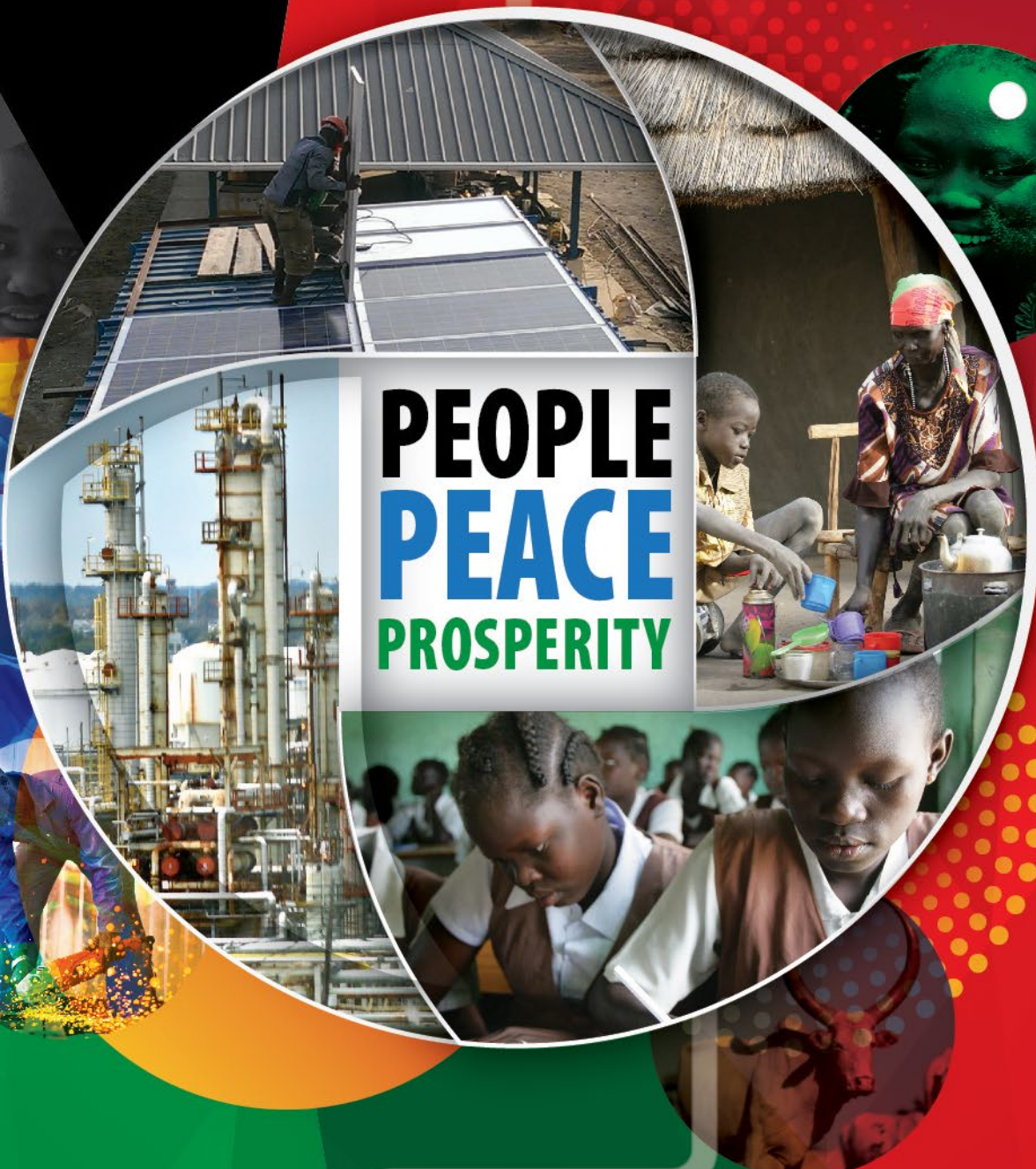


South Sudan

National Human Development Report 2015



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PROSPERITY

December 2015

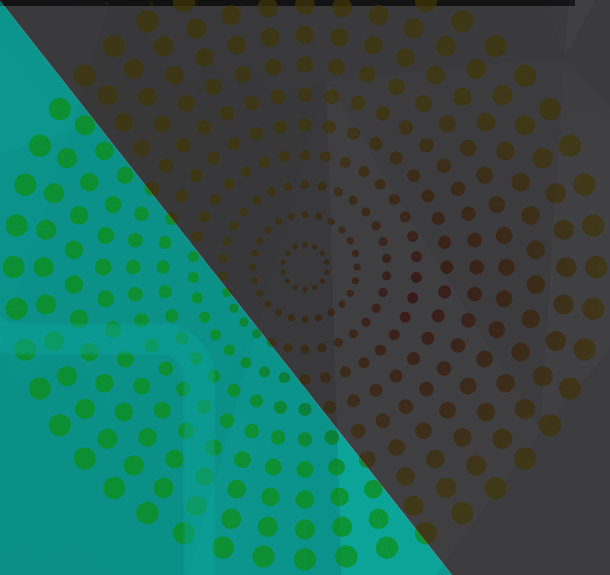
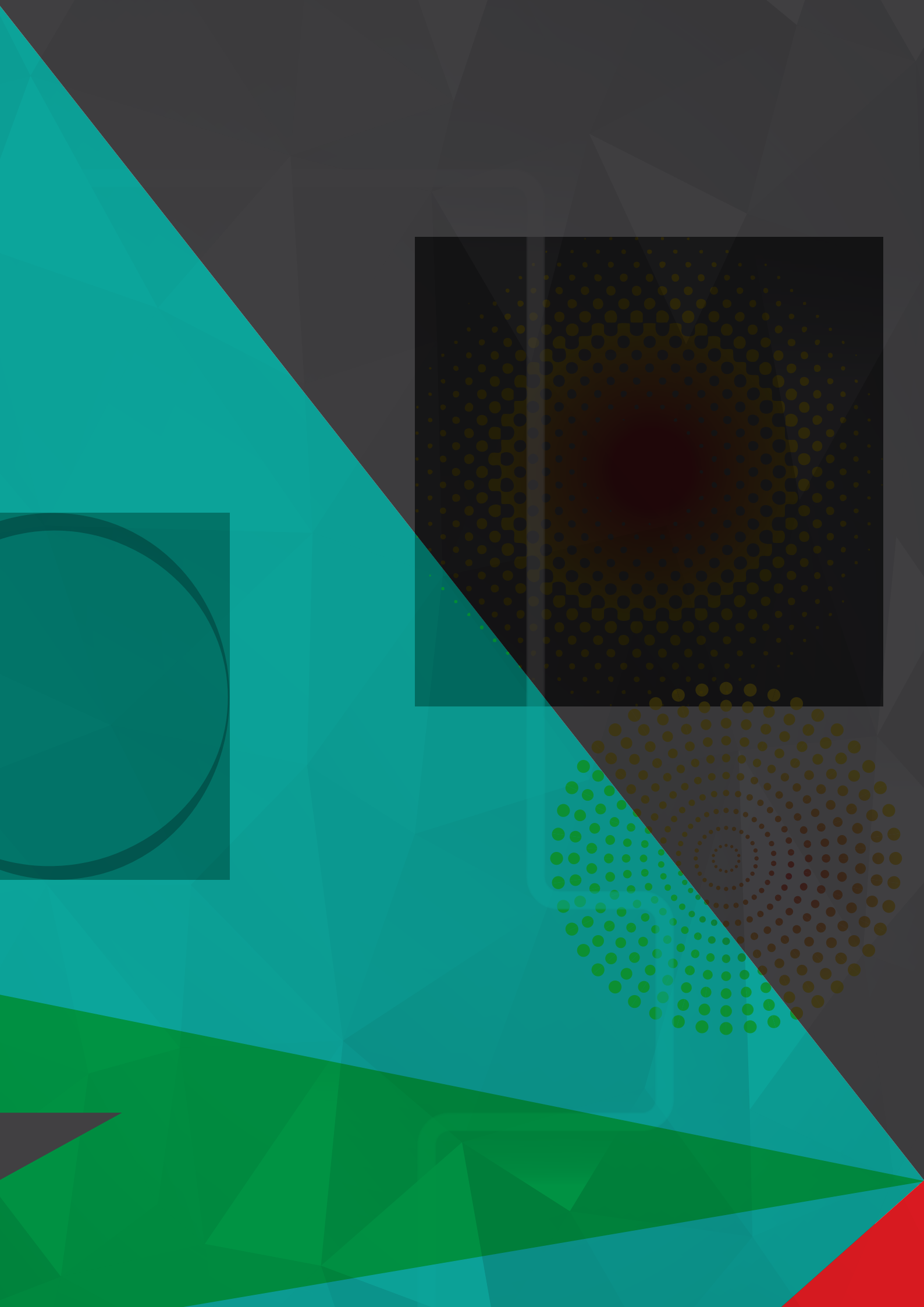


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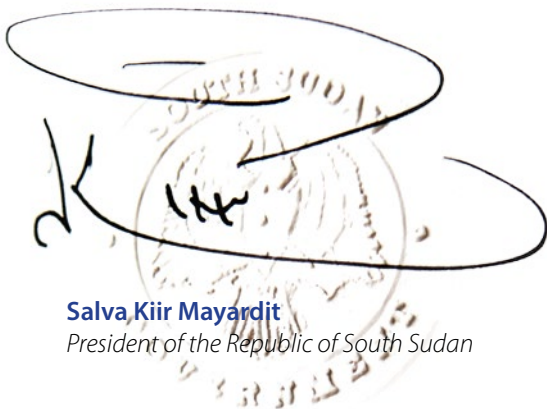
Foreword

Fellow citizens, this report on Human Development is the first to be written for South Sudan as an independent country. The theme of the report - People, Peace and Prosperity – reflects what we as a people aspire to. It is therefore my pleasure to forward this report to you and to all those who partner with us to ensure all South Sudanese citizens live better and fulfilling lives.

The report asks us to take the long term view in our thoughts and actions, in delivering basic services to our people, and in stabilizing our economic situation. We recently signed an agreement to resolve the ongoing conflict to bring peace so that we focus on working together to create a better future for us and for generations to come. That is the very essence of human development – enlarging people’s choices – so that they can live better and fulfilling lives.

Fellow citizens, you will recall that we worked together to define the Country’s Vision 2040. At the same time, as South Sudanese, we joined the rest of the African continent to define the Agenda 2063 and the rest of the world to define the Sustainable Development Goals 2030. These are development frameworks, and so is the agreement that I signed to bring peace to South Sudan. I want to underscore the fact that each of these frameworks has something important to add towards our progress. I call upon each of you to embrace them together. It is when we build on their synergies that we get the best of each.

I want to thank the advisory committee headed by Hon. Aggrey Tisa and the leadership of the United Nations Development Programme in South Sudan for providing yet another opportunity for South Sudanese to dialogue on how best we as a people can live in peace and prosperity. I count on the South Sudanese to lead this dialogue and for the international community to fully participate in it.



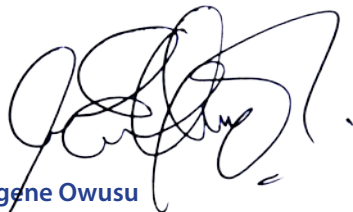
Salva Kiir Mayardit
President of the Republic of South Sudan

Preface

We are pleased to present the 2015 South Sudan National Human Development Report, which has been written on the theme of “People, Peace and Prosperity.” This is the country’s first National Human Development Report and comes at a time of major challenges for the nation, marked by significant political, economic, and social transition.

In seeking to meet the goals of the still-relevant South Sudan Vision 2040, AU Agenda 2063 and Sustainable Development Goals (SDGs) and the more immediate objectives of the Peace Agreement and transitional period, the challenge for the Government of South Sudan in moving towards a more dynamic and peaceful society is to ensure that all South Sudanese are included in the country’s progress; that all have the opportunities to achieve their human development potential; and that all participate in the significant economic and social transformational changes now under way. The value of viewing and discussing these challenges through a human development “lens” thus becomes clear. Such an approach is needed to explore the dimensions of people’s well-being, not just from the perspective of incomes, but also to understand more clearly the dynamics of households and communities and the issues and factors that affect their livelihoods and their opportunities for a better life.

This first National Human Development Report has been written to encourage debate and policy discussions on what further steps are needed to ensure that the three-pronged goal of “people, peace and prosperity” can take firm root. It has been prepared with several diverse audiences in mind. This document is intended for policymakers, development organizations, the private sector, civil society and the academic community. It is hoped that the Report will stimulate debate and engage South Sudanese society throughout the country, as well as international partners, in creating opportunities that strengthen and advance human development so that South Sudan can successfully achieve its laudable development goals.



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UN Resident Coordinator and UNDP Resident Representative



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*Presidential Advisor on Economic Affairs
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Acknowledgements

Preparation of the South Sudan 2015 National Human Development Report has been a collaborative effort between the Government of South Sudan, UNDP, and members of South Sudan's non-governmental and civil-society community, as well as members of the donor community. The entire preparation process was coordinated and led by a core team drawn from Government, UNDP and an Advisory Board. In addition, several specialists were asked to write background papers on particular subjects contained in this Report. These include: Ms. Sibusisiwe Busi Ncube (Peace), Dr. Rowland Cole (transitional justice), Mr. Sammy Odolot (small arms) and Biplove Choudhary (access to health; and south-south and triangular cooperation). Likewise, a core team of readers was asked to review the drafts of the Report and provide additional insights and comments. These include: Mr. Lealem Berhanu Dinku, Mr. James Muwonge, Mr. Geoffrey Ndashimye, and Mr. Dereck Rusagara.

