Resources*. New York: Random House.

Boswell, Alan. 2019. *Insecure Power and Violence: The Rise and Fall of Paul Malong and the Mathiang Anyoor*. HSBA Briefing Paper. Geneva: Small Arms Survey. October.

Boswell, Alan, Nanaho Yamanaka, Aditya Sarkar, and Alex de Waal. 2019. *The Security Arena in South Sudan: A Political Marketplace Study*. Conflict Research Programme at the LSE and World Peace Foundation at The Fletcher School. December.

Chabal, Patrick and Jean-Pascal Daloz. 1999. 'Africa Works: Disorder as Political Instrument.' *African Issues*, Vol. 7. Indiana University Press. September.

Craze, Joshua. 2018. *Displacement, Access, and Conflict in South Sudan: A Longitudinal Perspective.* CSRF Desk Research. May.

—. 2020. *The Politics of Numbers: On Security Sector Reform in South Sudan, 2005–2020*. Report. London School of Economics and Political Science.

—. 2021. 'Knowledge Will Not Save Us: Stuck in the Mud in South Sudan.' *n+1*. Issue 39. Winter.

—. 2022a. *The Periphery Cannot Hold: Upper Nile since the Signing of the R-ARCSS*. HSBA Report. Geneva: Small Arms Survey. November.

—. 2022b. *'And Everything Became War': Warrap State since the Signing of the R-ARCSS*. HSBA Report. Geneva: Small Arms Survey. December.

—. 2022c. Confidential report on the South Sudanese elections for UNMISS. On file with the author.

—. 2023a. *Upper Nile Prepares to Return to War*. HSBA Situation Update. Geneva: Small Arms Survey. March.

—. 2023b. 'Making Markets: South Sudan's War Economy in the 21st Century.' World Peace Foundation, Tufts University. February.

—. 2023c. *A Pause Not a Peace: Conflict in Jonglei and the GPAA.* HSBA Situation Update. Geneva: Small Arms Survey. May.

— and Ferenc Markó. 2022. 'Death by Peace: How South Sudan's Peace Agreement Ate the Grassroots.' *African Arguments*. 6 January.

— and Jérôme Tubiana. 2016. *A State of Disunity: Conflict Dynamics in Unity State, South Sudan, 2013–15*. HSBA Working Paper No. 42. Geneva: Small Arms Survey. December.

De Waal, Alex. 2014. 'When Kleptocracy Becomes Insolvent: Brute Causes of the Civil War in South Sudan.' *African Affairs*, Vol. 113, No. 452, pp. 347–69.

—. 2015. *The Real Politics of the Horn of Africa: Money, War and the Business of Power*. London: Polity.

Geneva Call. 2021. 'Understanding Humanitarian Access and the Protection of Civilians in an Era of Depoliticized War.' Geneva: Geneva Call. June.

Gibb, Michael. 2020. 'African Economies Haunted by Oil-Backed Loans as Traders Call in Debts.' Organized Crime and Corruption Reporting Project (OCCRP). 25 November.

Global Witness. 2018. *Capture on the Nile: South Sudan's State-owned Oil Company, Nilepet, Has Been Captured by the Country's Predatory Elite and Security Services.* Report. April.

Hunter, Marcena and Ken Opala. 2023. *Tarnished hope: Crime and Corruption in South Sudan's Gold Sector.* Report. The Global Initiative Against Transnational Organized Crime. 31 May.

ICG (International Crisis Group). 2021. *Oil or Nothing: Dealing with South Sudan's Bleeding Finances*. Report No. 305. 6 October.

IGAD (Inter-governmental Authority on Development). 2018. Revitalised Agreement on the Resolution of the Conflict in the Republic of South Sudan (R-ARCSS). Addis Ababa, 12 September.

IMF (International Monetary Fund), 2019. 'IMF Staff Completes Visit to South Sudan.' Press Release No. 19/79. 18 March.

—. 2021. *Republic of South Sudan; First Review Under the Staff-Monitored Program—Press Release; and Staff Report*. IMF Country Report No. 21/246. November.

—. 2022. *Republic of South Sudan: 2022 Article IV Consultation and Second Review Under The Staff-Monitored Program*. IMF Country Report No. 22/266. July.

—. 2023a. 'IMF Executive Board Approves US$114.8 Million in Emergency Financing Support to South Sudan.' Press Release No. 23/55. 1 March.

—. 2023b. 'Republic of South Sudan: Third Review Under the Staff-Monitored Program, Request for Disbursement Under the Rapid Credit Facility, and Program Monitoring with Board Involvement-Press Release; and Staff Report.' IMF Country Report No. 23/108. 9 March.