Consistent with the NHDR Policy Guidelines, to ensure independence and national ownership, preparation of this NHDR followed a collaborative and consultative process, involving a number of stakeholder meetings and briefings and ongoing interaction with Government offices and agencies. Toby Lanzer, Amanda Serumaga and Etambuyu Gundersen facilitated initial discussions within the United Nations Country Team in South Sudan; their efforts are acknowledged.

The oversight and support provided by the Advisory Board is gratefully acknowledged. The Advisory Board was co-chaired by Hon. Aggrey Tisa Sabuni, the Presidential Advisor on Economic Affairs, and Mr. Balazs Horvath, UNDP Country Director. Other members were Prof. John Akec, Vice Chancellor of the University of Juba; Hon. Isiah Chol Aruai, Chairman, National Bureau of Statistics; Mrs. Florence Natana, Head of Special Programmes, Office of the President; Dr. Luka Biong Deng, Associate Professor at College of Social and Economic studies and former Director, Centre for Peace and Development Studies, University of Juba; Hon. Goc Makuac Mayol, Chair of Committee on the Economy Development and Finance of the National Legislative Assembly; and Hon. Wani Buyu Dyori, the Undersecretary for Planning in the Ministry of Finance and Economic Planning.

A special word of thanks is given to the National Bureau of Statistics, in particular David Chan Thiang, for providing and reviewing national economic and social data used in calculating the different human development indices. The Human Development Report Office, in particular Selim Jahan, Jonathan Hall, and Milorad Kovacevic were supportive throughout the process.

The day-to-day management and oversight for the preparation of the Report was effectively coordinated by Dr. Frederick Mugisha, the Economic Advisor of UNDP in South Sudan and Ms. Nyakiir Maluak Atem, Coordination and Research Associate at UNDP. The Report was written by Dr. Tom Stephens and Ms. Georgina Wilde, who served as consultants to UNDP during its preparation.

The outreach team is fully acknowledged and appreciated: Joseph Tabani, Daniel Kir, Robinah Vicky Juan, Jane Andrugua Juan, Solomon Alibea Kumba, Mawa Tito Yakiji, Adil Peter Darama, Joseph Aburahoma Saleh; Fatuma Hassan and UNDP Communications Group.

Abbreviations and Acronyms

ACC	Anti-Corruption Commission
AfDB	African Development Bank
AU	African Union
AU COI	African Union Commission of Inquiry
BOSS	Bank of South Sudan
BSRF	Board of Special Reconstruction Fund
BSS	Bank of South Sudan
CoH	Cessation of Hostilities
CoHA	Cessation of Hostilities Agreement (23 January 2014)
CNPC	China National Petroleum Corporation
CPA	Comprehensive Peace Agreement
CPIA	Country Policy and Institutional Assessment
CSAC	Community Security & Arms Control Project
CSO	Civil society organizations
CTRH	Commission for Truth, Reconciliation and Healing
CTSMM	Ceasefire and Transitional Security Arrangements Monitoring Mechanism
DDR	Disarmament, Demobilization and Reintegration
DFGG	Demand for Good Governance
DTIS	Diagnostic Trade Integration Study
EAC	East African Community
EBA	Everything but Arms
EFMA	Economic and Financial Management Authority
EDF	Enterprise Development Fund
EIA	US Energy Information Administration
FAO	Food and Agriculture Organization
FDI	Foreign Direct Investment
GDI	Gender Development Index
GII	Gender Inequality Index
GoSS	Government of South Sudan

GoRSS	Government of the Republic of South Sudan (Pre-Transition Period)
GSI	Global Standard Institution
HCSS	Hybrid Court for South Sudan
HDI	Human Development Index
HDR	Human Development Report
HRH	Human Resources for Health
ICT	Information and Communications Technology
IDPs	Internally Displaced Persons
IHDI	Inequality-adjusted Development Index
IFC	International Finance Corporation
IGAD	Intergovernmental Authority on Development
IMF	International Monetary Fund
LDC	Least Developed Country
MOH	Ministry of Health
MoFEP	Ministry of Finance and Economic Planning
MPI	Multidimensional Poverty Index
OP	Office of the President
NBS	National Bureau of Statistics
NDFSS	National Defence Forces of South Sudan
NEC	National Elections Commission
NLA	National Legislative Assembly
NPGC	National Petroleum and Gas Corporation
NSC	National Security Council
OHPI	Oxford Poverty and Human Development Initiative
PCA	Permanent Ceasefire Arrangements
PFMA	Public Financial Management and Accountability Act, 2011
PRMA	Petroleum Revenue Management Act, 2012
PRSF	Petroleum Revenue Savings Fund
SSA	Sub-Saharan Africa

SME	Small and Medium Sized Enterprises
SSPRC	South Sudan Peace and Reconciliation Commission
TCRSS	Transitional Constitution of the Republic South Sudan, 2011
TGoNU	Transitional Government of National Unity (Transition Period)
TNA	Transitional National Assembly
TTPSU	Transitional Third Party Security Unit
TCRSS	Transitional Constitution of the Republic of South Sudan
TNL	Transitional National Legislature
TNLA	Transitional National Legislative Assembly
SPLA	Sudan People's Liberation Army
SPLM	Sudan People's Liberation Movement
SSA	Sub-Saharan Africa
SSC	South-South Cooperation
SSCCSE	Southern Sudan Centre for Census, Statistics and Evaluation
SSDI	South Sudan Development Initiative
SSDP	South Sudan Development Plan
SSP	South Sudan Pound
SSEC	South Sudan Electricity Corporation
UN	United Nations
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNICEF	United Nation Children's Fund
UNWPP	United Nations World Population Prospects
WHO	World Health Organization

Executive Summary



This first National Human Development Report for the Republic of South Sudan is being written at a time when the country has gone through, and continues to face, tremendous economic, social and political challenges but has also concluded a peace agreement in August 2015. South Sudan faces the simultaneous and herculean challenge of dealing with a history of more than 50 years of conflict and ongoing instability, along with the huge development needs of being one of the world's newest but also least developed economies. All observers agree that recent negotiations leading to a final peaceful resolution to the conflict must be successful if the country is to resume its path towards sustainable human development.

This National Human Development Report (NHDR) therefore examines some of the broad issues and challenges around the theme of the Report – *People, Peace and Prosperity*. The Report explores some of the key requirements and perspectives needed to set in place the conditions that will be vital to put South Sudan on an inclusive and sustainable human development path.

Chapter 1 provides the conceptual basis for the report by reviewing the common definition of human development as a stepping stone for examining the themes of people, peace and prosperity. Human development was formally defined in the first *Human Development Report* in 1990 as “a process of enlarging people’s choices.” The most important of these wide-ranging choices are to live a long and healthy life, to be educated, and to have access to the resources needed for a decent standard of living. Additional choices include political freedom, guaranteed human rights and personal self-respect. In later reports and in work outside the UN, the concept has been refined and elaborated to include broadening the choices and strengthening the capabilities of all individuals.

Chapter 2 examines the resource base and the macro-economic conditions at the time of, and since, independence. At its base, South Sudan is a well-endowed and potentially rich country. Although landlocked, the country does not lack access to potential trade routes and markets for its commodity exports. At the same time, the economy is dominated by the oil sector. Outside the oil sector, livelihoods are currently concentrated in low productive - less efficient - unpaid agriculture and pastoralist work. As much as 85 per cent of the working population is engaged in non-wage work, chiefly in subsistence agriculture and livestock rearing (about 78 per cent of the working population). There is virtually no manufacturing industry and practically all intermediate and consumer goods are imported. The only modern industrial sector is the oil industry, in which foreign investors dominate, particularly China, India and Malaysia.

Because the fiscal base rests so heavily on oil revenues, which fell precipitously owing to the fall in oil prices, as well as in oil production in the wake of conflict. This hit government budgets and expenditure plans hard. It has exacerbated pressure on the reserves and the currency and fueled inflation. Public sector spending on investment in particular has been constrained, while spending on security was increased. For example, large portions of social spending are increasingly dependent on aid inflows, which is unsustainable. These inflows do not enter the normal budgeting process and are therefore difficult to schedule and anticipate.

Chapter 3 reviews South Sudan’s performance on available indicators of human development and other social indicators. This chapter presents UNDP South Sudan’s estimates of South Sudan’s human development indicators, including the Human Development Index, and also provides comparisons with other Sub-Saharan countries.

Table 1.1 shows South Sudan's HDI indicators against comparator countries and groups. Its HDI value is below the average for Sub-Saharan Africa (SSA) and for low HDI countries as a whole. When compared with its East African neighbours, South Sudan ranks below Uganda and Rwanda, despite a higher oil-induced GNI/capita, and above Ethiopia, largely because of higher GNI/capita. South Sudan's HDI rank is higher than that of the Democratic Republic of the Congo (DRC) mainly for the same reason; its education indicators and life expectancy fall below those of the DRC. South Sudan's performance on all three dimensions is better than the Central African Republic (CAR), but only marginally in education.

Table 1.1: South Sudan and Comparators, HDI Indicators, 2014

	HDI value	HDI rank	Life expectancy at birth	Expected years of schooling	Mean Years of Schooling	GNI per capita (PPP US\$)
South Sudan	0.467	169	55.7	7.6	5.4	2,332
Uganda	0.483	163	58.5	9.8	5.4	1,613
Rwanda	0.483	163	64.2	10.3	3.7	1,458
Ethiopia	0.442	174	64.1	8.5	2.4	1,428
DRC ^a	0.433	176	60.9	9.8	6.0	680
CAR ^b	0.350	187	50.7	7.2	4.2	581
SSA ^c	0.518		58.5	9.8	5.2	3,363
Low HDI	0.505		60.6	9.0	4.5	3,085

Source: UNDP, 2015b

As well as computing the standard development indicators for South Sudan and its 10 constituent states, UNDP South Sudan has developed a conflict adjusted index, which computes people's perceptions of peace (or its absence). Applying conflict to the human development index shows the stark truth that the most serious loss in human development in South Sudan does not derive from gender or inequality, but from absence of peace. The conflict-adjustment is the best proxy for moving forward in time closer to the present.

Table 1.2: Loss in HDI due to gender, inequality and conflict (%)

	Human development index (HDI) value	Loss due to gender inequality (%)	Loss due to inequality (%)	Loss due to conflict (%)
Upper Nile	0.540	19.1	35.9	61.2
Jonglei	0.443	18.0	32.9	38.8
Unity	0.433	22.7	33.7	86.1
Warrap	0.389	22.1	32.2	27.2
Northern Bahr el Ghazal	0.386	19.7	29.1	6.7
Western Bahr el Ghazal	0.494	21.2	36.0	56.5
Lakes	0.436	23.8	33.5	72.2
Western Equatoria	0.519	20.0	32.6	42.6
Central Equatoria	0.553	16.7	40.9	36.5
Eastern Equatoria	0.443	17.2	34.8	41.4
South Sudan	0.467	19.5	34.4	41.4

Source: UNDPSS, 2015

Chapter 4 examines the infrastructure challenge and institutional context associated with the functioning and delivery of economic and social services. The chapter outlines plans, now stalled, to put in place vital infrastructure, identifies some key skills shortages and looks at efforts at institutional capacity-building, as well as issues confronting the South Sudanese private sector, including the problems associated with ineffective government services.

It is a truism to say that South Sudan lacks modern and effective infrastructure facilities and that this lack is a severe impediment to economic growth and development, most particularly of the agriculture sector, on which an improvement in the well-being of the poor heavily depends. Equally as problematic as poor physical infrastructure is the ongoing and severe shortage of skills across many key sectors, a shortage that is being exacerbated by the very poor provision of educational and training opportunities.

A flourishing private sector, and particularly a vibrant small and medium (SME) sector in both rural and urban areas, will be a key determinant of future prosperity in South Sudan. As of the end of 2010, there were 7,332 registered businesses in state capitals (1,294 at the end of 2005). The vast majority (over 90 per cent) have fewer than five employees and over 80 per cent were engaged in wholesale and retail trade.

In terms of the business environment, South Sudan scores very low in cross-country comparisons using the World Bank's Cost of Doing Business Indicators. For 2014, South Sudan was ranked 186/189 with a score of 36. While South Sudan's overall score was low, various sub-categories of the Index compare favourably with the regional average, such as the ease of paying taxes and of enforcing contracts. This suggests that efforts to improve the regulatory environment have had some success.

Chapter 5 turns to the civil conflict and the current peace process as the pre-condition for achieving any measure of sustained and inclusive human development. The armed conflict has, of course, been intertwined with other multiple challenges. For instance, the limited capacity of government institutions explains, at least in part, the use of arms to resolve conflict. In addition, youth play a significant role in the conflict, their plight exacerbated because the economy is unable to provide them with jobs. And, finally, the main driver of displacement of people is the armed conflict based on political differences.

South Sudan's peace process has recognized the link between peace, justice and reconciliation, human development and poverty reduction. The Peace Agreement that was signed by all parties represents a comprehensive plan that lays out a combination of political, economic, social and humanitarian steps and institutional benchmarks that serve as a bridge or transition to a durable peace.

With respect to international peacebuilding, South Sudan is obviously not alone in having gone through a tragic period of violence and destruction. In Sub-Saharan Africa, numerous countries have dealt with conflict and civil war in the last 30 years, including Burundi, Burkina Faso, the Central African Republic, Côte d'Ivoire, the Democratic Republic of the Congo, Ethiopia, Guinea, Guinea-Bissau, Sierra Leone, Liberia, Rwanda, Mozambique, Sierra Leone, Somalia, and South Africa.

Over the past several decades, a number of organizations, notably the United Nations, many donor governments, and many universities, research institutes and think-tanks have sought to distil the lessons learned from conflict resolution and peacebuilding. Peacebuilding is now understood to be a holistic and integrated process involving various activities, including provision of security, humanitarian aid, development and governance assistance, and (re) building of infrastructure. All these activities attempt to ensure that conflict-prone societies do not relapse back into cycles of conflict. International experience attests that a strategic approach to peacebuilding needs to observe key principles, including:

- › national ownership;
- › sustained engagement;
- › inclusivity;
- › State- and nation-building;
- › important role of women in peacebuilding; and
- › sustained international support and mutual accountability.

“Security needs to be the top priority. There can be no education, healthcare, economic development, and prosperity in a war zone”¹

Chapter 6 explores the elements for creating the foundation of inclusive prosperity based on a vibrant national private sector and strong regional integration. For such prosperity to occur both immediate and longer term policy issues need to be addressed, as well as the hydrocarbons sector brought into alignment with national aspirations, given its current predominance as both an engine and impediment to sustainable growth. This chapter explores five cornerstones for establishing a sustainably growing and inclusive economy.

1. Sound fiscal and monetary management
2. Escaping the curse of oil through economic diversification
3. Enhancing public administration and the civil service
4. Filling the “middle void” in the economy
5. Export promotion and trade diversification, through greater participation in regional trade and economic integration.

The seventh chapter turns to an examination of the requirements for addressing the pressing need for justice and reconciliation as well as significantly expanding South Sudan’s human capital. The latter requires improved provision of basic health and education services, targeted poverty reduction and social safety net programmes, as well as improving governance structures. The immediate priority is transitional justice and reconciliation. South Sudanese are faced with the challenging task of becoming a single people within a distinct nation state after the long legacy of conflict, division, distrust, and alienation. Three aspects of the reconciliation and justice process are discussed:

- › establishing an effective system of transitional justice;
- › meeting the supranational legal requirements of the Peace Agreement; and
- › aligning the legal reform efforts to the human development process.

With respect to accelerating human development, South Sudan has had no shortage of plans and policies aiming to address its many challenges and harness its potential wealth. The main problem has been implementation; very little of the detailed planning and targeting undertaken in the period between 2005 and the achievement of statehood in 2011 has led to concrete results, a factor that has undoubtedly exacerbated the tensions and insecurities that produced the most recent violence.

¹ This, and subsequent quotations, found in this Report are taken from responses to the survey of key stakeholders in South Sudanese society conducted by UNDP to supplement this Report.

If the situation is to be different this time, what is rapidly needed is a two-pronged strategy that combines addressing reconstruction and rehabilitation with a rigorous re-examination of unimplemented developmental policies, to include their relevance today, their cost and sources of funding, their sequencing, and an assessment of the institutions and capacities to implement them. Of course, these have to be monitored to know whether there is any change. The August 2015 Peace Agreement mandates such a thorough review of current policy, along with a number of institutional reforms aiming to streamline and enhance the transparency of the policy-making and implementation framework.

The last chapter offers general observations and broad recommendations about the way forward to achieve the ambitious objectives of “people, peace, and prosperity” needed to re-launch South Sudan on a sustainable human development path. The chapter recalls that the Report is premised on the assumption that the peace and transition process will take hold and that all sides in the conflict would agree that, however imperfect the Peace Agreement may be from their perspectives, the alternative of continuing the conflict can only lead to a downward spiral of the current tragedy and hurt all South Sudanese, not to mention neighboring countries.

It is argued that emphasis must be given by the Government to identifying from among the many policy and programme options a smaller number of policy and programme choices that are deemed priorities in order to jumpstart the reconciliation and development process. It is not the objective of this Report to say that the policy and programme priorities discussed in the earlier chapters are the only priorities that should be considered. Rather, the objective is to suggest that some process of prioritization will be required by the Transitional Government and beyond, given the tremendous needs and the severe resource constraints facing the country. To be successful, the prioritization process must have the full backing of the donor community. In short, the task is not having a wide range of policy options, but instead the need for a process of prioritizing among multiple (and often contending) policy options—all of which place competing demands on scarce public resources.

Similarly, the Report argues for the need for South Sudan to collectively practice the “art of the long view”² which translates into the ability to link the immediate to the long term, to visualize different kinds of futures than the current trajectories of low growth and social conflict. The long view is not about reformulating the South Sudan National Vision, but rather engaging in the tough political economy choices on an almost daily basis that are involved in seeking long-term benefits by foregoing short-term politically and economically expedient decision-making. A “long view” will be derived from arriving at a “shared problem” definition of the development challenges facing the country. The long view is about robust decision-making even under conditions of economic and social uncertainty. Transparency is a necessary condition for such decision making practice to emerge.

The Report further suggests five guiding principles in the process of policy-making prioritization and programme implementation.

² This phrase is taken from Schwartz, 1996.

Nation-building, Trust and Restoring the Social Fabric. Most of the discussion in this Report focuses on the policy framework and institutions that are part and parcel of the role of state functions and services and the means of governance. Perhaps equally fundamental in the context of South Sudan is nation-building and how the South Sudanese people can come to have a national identity, not merely an ethnic or community identity. Building national identity in turn helps in establishing the foundation for trust and compromise which are sorely lacking in South Sudanese society. In the absence of trust and compromise and reliance on the peaceful resolution of family, community or ethnic differences, South Sudan's transition to a dynamic and vibrant economy will be at risk.

Becoming a Developmental State That Is Accountable. In the context of the major challenges facing the country, South Sudan should consider rapidly moving towards a governance model often associated with the "developmental state." The developmental state model was first used to describe some of the fast-growing economies of Asia, such as China, Japan, Malaysia, South Korea, Singapore, and Taiwan Province of China. Some of the characteristics of a developmental state include:

- › Political leadership committed to development as the primary function of the public sector.
- › A government with the political will and legitimate mandate to perform the required functions.
- › A competent and neutral bureaucracy that is performance- and outcome-oriented to ensure implementation. This requires a strong education system and efficient set of public sector organizations with little corruption.
- › An established development framework and a comprehensive governance system to ensure that policies and programmes are implemented.
- › The presence of, and support for, a production-oriented private sector.
- › The presence of viable and vocal communities as well as effective NGOs and CSOs.

Policy Adaptation and Change. Achieving an enduring transformation will require South Sudan to chart a consistent and balanced approach to its development. But faced with different challenges in the future, South Sudan will invariably have to explore various policies with respect to market regulation, export promotion, industrial development and technological progress, all while investing and supporting people-centred programmes and protecting the nation against downside risks. For inclusive prosperity, South Sudanese policy should give high priority to ensuring expanded basic social services – investing in people's capabilities through health, education and other public services. Rapid expansion of quality jobs will be a critical feature of growth that promotes human development.

Figure 1.1

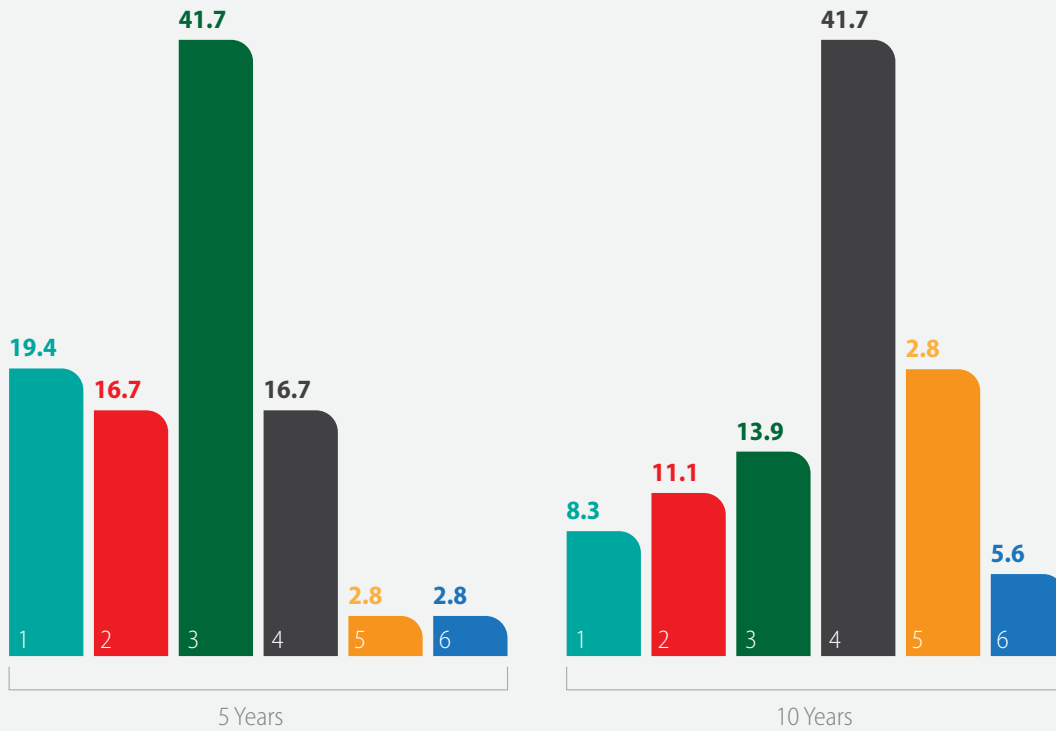


Figure 1.1: NHDR Qualitative Survey Responses from Key Stakeholders

On a scale of 1-6, with 1 being highly unlikely and 6 highly likely, how confident are you that lasting peace in all parts of the country will be attained in the next 5 years, 10 years? - Percent

Source: UNDP Stakeholder Survey (2015)

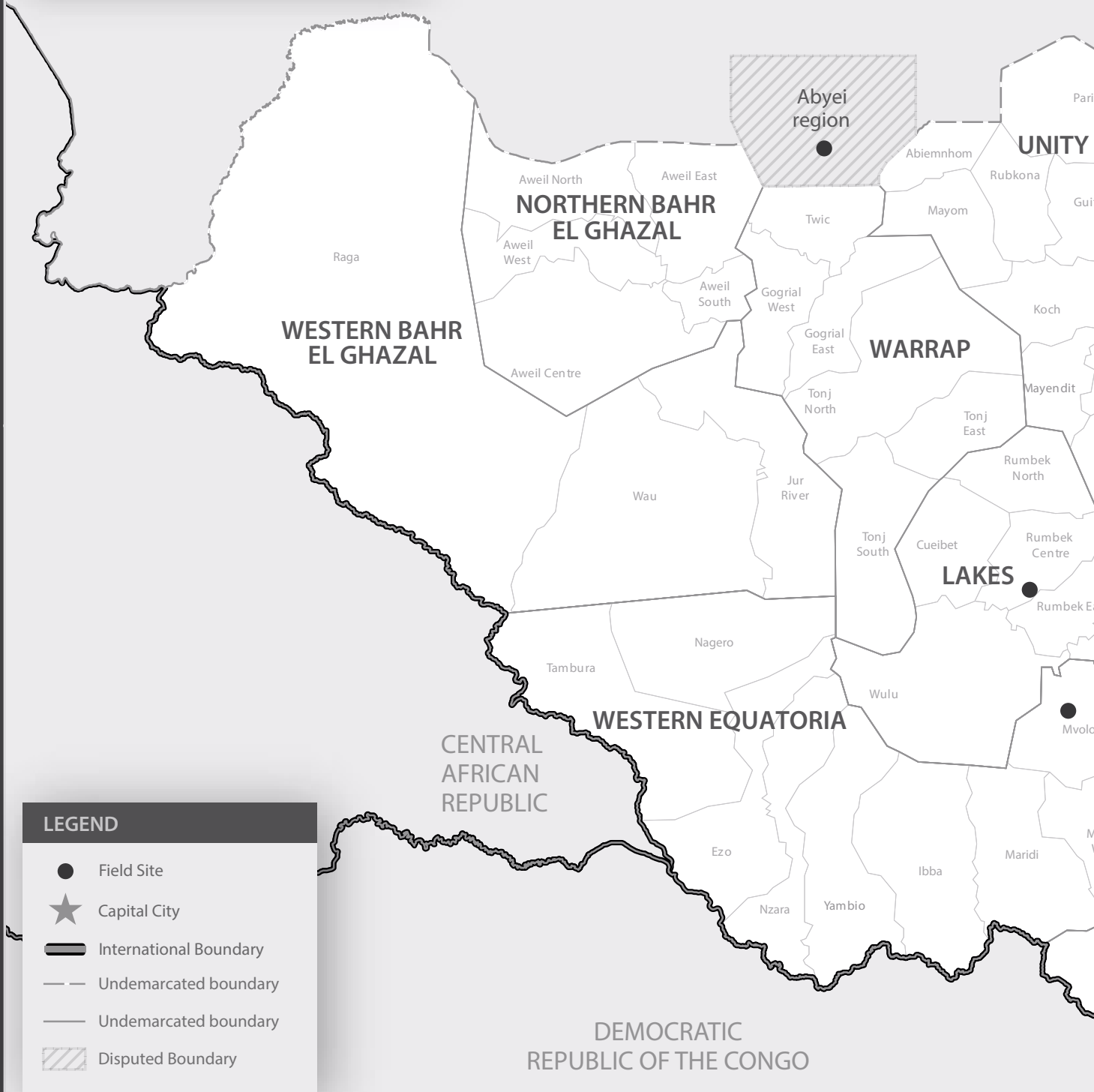
Giving Value to Data and Statistics. In order for South Sudan to meet the many development challenges ahead, it will be necessary to give priority attention to ensuring that the Government is capable of effectively tracking and monitoring the implementation and outcomes of its priority policies and programmes. Having effective capacity in statistics and in monitoring and evaluation is a critical input and a “lubricant” by which the Government will be able to perform, as a developmental state and undertake necessary policy change and adaptation. Data collection and analysis should not be considered an afterthought, but rather a core function of governmental services.