James, Laura. 2015. *Control: Oil and (In)security in Sudan and South Sudan*. HSBA Working Paper 40. Geneva: Small Arms Survey. November.

Keen, David. 1994. *The Benefits of Famine: A Political Economy of Famine and Relief in Southwestern Sudan, 1983–1989*. Princeton University Press: Princeton, NJ.

Kindersley, Nicki. 2019. 'Rule of Whose Law? The Geography of Authority in Juba, South Sudan.' *The Journal of Modern African Studies*, Vol. 57, No. 1, pp. 61–83.

— and Joseph Diing Majok. 2019. *Monetized Livelihoods and Militarized Labour in South Sudan's Borderlands*. Report. Rift Valley Institute.

— and —. 2020. *Breaking Out of the Borderlands: Understanding Migrant Pathways from Northern Bahr el-Ghazal, South Sudan*. Report. Rift Valley Institute.

Ministry of Finance and Economic Planning. 2011. Approved Budget 2011. Government of Southern Sudan.

Ministry of Finance and Planning. 2021. Approved Budget Fiscal Year 2021–22. Republic of South Sudan. November.

—. 2022. Quarterly macroeconomic update for the first quarter of the 2022/23 financial year. Republic of South Sudan. Document on file with the author.

National Audit Chamber. 2012. The Report of the Auditor General on the Financial Statements of the Government of Southern Sudan for the Financial Year Ended 31st December. Republic of South Sudan.

—. 2020. Consolidated Compliance Audit Report on the First Tranche of the Rapid Credit Facility (RCF 1) from the International Monetary Fund. Republic of South Sudan. June and July.

—. 2021. Report of the Auditor General on the accounts of 2% and 3% share of net oil revenue of oil-producing States and communities for the period 2011 to 2020. Ref: RSS/NAC/J/1/16/2021. 22 March.

Neumeister, Cecile and Stella Cooper. 2019. *Money Tree: Teak and Conflict in South Sudan*. Report. Center for Advanced Defense Studies (C4ADS). 10 December.

Nyaba, Peter Adwok. 1997. *The Politics of Liberation in South Sudan: An Insider's View*. Kampala: Fountain Publishers.

OCHA FTS (Office for the Coordination of Humanitarian Affairs – Financial Tracking Service). 2022. South Sudan 2022 Country Summary.

—. 2023. South Sudan Humanitarian Response Plan 2023.

—. n.d. South Sudan – Subnational Administrative Boundaries. Accessed 28 September 2023.

Office of the First Deputy Speaker. 2023. 'Report on the suspension of Hon. *Juol Nhomngek* to SPLM-IO Political Bureau.' Transitional National Legislative Assembly (TNLA). Republic of South Sudan. Juba. 1 May. Document on file with the author.

Pendle, Naomi and Chirrilo Madut Anei. 2018. *Wartime Trade and the Reshaping of Power in South Sudan: Learning from the Market of Mayen Rual.* South Sudan