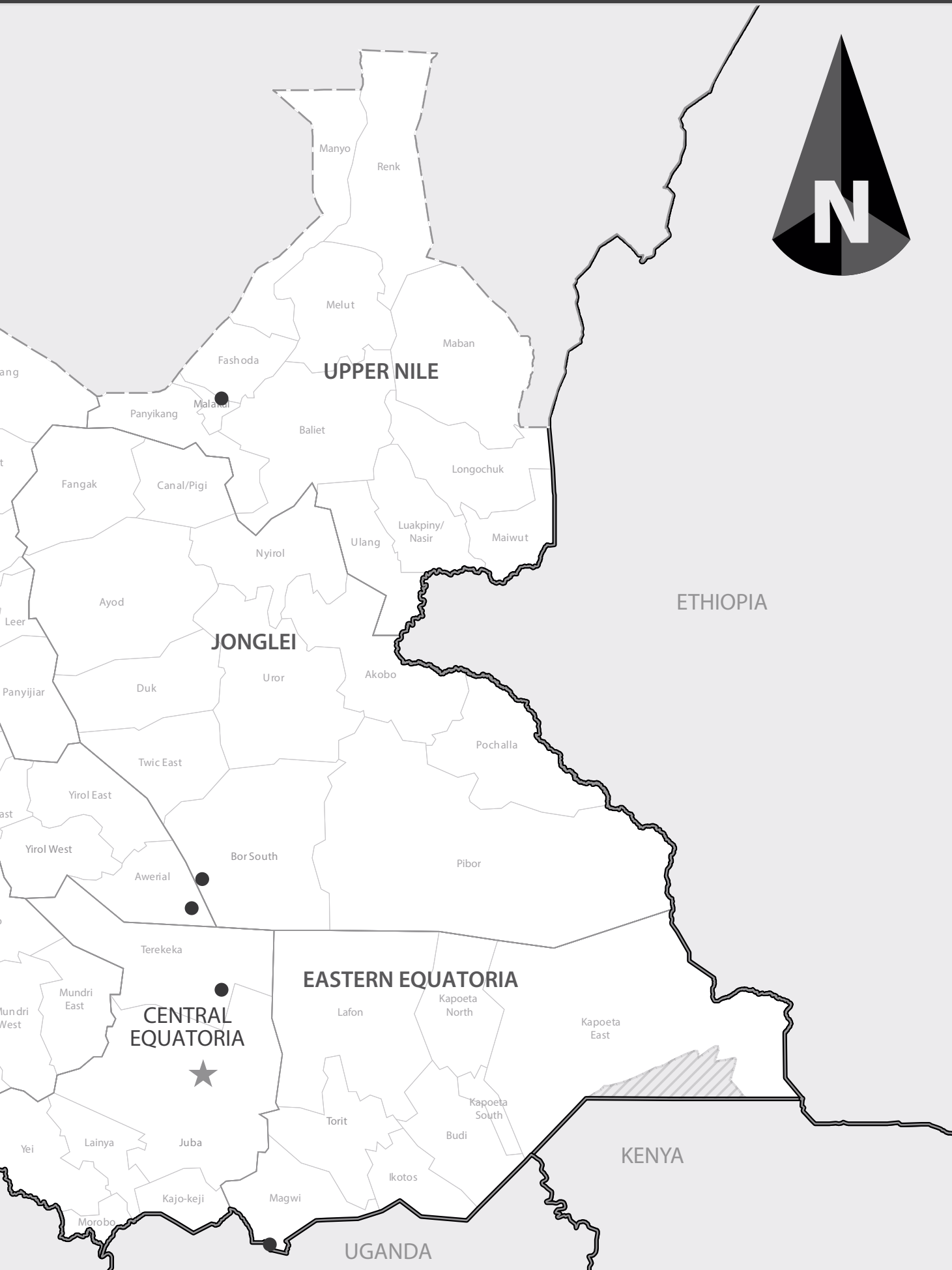
Regional and South-South Cooperation. South Sudan can benefit from leveraging the experience and thinking of professionals, policymakers and other leaders from the Global South who have experience in fostering change on the ground. This would provide South Sudan with valuable signposts for avoiding pitfalls, identifying tipping points, and learning from best practices developed elsewhere. Through the South-South exchange of people and ideas, South Sudan has the greatest potential in the near term to learn from the experience of other countries, in particular from other countries of East Africa to which South Sudan has the closest affinity.

Chapter One



Introduction





This first National Human Development Report for the Republic of South Sudan is being written at a time when the country has gone through, and continues to face, tremendous economic, social and political challenges but also concluded a peace agreement. South Sudan became the newest nation to join the international community on 9 July 2011 following secession from Sudan in January 2011. And South Sudan was admitted as the 193rd member state of the UN by the General Assembly on 13 July 2011.

As Africa's 55th country, South Sudan faces the simultaneous and extraordinary challenge of dealing with the history of more than 50 years of conflict and ongoing instability, along with the huge development needs stemming from being one of the world's least developed economies. While South Sudan has significant oil wealth, which, if effectively used to drive development, could provide the basis for progress in the coming years, the petroleum dividend has proven elusive. Up until the time when conflict broke out December 2013, core administrative structures and mechanisms of political representation were emerging, and the government was beginning to provide basic services to the population. All observers agree that recent negotiations leading to a final peaceful resolution to the conflict must be successful if the country is to resume its development trajectory.

Despite a long history of conflict and deprivation before achievement of statehood in 2011, South Sudan did manage to make progress towards meeting some Millennium Development Goal (MDG) targets. Between 2006 and 2011, improvements were recorded in the prevalence of severely undernourished children (Goal 1), in enrolment and literacy (Goal 2), the share of parliamentary seats held by women (Goal 3), child mortality (Goal 4), maternal health (Goal 5) and combatting disease (Goal 6). In the light of the conflict since 2013, it is unlikely that any of these improvements have been sustained. South Sudan—in the presumed absence of any sustained improvement since the latest data were compiled—probably lags well behind the average for low-income Sub-Saharan Africa on most indicators. But the fact that improvements took place in comparatively short time may indicate that, if the necessary human and financial resources can be deployed in the context of a sustained peace, progress could resume fairly rapidly.

This National Human Development Report (NHDR) therefore examines some of the broad issues and challenges around the theme of the Report – *People, Peace and Prosperity*. The Report is meant to explore some of the key requirements and perspectives that are needed to set in place the conditions for the long-term trajectory that will be vital to set South Sudan on an inclusive and sustainable human development path. UNDP and other members of the international donor community are not new to assisting countries emerging from conflict situations, and there is much for South Sudan to learn from the experiences of other countries that have faced similar traumas to the national psyche.

1.1 Definitional Issues: Human Development, People and Prosperity

With this Report's focus on people, peace and prosperity, it is perhaps useful to first establish the policy context and theoretical underpinnings for human development, people and prosperity (the latter of which is used in this Report to refer to inclusive growth for all South Sudanese). Since the concept of human development was first introduced by UNDP in 1990, the term has

gained widespread acceptance. Human development was formally defined in the first *Human Development Report* as “a process of enlarging people’s choices.” The most important of these wide-ranging choices are to live a long and healthy life, to be educated, and to have access to the resources needed for a decent standard of living. Additional choices include political freedom, guaranteed human rights and personal self-respect. In later reports and in work outside the UN,³ the concept has been refined and elaborated to include broadening the choices and strengthening the capabilities of all individuals. An important contrast was thus established between the long-standing view of economic prosperity—embodied in the measurement of economic achievement by gross national income (GNI) per capita and human development—human achievements measured by a range of human indicators.

Box 1.1: Inclusive Growth and Human Development

Inclusive growth is seen as a sustainable pathway out of poverty. It entails exploring the policy options which have the greatest impact on poverty reduction and human development. Development can be inclusive and hence effective in reducing poverty only if all segments of society contribute to creating opportunities, share the benefits of development, and participate in decision-making. As such, inclusive growth is critical for advancing human development and integrates the standards and principles of human rights. The 2010 Review of the Millennium Development Goals demonstrated that progress has been most successful in countries where economic growth is broad-based and widely distributed. Pursuing inclusive growth involves an interplay of policies and programmes to ensure that shared growth and benefits reach different groups of vulnerable populations.

Source: UNDP, 2011.

To bridge this contrast between economic growth and human development, increasing attention has turned to the concept of **inclusive** growth (or “prosperity” the term used in this Report), which attempts to link economic growth specifically with reductions in poverty and inequality. While there is no single agreed definition of inclusive growth, a distinction is often made between pro-poor growth and inclusive growth. Pro-poor growth generally focuses on people below the poverty line, whereas inclusive growth can include all strata of a society—the poor, the near-poor, middle-income groups and the well-to-do.⁴ Another distinguishing characteristic of inclusive growth is that rather than being limited to income outcomes, as is pro-poor growth, it also includes the manner in which growth takes place. Hence, it embraces both the pace and the pattern of growth. Inclusive growth can thus be considered as widening the opportunities for participation, both with respect to engagement in productive economic activities and having voice in the direction of the growth process itself (Ranieri and Ramos, 2013).

³ See, for example, the pioneering work of Amartya Sen (1999) and, more recently, Martha Nussbaum (2011).

⁴ For a discussion of inclusive growth definitions, see Klasen (2010) and Ianchovichina and Lundstrom (2009).

From this conceptual basis, it is important to place human development, people and prosperity in the South Sudan context. A key message of this Report is that the largest drain on human development is not because of gender or income inequality, or lack of access to educational opportunities or livelihoods. More fundamentally, it is the absence of peace. And this is not just in the three conflict states, but it is also the case in eight of the 10 states. The people of South Sudan must come to recognize that lasting peace, and sustainable prosperity can only be achieved over the long term when all South Sudanese are able to benefit from broad-based human development.

Box 1.2: South Sudan Human Development Index in the Global Context

Excerpt from the 2015 UNDP Human Development Report, *Work for Human Development*:

The HDI is a summary measure for assessing long-term progress in three basic dimensions of human development: a long and healthy life, access to knowledge and a decent standard of living. A long and healthy life is measured by life expectancy. Knowledge level is measured by mean years of education among the adult population, which is the average number of years of education received in a life-time by people aged 25 years and older; and access to learning and knowledge by expected years of schooling for children of school-entry age, which is the total number of years of schooling a child of school-entry age can expect to receive if prevailing patterns of age-specific enrolment rates stay the same throughout the child's life. Standard of living is measured by Gross National Income (GNI) per capita expressed in constant 2011 international dollars converted using purchasing power parity (PPP) rates.

South Sudan's HDI Value and Rank

South Sudan's HDI value for 2014 is 0.467— which puts the country in the low human development category—positioning it at 169 out of 188 countries and territories. Between 2010 and 2014, South Sudan's HDI value decreased from 0.470 to 0.467, a decrease of 0.7 per cent or an average annual decrease of about 0.18 per cent. Between 1980 and 2014, South Sudan's life expectancy at birth increased by 16.7 years, and mean years of schooling and expected years of schooling are assumed to have stayed the same. South Sudan's GNI per capita decreased by about 22.1 per cent between 2010 and 2014.

Source: UNDP, 2015b.

For human development in South Sudan, there is much to be learned from the process of reconciliation that occurred in countries such as Rwanda, Liberia, South Africa, Lesotho, Nicaragua, Timor Leste, and many others. These countries have shown that bitterness, anger, distrust and recrimination can be—indeed must be—replaced with a common commitment to peace and improving the well-being of all of a country's citizens. This process of change

and reconciliation can by no means be accomplished overnight, but the experience of other countries demonstrates that slow, incremental change is possible, and that doing nothing will only lead to more violence and suffering for people of all ages and ethnic groups and to a prolonged hiatus in human development.

1.2 Organization of the Report

This Report is organized into eight chapters. The first section of the Report reviews some of the country's basic economic and social indicators as commonly found in national human development reports. Chapter 2 looks at the resource base and the macro-economic conditions of the economy at the time of, and during, the first two years of independence, as well as the deteriorating conditions during the period of civil strife and bloodshed.

Chapter 3 reviews South Sudan's performance on available indicators of human development, poverty, and other social indicators. This chapter presents UNDP South Sudan's estimates of South Sudan's human development indicators, including the Human Development Index. It shows that absence of peace is the greatest drain on human development in South Sudan.

The fourth chapter examines the infrastructure challenge and institutional context associated with the functioning and delivery of economic and social services and the performance of the state in the years since independence. The chapter outlines plans, now stalled, to put in place vital infrastructure, identifies some key skills shortages and looks at efforts at institutional capacity-building, in addition to issues confronting the South Sudanese private sector, including corruption and government support (or lack thereof).

Chapter 5 turns to the civil conflict and the current peace process as the pre-condition for achieving any measure of sustained and inclusive human development. As argued in this Report, the peace process is inexorably linked to the evolving structure of the economy and a commitment to the provision of basic social services as well as poverty reduction for all South Sudanese. The chapter also highlights some of the important "lessons learned" from other countries emerging from war and civil conflict and how these countries established the basis for an effective post-conflict society.

The sixth chapter explores the elements for creating the foundation of inclusive prosperity based on a vibrant national private sector and strong regional integration. Bringing forth such prosperity will require addressing both immediate and longer term policy issues. It will also require bringing the hydrocarbons sector into alignment with human development, given its current predominance as both an engine and impediment to sustainable growth.

The seventh chapter turns to an examination of the requirements for addressing the pressing need for justice and reconciliation as well as significantly expanding South Sudan's human capital through the provision of basic health and education services and targeted poverty reduction and social safety net programmes, as well as overhauling governance structures.

The last chapter offers some general observations and broad recommendations about the way forward to achieve the ambitious objectives surrounding “people, peace, and prosperity” in order to re-launch South Sudan’s rightful sustainable human development journey alongside the other countries of Africa and the Global South.

In reading this report, it is important to mention that the limited capacity of government services and basic data collection over the past four years have precluded a more robust quantitative analysis of the common indicators used to compute many human development indicators. Nevertheless, the existing data from primary and secondary sources still tell a tragic narrative of a country that has suffered greatly over the years before and after independence.

To provide additional context for this Report, the South Sudan UNDP Country Office conducted a survey of key stakeholders from all sectors of South Sudanese society—government, private sector, NGOs and civil society organizations, academia and religious leaders. The results of the survey are not statistically representative, but the survey does capture the opinions and perceptions of these stakeholders on policy issues and the economic, social, and political challenges facing the country, and thereby provide insight into the “mood” of the country in moving forward.

Finally, the Report concludes with several annexes that provide additional data or complementary information, including references and works cited.



Chapter Two

**The Economic
Starting Point**

Chapter 2: The Economic Starting Point

For advancing human development in South Sudan, a strong and sustainable economic base is essential. Realizing the goal of sustainable human development in South Sudan requires careful balancing of the resources and capabilities available. This chapter gives an overview of these resources, natural and human, and describes some of the current constraints to their effective deployment.

2.1 Abundant Physical and Human Resources

South Sudan is a well-endowed and potentially rich country. Although landlocked, its location, astride the Nile (and tributaries), bordered to the south and east by Uganda, Kenya and Ethiopia and with access to the Red Sea via its northern neighbor, Sudan, the country does not lack for access to potential trade routes and markets for its commodity exports.

The country's abundant natural resources include: oil, teak, gum Arabic, and natural mahogany. There are believed to be sizable unexploited mineral resources, including gold. A large portion—90 per cent—of its land area is deemed suitable for agriculture. Crops include: pineapple, groundnuts, sorghum, millet, wheat, cotton, sweet potatoes, mangoes, pawpaw, sugarcane, cassava and sesame. Less than five per cent is currently cultivated. A considerable proportion of the population is engaged in cattle herding. There are also large and unexploited reserves of fish (AfDB, 2012) and nearly 30 per cent of the land area is covered with forest, providing potential for the production and export of forest products. Outside the oil sector, livelihoods are currently concentrated in low productive, unpaid agriculture and pastoralist work, with this accounting for around 15 per cent of GDP (Table 2.1). As much as 85 per cent of the working population is engaged in non-wage work, chiefly in subsistence agriculture and livestock rearing (nearly 80 per cent of the working population). There is virtually no manufacturing industry and practically all intermediate and consumer goods are imported. The only modern industrial sector is the oil industry, in which foreign, particularly Chinese, Indian and Malaysian investors dominate. All oil produced is exported.

Table 2.1: South Sudan and Comparators, HDI Indicators, 2014

Sector	Percent (%)
Agriculture, forestry, fisheries	14.5
Government services	9.1
Trade, hotels, restaurants	5.9
Manufacturing and mining	3.6
Transport and communications	3
Construction	2.2
Other services	2
Oil	59.7
Total	100

Source: AfDB, 2012

Table 2.2 breaks total estimated value-added down by major sector, showing the very small share of market-based agriculture and manufacturing and construction in the generation of value-added and the concomitant preponderance of oil in most years.

Table 2.2: Value-Added by Economic Activity, Percentage of GDP 2008-2012

	2008	2009	2010	2011	2012
Agriculture, hunting, forestry, fishing	3.8	5.2	5.0	4.2	9.7
Mining, Manufacturing, Utilities	58.1	47.6	47.8	57.8	14.9
Manufacturing	1.7	2.6	2.2	1.8	4.3
Construction	4.2	4.3	6.1	4.9	11.6
Wholesale, retail trade, restaurants and hotels	5.3	7.9	7.4	6.6	15.4
Transport, storage and communication	5.4	6.5	5.6	4.9	11.4
Other Activities	23.3	28.5	28.1	21.7	37.2

Source: AfDB, 2015.

A Low-density Population, Predominantly Young

The population of South Sudan is estimated at 11.9 million as of the end of 2014 (World Bank 2015c), up 3.6 million on the 8.3⁵ million figure recorded in the 2008 census (SSCCSE, 2010). UN World Population Prospects (UNWPP) estimates a somewhat higher total population, of 12.3 million as of 1 July 2015. The more detailed breakdown of the aggregate data that follow is all from the census data, and some doubt attaches to the accuracy of the enumeration process that produced them.

Disaggregated population data from the census show that population density is low, ranging from 3.7 persons per km² in Western Bhar el Ghazal to 25.6 in Central Equatoria, where the capital, Juba, is located (Table 2.3). This confirms the overwhelmingly rural and as yet underdeveloped state of the South Sudan economy.

⁵ It was widely believed at the time of the census that enumeration was not complete, partly due to conflict-related displacement and territorial disagreements.

Table 2.3: Population Density by State, 2008

State	Population	Area (km ²)	Density (Persons per km ²)
Upper Nile	964,353	77,283	12
Jonglei	1,358,602	122,581	11
Unity	585,801	37,837	15
Warrap	972,928	45,567	21
Northern Bahr el Ghazal	720,898	30,543	24
Western Bahr el Ghazal	333,431	91,076	4
Lakes	695,730	43,595	16
Western Equatoria	619,029	79,343	8
Central Equatoria	1,103,557	43,033	26
Eastern Equatoria	906,161	73,472	12
South Sudan	8,260,490	644,330	13

Source: National Bureau of Statistics; Statistical Year Book, 2010.

The population is young and it is growing rapidly and is projected to continue doing so (Figure 2.1). This holds out the real prospect of a demographic dividend as the share of the working total in the population rises and the dependency ratio falls. UNWPP forecasts a gradual fall in the total dependency ratio⁶ over the next 15 years, from 56.5 per cent now to 52.4 per cent in 2030. While this offers the opportunity for enhanced growth and development in the long run, it also represents a considerable challenge, as hundreds of thousands of young people will enter the labour force every year and will require education and training opportunities, as well as jobs. This in turn is only possible with a growing private sector. As of now, a large majority of the population, especially the female population, is illiterate (Table 2.4) and the provision of education is a pressing need. The existing (and inadequate) educational infrastructure has been seriously damaged by conflict. These factors pose serious challenges of employability of the young population.

⁶ The percentage of population under 19 and over 65.

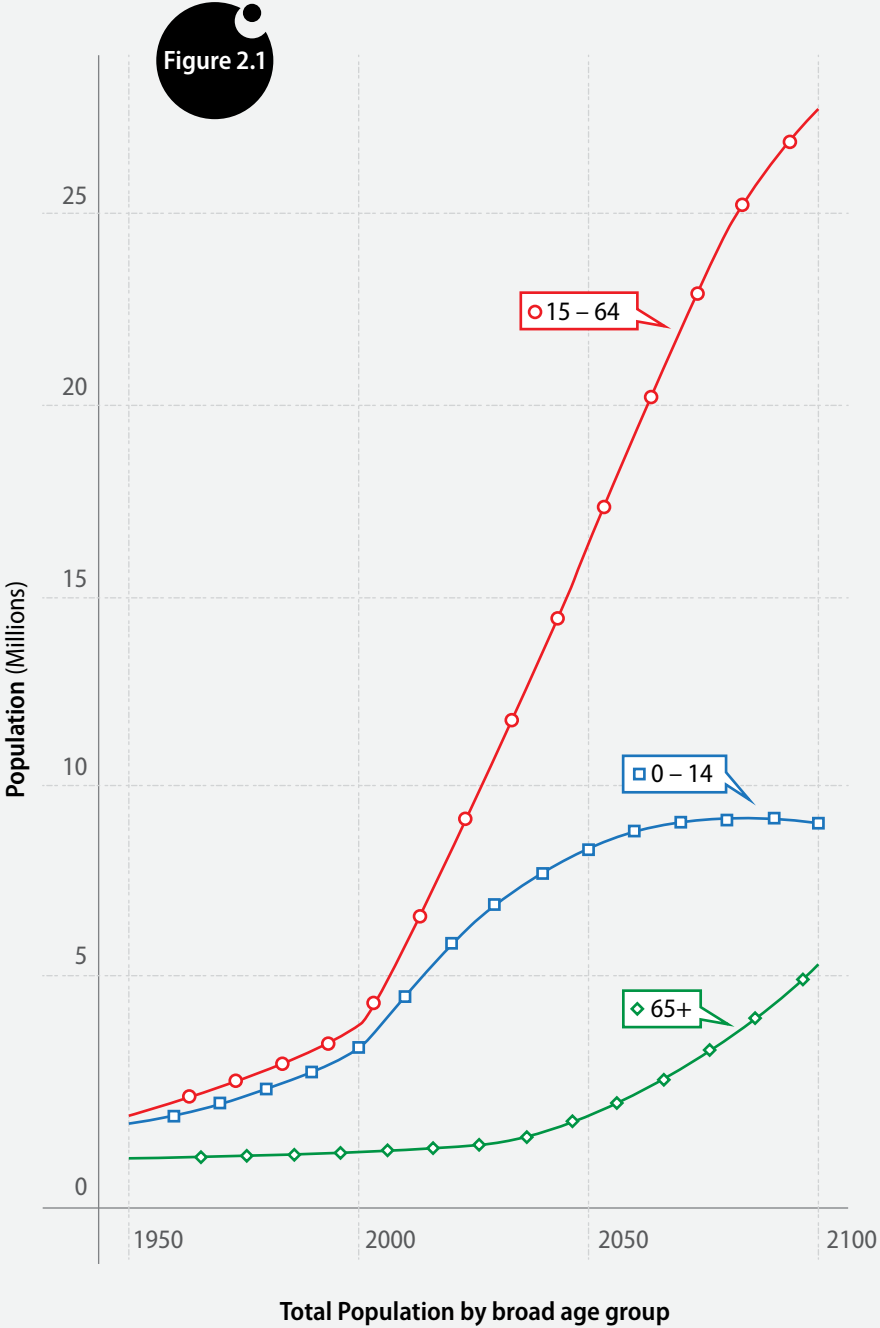


Figure 2.1: Population and Projections by Age Group
Source: UNDESA, 2015.

Table 2.4: Literacy rates for South Sudan Population

		Literacy rate for population 15 years and above	Literacy rate for population 15-24 years old
South Sudan		27.2	40.3
Place of residence	Urban	53.1	65.3
	Rural	22.0	34.6
Sex	Male	40.0	54.6
	Female	15.6	27.7
State	Upper Nile	45.5	65.1
	Jonglei	16.3	24.5
	Unity	26.0	43.6
	Warrap	16.2	27.2
	Northern Bahr el Ghazal	21.3	39.7
	Western Bahr el Ghazal	33.9	50.5
	Lakes	17.7	29.8
	Western Equatoria	33.0	42.6
	Central Equatoria	44.4	55.2
	Eastern Equatoria	19.3	26.2

Source: NBS, 2012

The population is also diverse, both in terms of traditional ethnic groupings and of beliefs (see **Annex 3**). Formal employment is relatively scarce. Unemployment, as recorded in the Census data, was high in 2008, other than in the most urbanized state of Eastern Equatoria, where the capital, Juba, is located. Female unemployment is higher than male.

South Sudan remains a rural society. The share of people in urban areas is still small despite rapid urbanization and is projected to remain so compared with other countries in Eastern Africa (**Table 2.5**). The urban population is estimated to have been about 9 per cent in 1950, to have almost doubled to 16.5 per cent in 2000 and is projected to reach 34 per cent in 2050, still well below the world and regional averages expected at that time.