Customary Authorities Project. Rift Valley Institute.
Pinaud, Clémence. 2014. 'South Sudan: Civil War, Predation and the Making of a Military Aristocracy.' *African Affairs*, Vol. 113, No. 451, pp. 192–211.
—. 2016. 'Military Kinship, Inc.: Patronage, Inter-ethnic Marriages and Social Classes in South Sudan.' *Review of African Political Economy*, Vol. 43, No. 148, pp. 243–59.
Radio Miraya. 2021. 'The National Audit Chamber has revealed that Nile Petroleum Corporation – NILEPET – has never been audited since its incorporation in 2009.' Facebook. 28 May.
Radio Tamazuj. 2022. 'TNLA Defends USD 15,000 Medical Allowance for MPs.' 13 October.
REACH. 2023. *Emergency Situation Overview: Sudan-South Sudan Cross Border Displacement*. Brief. 21 June.
RJMEC (Reconstituted Joint Monitoring and Evaluation Commission). 2023. 'Quarterly Report on the Status of Implementation of the R-ARCSS from 1st April to 30th June 2023.' Report No. 019/23.
Schouten, Peer, Ken Matthysen, and Thomas Muller. 2021. *Checkpoint Economy: The Political Economy of Checkpoints in South Sudan, Ten Years after Independence*. Report. Copenhagen/Antwerp: Danish Institute for International Studies (DIIS) and International Peace Information Service (IPIS). December.
Small Arms Survey. 2023a. *The Body Count: Controlling Populations in Unity State*. HSBA Situation Update. Geneva: Small Arms Survey. August.
—. 2023b. *All Alone in the Governor's Mansion: Sarah Cleto's Travails in Western Bahr el Ghazal State*. HSBA Situation Update. Geneva: Small Arms Survey. September.
The Enough Project. 2020. *The Criminalization of South Sudan's Gold Sector: Kleptocratic Networks and the Gold Trade in Kapoeta*. Report. April.
The Sentry. 2018. *Fueling Atrocities: Oil and War in South Sudan*. Report. March.
—. 2020. *Untapped and Unprepared: Dirty Deals Threaten South Sudan's Mining Sector*. Report. April.
—. 2022. *Cash Grab: How a Billion-Dollar Credit Scam Robbed South Sudan of Fuel, Food, and Medicine*. Report. October.
Thomas, Edward. 2015. *South Sudan: A Slow Liberation*. London: Zed Books.
UNHRC (United Nations Human Rights Council). 2023. *State of Impunity: The Persistence of Violence and Human Rights Violations in South Sudan: Detailed Findings of the Commission on Human Rights in South Sudan*. A/HRC/52/CRP.3 of 3 April.
UNSC (United Nations Security Council). 2019. *Letter dated 9 April 2019 from the Panel of Experts on South Sudan addressed to the President of the Security Council*. S/2019/301 of 9 April.
—. 2021. *Final Report of the Panel of Experts on South Sudan Submitted Pursuant to Resolution 2521 (2020)*. S/2021/365 of 15 April.
—. 2022a. *Letter dated 28 April 2022 from the Panel of Experts on South Sudan addressed to the President of the Security Council*. S/2022/359 of 28 April.
—. 2022b. *Interim Report of the Panel of Experts on South Sudan Submitted Pursuant to Resolution 2633 (2022)*. S/2022/884. 1 December.
—. 2023a. *Final Report of the Panel of Experts on South Sudan Submitted Pursuant to Resolution 2633 (2022)*. S/2023/294. 26 April.
—. 2023b. *Situation in South Sudan: Report of the Secretary General*. S/2023/433 of 13 June.
US Department of State. 2023. United States Policy Toward South Sudan. 7 April.
USIP (United States Institute of Peace) and ODI (Overseas Development Institute). 2018. 'The Unintended Consequences of Humanitarian Action in South Sudan: Headline Findings.' May. On File with the author.
World Bank. 2022. *South Sudan Economic Monitor – Towards a Jobs Agenda (English)*. Washington, D.C.: World Bank Group.
—. 2023. *South Sudan GDP Reconstruction*. Washington, D.C.: World Bank Group.
Yablon, Alex, Nicholas Mulder and Javier Blas. 2022. 'Economic War and the Commodity Shock.' Phenomenal World. 15 April.
Young, John. 2006. *The South Sudan Defence Forces in the Wake of the Juba Declaration*. HSBA Working Paper No. 1. Geneva: Small Arms Survey. November.

About the **HSBA project**

The Human Security Baseline Assessment (HSBA) for Sudan and South Sudan is a multiyear project administered by the Small Arms Survey since 2006. It was developed in cooperation with the Canadian government, the United Nations Mission in Sudan, the United Nations Development Programme, and a wide array of international and Sudanese partners. Through the active generation and dissemination of timely, empirical research, the project supports violence reduction initiatives, including disarmament, demobilization, and reintegration programmes and incentive schemes for civilian arms collection, as well as security sector reform and arms control interventions across Sudan and South Sudan. The HSBA also offers policy-relevant advice on the political and economic drivers of conflict and insecurity. Publications in Arabic, English, and French are available at: www.smallarmssurvey.org.

The Small Arms Survey is a global centre of excellence whose mandate is to generate impartial, evidence-based, and policy-relevant knowledge on all aspects of small arms and armed violence. It is the principal international source of expertise, information, and analysis on small arms and armed violence issues, and acts as a resource for governments, policymakers, researchers, and civil society. It is located in Geneva, Switzerland, and is an associated programme of the Graduate Institute of International and Development Studies.

The Survey has an international staff with expertise in security studies, political science, law, economics, development studies, sociology, and criminology, and collaborates with a network of researchers, partner institutions, non-governmental organizations, and governments in more than 50 countries.

The Survey's activities and outputs are made possible through core support as well as project funding. A full list of current donors can be accessed via the Small Arms Survey website.

For more information, please visit: www.smallarmssurvey.org.

Contact details

Small Arms Survey
Maison de la Paix
Chemin Eugène-Rigot 2E
1202 Geneva
Switzerland

t +41 22 908 5777
e info@smallarmssurvey.org

A publication of the Small Arms Survey's Human Security Baseline Assessment for Sudan and South Sudan project with support from the US Department of State.

Follow the Small Arms Survey

www.facebook.com/SmallArmsSurvey
www.twitter.com/SmallArmsSurvey
www.smallarmssurvey.org/multimedia