Table 2.5: Percentage of Population at Mid-Year Residing in Urban Areas, 1950-2050

	1950	2000	2050
World	29.6	46.6	66.4
Africa	14.0	34.5	55.9
Eastern Africa: of which	5.6	20.6	43.6
Burundi	1.7	8.2	26.3
Uganda	2.8	12.1	32.1
Ethiopia	4.6	14.7	37.6
Rwanda	2.1	14.9	52.6
South Sudan	8.9	16.5	33.9
Eritrea	7.1	17.6	42.1
Kenya	5.6	19.9	43.9
United Republic of Tanzania	3.5	22.3	53.0
Madagascar	7.8	27.1	55.0
Comoros	6.6	28.1	38.2
Somalia	12.7	33.2	57.9
Mauritius	29.3	42.7	46.3
Seychelles	27.4	50.1	65.0
Djibouti	39.8	76.5	82.7

Source: UNDESA, 2014.

Employment Distribution

Estimates for the distribution of employment as of 2008 (**Table 2.6**) suggest that 70 per cent of the rural and a third of the urban employed were engaged in agriculture. The next category of employment for the rural population is self-employment/domestic work. In the towns, 16 per cent of the workforce were employed in wholesale and retail trade and related trades. Over a fifth of the urban workforce were employed in the public sector, including defence, with another 6 per cent engaged in the provision of public services. Only a very small share of employment was in the private manufacturing and non-trade services sectors, the traditional engines of growth in developing economies.

Table 2.6: Sectoral Employment, Urban and Rural, 2008 (%)

	South Sudan	Urban	Rural
Agriculture, forestry, and fishing	63	33	70
Manufacturing	1	2	1
Construction and utilities supply	1	3	1
Wholesale, retail trade and repair of motor vehicles	7	16	5
Accommodation, food service, transportation and storage	1	2	0
Other service and professional/technical activities	2	5	1
Public administration and defence; compulsory social security	7	22	4
Education, health and social work	4	6	3
Household production for own use/ domestic personnel	15	12	15

Source: AfDB, 2015.

2.2 Oil in the South Sudanese Economy

Oil dominates government revenue and exports. In 2014 (Mugisha and Nkamleu, 2015) oil production accounted for 99 per cent of exports, 95 per cent of government revenue and about 50 per cent of GDP. Because oil production and prices are volatile, the economy is subject to large swings and government finances are unstable. This dependence on oil revenues makes the economy and government finances highly unpredictable from year to year and puts pressure on the international payments position and on the currency as well as on the country's ability to import capital goods for investment purposes and consumer goods, including foodstuffs.

According to the *Oil and Gas Journal*, reserves were estimated at 3.5 billion barrels of proved reserves (oil) and 2,200 billion cubic feet of natural gas as of January 1, 2014 and production in 2013 was estimated at 160, 000 barrels per day, up 416.1 per cent on the previous year. As the oilfields in South Sudan are mature, output will naturally decline in the future. The World Bank quotes an estimate that at current levels of proved reserves oil output is expected to have almost ceased by 2035 (World Bank, 2015). Meanwhile, conflict and falling oil prices have cut production and revenues by a large margin, with a serious impact on the fiscal position. According to the EIA, (US Energy Information Administration), output cannot recover to the level that it had reached before 2011, because of permanent damage to the infrastructure and natural decline. At present, exploration is very limited because of limited evidence for reserves in unexplored areas and the security situation. (EIA, 2014). Natural gas associated with oil fields is usually flared or re-injected.

South Sudan's oil wealth as of the date of the SSDP has been calculated at US\$ 67 billion based on undiscounted revenues on the basis of expected prices and volumes in 2011. Applying a real discount rate of 7 per cent gave a Net Present Value of US\$ 38 billion; and the amount would be much lower at the end-2015 oil price levels.

Spending at the real rate of return would give a permanent income, based on an assumed rate of return of 3 per cent a year, of US\$ 1.2 billion a year, called the Permanent Income wealth. This indicates how future generations can benefit from oil resources. Spending more than this would reduce overall wealth.⁷

Drawing down the oil wealth while building up other kinds of wealth, such as for example physical assets (e.g. infrastructure) or human capital (education, health) may be justified as long as the social and economic returns on those investments exceed the return on the Permanent Income (GORSS, SSDP, 2011).

Management and Supervision of the Oil Sector

The oil sector comes under the remit of the 2012 Petroleum Act, which established the National Petroleum and Gas Corporation at the apex of the institutional framework governing the hydrocarbons sector. The corporation acts as the main policymaking and supervisory agency in the upstream, midstream and downstream parts of the sector and can approve agreements on behalf of the government, while the Ministry of Energy has responsibility for managing the petroleum sector. The Nile Petroleum Corporation (Nilepet) is the national oil company, which also presides over the nationalized assets of the Sudan national oil company. CNPC of China, the Oil and Natural Gas Corporation of India, and Petronas of Malaysia have large stakes in the consortia operating in both Sudans.

Pipelines and Refineries

South Sudan produces two kinds of oil: Nile and Dar blends; both sell at a discount to Brent. Nile is a good quality crude which needs to be heated during handling and sells at a slight discount to Brent. Dar is heavy and acidic and sells at a discount that has fallen as capacity for refining this kind of oil has increased. There are no functioning oil refineries at present in South Sudan.

Two pipelines transport oil from Blocks 3 and 7 in South Sudan through Sudan northwards to the Bashayer Marine Terminal—the Petrodar pipeline takes Dar Blend and the Greater Nile Petroleum Operating Company (GNPOC) pipeline takes Nile Blend from Blocks 1 and 5A. South Sudan is considering constructing a crude pipeline that would bypass Sudan and has been in discussion with the governments of Kenya, Ethiopia and Djibouti to this end.

⁷ For a description of South Sudan's Petroleum Revenue Management Act of 2012 and the different funding allocation windows for oil revenues, see Savage (2013).

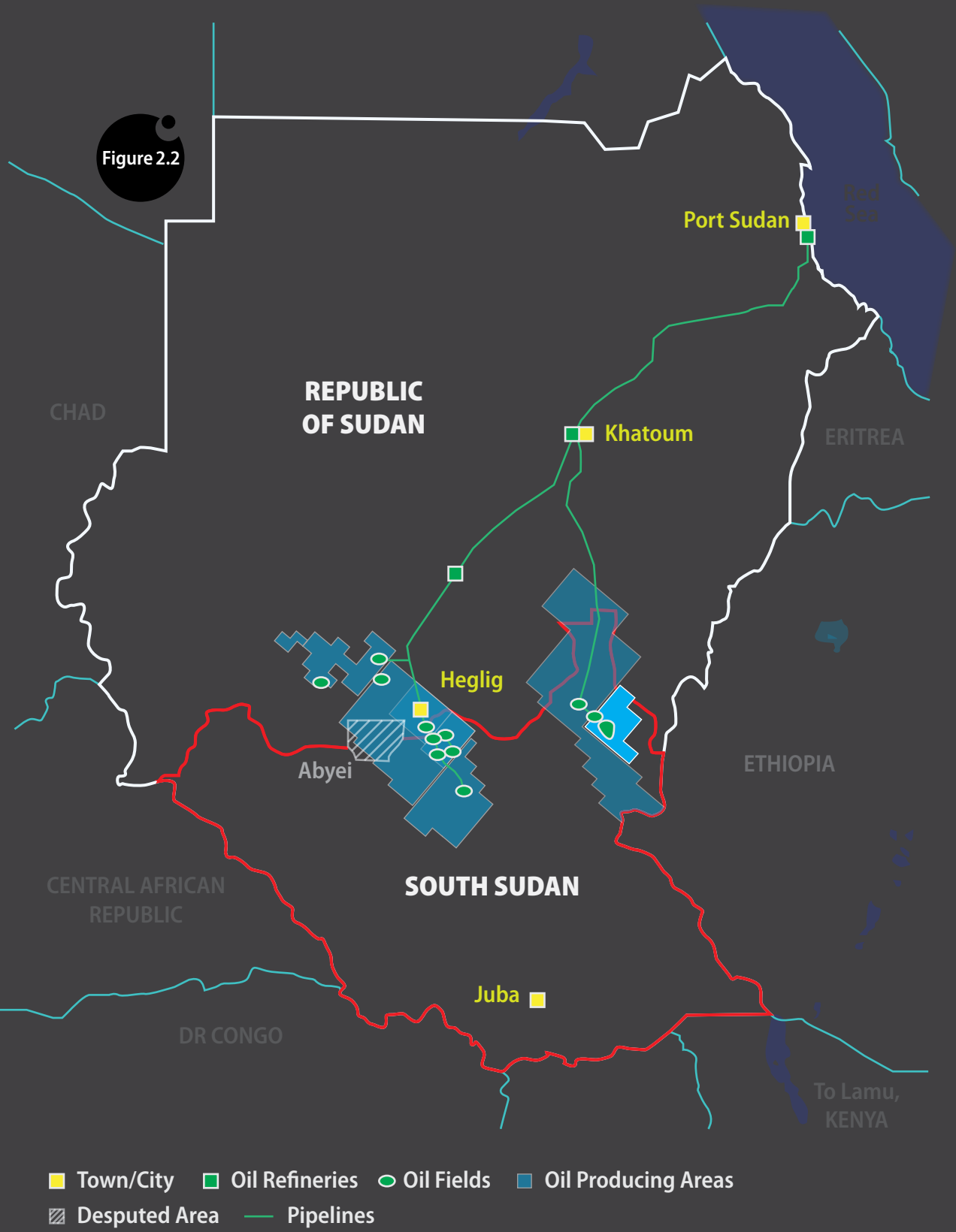


Figure 2.2

Figure 2.2: Key Oil Infrastructure in Sudan and South Sudan
Source: Drilling Info International

Box 2.1: Oil and Conflict

Before South Sudan's independence, Sudan was the second largest non-OPEC oil producer in Africa (2010). The unified country had begun to produce oil in the 1990s, with most of the productive fields lying near to or across the de facto border between the two Sudans and about three-quarters of the production falling under the control of South Sudan after 2011.

Since South Sudan's independence, oil production and exploration have been beset with setbacks and crises that are in many ways emblematic of the difficulties facing the new country.

Relations with the North

The exact border between the two Sudans has yet to be defined. A Technical Border Committee was set up for this purpose in 2005 to demarcate the de facto border established in 1956, but there are areas that remain contested. In particular the Abyei area between the states of Bhar al Ghazal, Warrap and Unity, where oil was found in 1979, is disputed. A boundary commission established to rule on the matter decided, in 2005 that the Heglig and Bamboo oil fields fell within Abyei, thereby potentially depriving Sudan (the North) of significant reserves. The Permanent Court of Arbitration in The Hague redefined the Abyei area in 2009 and placed the two fields outside it, in the North's South Kordofan state. Meanwhile a referendum, scheduled for January 2011, to decide on whether the Abyei area would be part of Sudan or South Sudan has yet to be held, because voter eligibility could not be agreed upon. The two sides came to blows over Heglig in March 2012, when Sudan claimed that South Sudan had attacked the field, while South Sudan said it was acting in response to an attack from the north. The military actions ended in September 2012 with a group of agreements which resolved some, but not all, disputes on border issues, and on economic cooperation.

Revenue-sharing and pipeline costs

Another oil-related dispute between the two Sudans erupted in January 2012 when South Sudan shut down production because of a dispute over transit fees to take South Sudanese oil via the pipeline to the Red Sea through Sudan. Sudan had demanded a fee of US\$32-36/barrell in compensation for oil revenues lost as a result of South Sudan's independence, while South Sudan offered less than US\$1/barrell. When Sudan began to confiscate part of South Sudan's oil in payment for transit fees at the end of 2011, South Sudan stopped production. As part of the suite of agreements signed in September 2012, the two sides agreed *inter alia* that South Sudan would pay fees as established in August 2012, that all arrears and financial claims would be cancelled and forgiven and that each country would give at least 60-days notice before any shut down of production or suspension of access to processing and transportation facilities. A demilitarized zone was to be established on the shared border and the Joint Border Verification and Monitoring Mission put into effect to oversee and verify the withdrawal.

Production disruption

Production resumed in April 2013, but there were further disputes with Sudan in which each side accused the other of politically-motivated threats and actions; claim and counter claim continued until September 2013 when Sudan announced that it would continue to allow South Sudan to use its pipelines. In late December 2013 violence between troops loyal to the president and the former vice president prompted large-scale evacuation of foreign oil workers and the shutdown of 45,000b/d produced in Unity state, while production in Upper Nile state was also reduced by violence.

Source: EIA, 2014.

2.3 Erratic Growth Trends

An Ambitious Plan

In the wake of achieving statehood, South Sudan committed itself to an ambitious and detailed development plan, the South Sudan Development Plan (SSDP), (GoRSS, SSDP, 2011) outlining its overall development objectives. The country's major objectives were also set out in the Vision 2040 commitments of 2011 (GOSS, 2011a). The Medium-Term Capacity Development Strategy for South Sudan (MTCDS) (GoSS, 2011b) was also developed alongside the SSDP, its objective being to ensure that the Government can effectively address critical institutional capacity needs required to implement the SSDP (GOSS, 2011b). Initially, the SSDP was targeted over the three years 2011-2103; it was later extended to June 2016. The plan is underpinned by an overarching framework, the South Sudan Development Initiative (SSDI), which was presented in 2012 and consisted of the following components, which are to be brought together to formulate a costed and detailed action plan to extend to 2020 (MoFEP, 2015b).

- › **An Infrastructure Development Action Plan** covering the roads, water transport, railways, power, social service infrastructure, housing and public information technology infrastructure.
- › **An Agriculture Development Action Plan** containing projects and programmes identified by stakeholders through the Comprehensive African Agricultural Development Plan process, covering priority investments in crops, animal husbandry, and fisheries sectors
- › **A Capacity Development Implementation Plan** providing for specific projects and programmes to implement the medium-term Capacity Development Strategy set out in the SSDP.
- › **A Resource Mobilization Strategy** outlining the means of sourcing the resources that will be needed to implement the SSDP.
- › **A Macro-Economic Outlook** projecting the future state of the macro-economy when SSDI projects and programmes have been implemented.

The December 2013 crisis and consequent economic difficulties appear to have delayed finalization of the SSDI, which is now imminent, and holds the promise of providing a viable framework for post-conflict planning.

As a self-described fragile state⁸, South Sudan also embraced the New Deal⁹ Compact as a framework for enhanced partnership between Government, civil society and development partners to facilitate the implementation of the SSDP and the SSDI. However, this initiative was also undermined by the December 2013 crisis.

Erratic Growth

Data limitations preclude a detailed breakdown of GDP by sector or by sources of demand. On the supply side, the oil sector probably accounted for over half of GDP in 2014 (Mugisha and Nkamleu, 2015) and its vicissitudes cause large swings in the GDP growth rate as shown in **Table 2.7**.

Table 2.7: Selected Indicators, South Sudan

	2011	2012	2013	2014	2015*	2016*
Real GDP Growth (Percent)	...	-46.8	24.2	5.5	3.4	20.7
Real Non-Oil GDP Growth (Percent)	...	-0.8	4.1	-10.3	1.1	5.0
Real Per Capita GDP Growth (Percent)	...	-49.3	18.5	0.8	-1.0	18.3
Overall Fiscal Balance, Including Grants (Percent of GDP)	4.6	-15.6	-5.2	-6.7	-15.0	-5.9
Overall Fiscal Balance, Excluding Grants (Percent of GDP)	1.6	-22.0	-10.2	-8.9	-20.6	-11.9
Exports of Goods and Services (Percent of GDP)	71.9	9.8	27.7	41.7	26.3	45.1
Imports of Goods and Services (Percent of GDP)	30.1	41.6	25.1	36.0	39.0	45.8
Trade Balance on Goods (Percent of GDP)	48.8	-26.3	6.3	13.7	-2.0	12.0
Net Foreign Direct Investment (Percent of GDP)	-0.4	-0.5	-3.8	-1.8	0.1	-0.9
External Current Account (Percent of GDP)	...	18.2	-22.4	-0.5	-0.7	-13.9

Source: IMF Regional Economic Outlook, Sub-Saharan Africa, April 2015; * projections.

8 South Sudan tops the 2015 Fragile States list with a score of 114.5 out of a total score of 120 based on 12 indicators.

9 The New Deal uses Peacebuilding and Statebuilding Goals (PSGs) as an important foundation to enable progress towards the (then) MDGs to guide work in fragile and conflict-affected states. The five Peacebuilding and Statebuilding Goals (PSGs) are: (i) Legitimate Politics—Foster inclusive political settlements and conflict resolution (ii) Security—Establish and strengthen people's security (iii) Justice—Address injustices and increase people's access to justice (iv) Economic Foundations—Generate employment and improve livelihoods and (v) Revenues & Services—Manage revenue and build capacity for accountable and fair service delivery. Available at: <http://www.grss-mof.org/wp-content/uploads/2013/09/CompactQandA-Consultations.pdf>

Data, including projections to 2015 and 2016, suggest that the growth prospects in 2015 are not particularly encouraging. Real Non-Oil GDP growth (percent) is projected to expand by a fairly modest 1.1 per cent. This implies that, in the absence of major new resource finds or until the economy has diversified it will remain oil dominated. The overall fiscal balance is expected to remain negative, even with donor grants.

2.4 Fiscal Constraints on Development

Declining Oil Revenues

Because the fiscal base rests so heavily on oil revenues, the fall in oil production in the wake of conflicts has hit government budgets and expenditure plans hard, exacerbated pressure on the reserves and the currency and fuelled inflationary pressures. In fiscal year 2012/13 (fiscal years run from 1 July to 30 June), as a result of the shutdown arising from the pipeline dispute, an Austerity Budget was approved, which cut monthly spending by over 40 per cent. Since then, public sector spending on investment in particular has been constrained; while spending on security was increased between the 2013/14 approved (original) and supplementary budgets (Table 2.8). The government has reacted by curbing expenditures, notably on transfers, by attempting to increase non-oil revenues and by implementing a programme of carefully phased revenue and spending monitoring. In the first quarter of fiscal 2014/15, while total grants and revenues fell short of the budget by nearly 20 per cent, the government held total spending

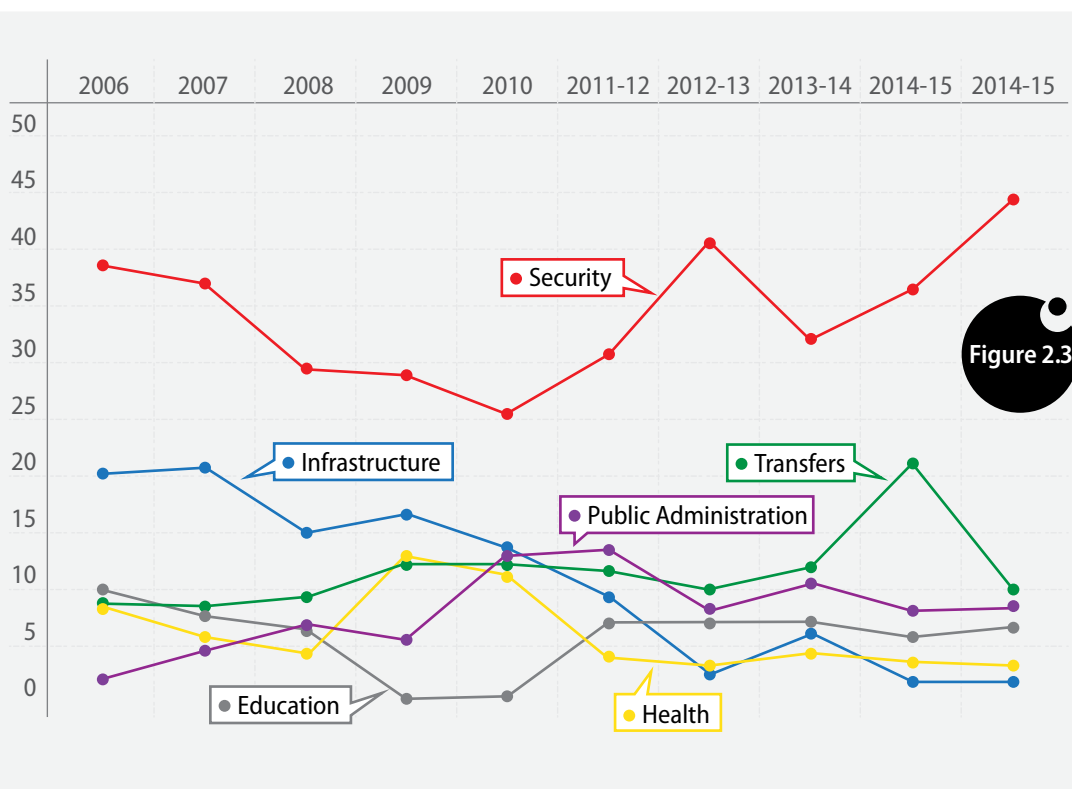


Figure 2.3: Share of national budget, planned estimates (% of total)

Source: Compilation based on Government Approved Budget for various years, MoFEP

Table 2.8: Budgetary Capital and Security Expenditure

(SSP millions)	Actual	Budget	Supplementary	
			Budget	Budget
	2012/13	2013/14	2013/14	2014/15
Capital	1,659	1,791	1,120	1,227
Security and Defence	2,730	3,142	3,642	3,969

Source: MoFEP, 2014

below the budgeted amount by cutting back on transfers to subnational governments. But there are limits to which spending can be restrained and some areas of expenditure, notably security, are rising, both in nominal terms and as a share of the total, while developmental spending is being restrained (Figure 2.3) (MoFEP, 2014a).

In 2014/15 these challenges have been compounded on the revenue side by falling international oil prices, which have halved since September 2014. In the first three quarters of fiscal 2014/15 (July-March), net oil revenues were SSP 5.2 billion below budget (Table 2.9). The generally weak state of the non-oil economy meanwhile, is depressing non-oil revenues, resulting in an overall shortfall of SSP 7 billion in the first three quarters of fiscal 2014/15. Expectations for oil revenue in fiscal 2015/16 are not sanguine (Table 2.9) and total resources are estimated to reach SSP 6.8 billion, well below the budgeted amount for 2014/15. Plans to double non-oil revenues to SSP 5.3 billion, appear ambitious. This would amount roughly to quadrupling from the likely outturn in the previous fiscal year, and see the ratio of non-oil to oil revenue soar from 1:3 to over 3:1.

Large portions of social spending are increasingly dependent on aid inflows, which is unsustainable. Such inflows also do not enter the normal budgeting process and are therefore difficult to schedule and anticipate. Most of the spending on health in the country, for example, comes directly from outside sources.

Underlying the fiscal constraints are problems of revenue mobilization. There is also the need to enforce the Government monopoly over revenue collection, possibly by means of the creation of a Revenue Authority, a concerted effort to boost non-oil revenues and eliminating illegal roadblocks, and other forms of private revenue collection.

Table 2.9: Budget Outturns and Estimates (SSP Million)

	Budget Approved	July-March		Budget Approved
		Outturn	Variance	
	2014/15	2014/15		2015/16
Net Oil Revenue	8,899	3,660	-5,239	1,525
Non-oil Revenue	2,654	962	-1,692	5,328
Grants	158	99	-59	128
Total Resources	11,711	4,721	-6,990	6,981
Total Spending	11,279	8,713	-2,566	10,844
New Borrowing	3,278	7,225	3,947	
Loan Repayments	3,711	2,320	-1,401	
Net Financing	-433	4,915	5,348	

a First three quarters of fiscal years. Source: MoFEP, 2015a.

A Challenging Fiscal Position in 2015/16

In setting out the budget forecast for spending in 2015/16 (Table 2.8), the Ministry of Finance and Economic Planning (MoFEP) has decided that priority will be given to salaries, transfers to the states and operating expenditures. This represents a concerted attempt to control unregulated additional spending on payroll in the future by aligning budgets with reality. Salaries now account for over half of total government spending and an effort to curb this will now begin. Transfers to States and Counties will also rise slightly, accounting for 27 per cent of the total budget (MoFEP, 2015a). Underlining the challenging fiscal situation, in which it is a struggle to maintain government services at a functioning level, is the fact that the 2015/16 budget forecasts a deficit of SSP 3,863 million, some 11 per cent of nominal GDP (MoFEP, 2015a; BSS, 2015).

Recent data on the government finances, for the year-to-date and third quarter of 2014/15 (January-March), show a continuing and serious deterioration and exemplify the continuing revenue mobilization challenges (MoFEP, 2015).

Year-to-date revenue showed a shortfall of SSP 4.1 billion on the budgeted amount, of which SSP 2.1 billion was the third quarter shortfall. Oil revenue was SSP 3 billion and non-oil revenue was SSP 1 billion below budget. The Ministry of Finance and Economic Planning predicts a total revenue outturn of below half the budgeted amount, mainly because of low oil prices.

Total government spending was SSP 581 million adrift, as agencies continued to overspend on

salaries (by SSP 1 billion in the year-to-date) (especially for the military) and to meet salaries deferred from the previous year. Capital spending by the Ministry of Defence was above budget; most other government agencies' spending was below budget. While the Ministry of Defence continues to spend above budget, budget execution in sectors such as Health and Social and Humanitarian Affairs is well below target, less than 70 per cent in each case (MoFEP, 2015).

In 2015/16, education and health spending are expected to absorb only 7 and 3 per cent of the total, while security will take 44 per cent; capital spending is set to fall from SSP 1.2 billion in the approved budget for 2014/15, to SSP 266 million (MoFEP, 2015a). Development partners are reported to have planned to spend SSP 3.4 billion in 2015/16, of which SSP 211 million is in loans.

The deficit is being financed chiefly by borrowing from the Bank of South Sudan, the central bank. Total government indebtedness as of end-March 2015 stood at an estimated SSP 12.3 billion (including interest accrued), up from SSP 7.4 billion at the beginning of fiscal 2014/15, of which two thirds was due to the Bank of South Sudan (MoFEP, 2015a). As of the end of March, SSP 525 million was owed to oil companies; SSP 181 million to China and the World Bank in development loans, SSP 1.3 billion to domestic banks and the balance to the Bank of South Sudan. Bank of South Sudan data (BSS, 2015) puts its claims on the government at SSP 14.1 billion as of the end of October 2015.

The situation is further complicated by the likely existence of extra budgetary items on the revenue and expenditure side, as well as in financing. This makes it difficult to assess the size of government, of the overall balance of government operations, and also of total government debt.

2.5 Financial Sector Constraints

A Nascent Financial Sector

South Sudan's financial sector is at nascent stage of development and only a tiny percentage of the population has access to a bank account of any kind. As of 2012, according to the International Finance Corporation (IFC, 2012), there were 28 commercial banks operating in the country, 10 micro-finance institutions, a number of foreign exchange bureaux and a few insurance companies. This represented a burst of activity in the wake of South Sudan's achievement of statehood, but the development of the financial sector has been very slow since and it has been severely hampered by economic and political turbulence.

According to data for 2009 in the 2010 South Sudan Statistical Yearbook (SSCCSE, 2010), there were eight banks operating in South Sudan, with 42 branches. Of a total of SSP 139 million in commercial lending outstanding at the end of 2009, 47 per cent was to finance local trade, 26 per cent for industrial lending and 20 per cent for agriculture. Only 1 per cent of households had a bank account, of whom 82 per cent had never borrowed. Of those that had borrowed, 64 per cent reported having done so to meet consumption needs, with only a very small percentage reporting that they had borrowed for business reasons.

The latest Bank of South Sudan Statistical Bulletin (BSS, 2015) shows that of the loans outstanding to the country's commercial banks as of August 2015, of SSP 707 million (US\$ 240 million at the official exchange rate), the real estate and wholesale and retail trade sectors accounted for over half, while the shares of agriculture and industry had fallen to 1.3 and 7.6 per cent respectively.

The Current Account and its Financing

The decline in oil revenues, the narrow export base and the need to import both consumption and capital goods have brought the current account into a fairly substantial deficit since 2011. In the absence of a large rise in oil revenues, this is likely to remain the case with the revival of the economy and resumption of developmental investment, once peace is secured. One large unknown is the net remittances, which may be a significant equilibrating factor. Unfortunately, no data on remittances are available, and this is an important data gap that would need to be addressed. For the last several years, South Sudan's mounting deficit on the current account has produced pressure on the reserves and on the informal exchange rate and this has stoked inflationary pressures and put pressure on living standards. Capital account inflows of debt or foreign investment are needed to fund the current account deficit if the reserves are to be rebuilt. The country's net foreign assets stood at the equivalent of SSP 418 million at the end of August, 2015 (BSS, 2015), down from SSP 2,441 million at the end of December 2013, SSP 805 million a year later, and close to the SSP 448 million recorded at the end of August 2014.

Inflation, the Parallel Exchange Rate and Reserves

The fixed exchange rate regime severely narrowed South Sudan's monetary policy options. The central bank was not able to support the official exchange rate (fixed at SSP 2.95 per US dollar) and the gap between the official and parallel rates was widening as the Bank of South Sudan created South Sudan Pounds to finance the ongoing budget deficit. Among the many distortionary impacts of the multiple exchange rates was the shortage of dollars at the fixed exchange rate, the rationing this necessitated, and the pressure that this put on domestic prices for the large share of consumption goods that are imported. Inflation, largely experienced as an urban phenomenon, was driven both by the impact of government deficit financing and of foreign exchange shortages, and by price developments in major import markets, especially food prices in Uganda. In November 2015, according to the National Bureau of Statistics (NBS), year-on-year inflation reached 73.6 per cent, up from 20.1 per cent in the same period of 2014. The rise was particularly marked for clothing and foot ware, at 172.1 per cent compared to 12.2 a year earlier (NBS Press release, November 30, 2015). Such rises made life very difficult for the many people who were already dealing with the impact of delayed wage and salary payments in the public sector as a result of austerity. Higher prices for imported goods put the parallel market exchange rate against the US dollar under increasing pressure; at the end of November 2015, the rate was SSP 18.0 per US dollar, up from 5.7 a year earlier.

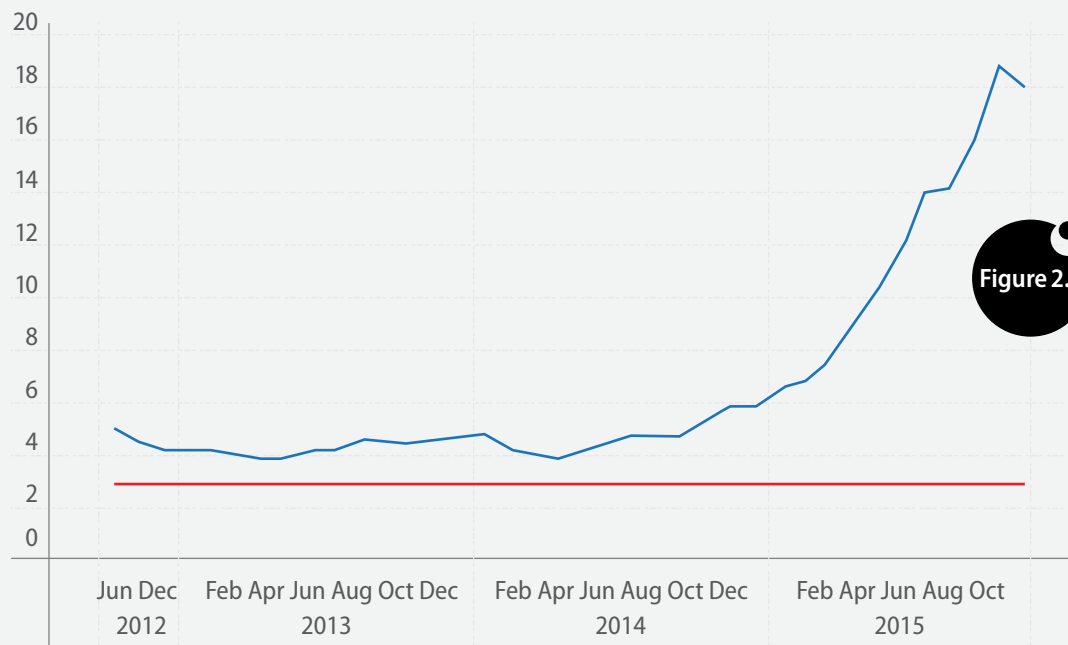


Figure 2.4: Parallel and Official Exchange Rates, South Sudan Pounds for 1US\$

June 2012–November 2015

Source: BSS, Statistical Bulletin for November 2015

On December 14, 2015, the Central Bank issued a circular and declared that it would switch to a flexible exchange rate regime. This move eliminated a source of massive distortion on the foreign exchange market, opened up the room to pursue independent monetary policy, and will significantly reduce the budget deficit by increasing size fold the South Sudanese Pound receipts of the budget from oil. Initial experience with the unified exchange rate is promising. Its stability will hinge on the strength of supporting policies, and on future movements in oil revenues.

External Debt

South Sudan and Sudan have yet to agree on how to apportion the approximately US\$45 billion of total external debt that was reported as outstanding at the end of 2013 (World Bank, 2015b), of which about 85 per cent was reportedly in arrears. The country’s ability to borrow commercially is very limited and the situation has been made much more difficult by conflict and by the fall in oil revenues. With access to external funding on commercial terms increasingly problematic and expensive, South Sudan is reported to have borrowed directly from the international oil companies during 2014, reportedly to the tune of US\$200 million; accessing this kind of finance is becoming more difficult as oil revenues stagnate. It is also a short term, high cost method of borrowing, making this an unlikely candidate for sustainably addressing South Sudan’s borrowing needs.

Aid and Investment Flows

Table 2.10 sets out the major bilateral donors and the purposes to which funds were put in 2011-2013. Social infrastructure and services and humanitarian aid received the largest flows. Since the December 2013 crisis much of the funding destined for support to development has been moved to humanitarian support (MoFEP, 2015). The data in **Table 2.10** do not include aid flows from China, which, like its stake in the oil sector, are significant. China.aiddata.org¹⁰ lists 11 active projects in South Sudan, including the rehabilitation of Juba Airport. Official data on the value of Chinese aid are not available, but it is estimated that up to US\$ 45 million has been pledged in emergency aid since December 2013. (Zhou Hang, 2014).

Data on inflows of foreign direct investment (FDI) are not available, though it is certain that, apart from the oil sector, FDI has been very modest, despite some efforts to attract such investment, including an investment seminar held in Juba in late 2013. Investors who have pledged significant amounts in the past include Petronas, CNPC, ASCOM SA Group, ONGC of India and Equator Gold. Chinese investors are believed to be the largest source of FDI.

Table 2.10: Total Net Receipts of Aid
(Official Development Assistance, Other Official Flows and Private Flows) (US\$ million)

	2011	2012	2013
DAC Countries			
Australia	3	23	27
Canada	49	66	66
Denmark	36	37	34
Germany	17	34	35
Japan	26	76	82
Netherlands	24	45	55
Norway	60	74	91
Sweden	10	72	67
UK	83	172	213
USA	707	773	458
Total DAC	1,042	1,431	1,186

Table continued on next page...

¹⁰ <http://china.aiddata.org/>.

Table 2.10: Total Net Receipts of Aid
(Official Development Assistance, Other Official Flows and Private Flows) (US\$ million)

	2011	2012	2013
Multilateral			
EU		47	128
UN Agencies	10	52	97
Global Fund	35	45	34
Total Multilateral	1,089	1,579	1,452
Bilateral ODA Commitments by Purpose			
Social Infrastructure and Services	469	711	644
Education	70	75	82
Health & Population	75	243	140
Water & Sanitation	46	61	71
Economic Infrastructure and Services	74	85	146
Energy	4	9	4
Transport & Communications	57	56	136
Production Sectors	52	57	133
Agriculture, etc.	44	45	6
Industry, etc.	7	10	6
Trade & Tourism	1	2	22
Multi-sector	17	34	48
Programme Assistance	18	26	6
Food Aid	18	26	6
Humanitarian Aid	508	770	537
Total	1,145	1,694	1,519

Source: OECD database

The background features a complex abstract design. It includes a large teal triangle on the left, a large red triangle on the right, and a large green triangle at the bottom. A white line with circular nodes runs horizontally across the top and then turns vertically down the right side. A white box with a pointer highlights the text 'Chapter Three'. There are also several circular patterns, including a large yellow and orange circle in the lower left and a spiral of yellow dots in the lower right.

Human Development: Positioning South Sudan

Chapter Three

The previous chapter addressed the economic context of human development by putting the resource endowment and macroeconomic background into perspective. This chapter turns to the key question of human development in a wider sense. It shows that absence of peace can be an even more serious drain on human development achievements in South Sudan than either income inequality or gender- both significant contributors to impeded human development.

3.1 Definitions and Related Concepts

People are the real wealth of a nation. The basic objective of development is to create an enabling environment for people to live long, healthy and creative lives. This may appear to be a simple truth. But it is often forgotten in the immediate concern with the accumulation of commodities and financial wealth. (UNDP, 1990)

As highlighted in **Chapter 1**, the concept of human development was adopted by UNDP 25 years ago as an alternative to conventional monetary measures of development in terms of GDP per capita. The discussion of human development in the academic literature was largely based on the pioneering work of Amartya Sen, who formalized the proposition that development should be seen in terms of capability expansion (Sen, 1989). This approach to development brings together several thematic perspectives that have been combined in what can be called a broad or maximal definition of human development: its components; its dimensions; its basis in principle pluralism and in ethical individualism; in other words its essentially **moral** underpinnings. The broad definition of human development is outlined in **Box 3.1**. A schematic overview of the dimensions of human development as understood in the context of UNDP human development reports is given in **Figure 3.1**.

¹¹ The discussion of human development as a concept in this chapter relies on a research paper prepared to inform the 2010 Human Development Report (Alkire, 2010).

Box 3.1: Human Development Defined

Human development aims to enlarge people's freedoms to do and be what they value and have reason to value. In practice, human development also empowers people to engage actively in development on our shared planet. It is people-centered. At all levels of development, human development focuses on essential freedoms: enabling people to lead long and healthy lives, to acquire knowledge, to be able to enjoy a decent standard of living and to shape their own lives. Many people value these freedoms in and of themselves; they are also powerful means to other opportunities

Human development also encompasses other worthwhile freedoms associated with human well-being in both developing and industrialized nations. The emphasis and particularities vary but often include secure, safe and meaningful livelihoods; caring and dignified relationships; protection against crime and violence; artistic, cultural and spiritual activities; participation in political and community activities; self-respect; and emotional well-being.

Human development is development **by** the people, **of** the people and **for** the people. For it is people, both poor and rich, as individuals and in groups, who create human development. So human development empowers people to be responsible and innovative actors. Because human development views people not as passive victims but as entrepreneurs and active agents, it helps people to help themselves.

Human development sets priorities among goals using several principles at the same time. Commonly used principles include poverty reduction, equity, efficiency, voice and participation, sustainability, respect for human rights and fostering the common good.

Human development is multidimensional and its components are interconnected. Thus analyses and policies to advance human development take a holistic view. They identify how powerful means such as economic growth best advance human development across time. They clarify the sequence and type of investments that expand key capabilities most effectively. And they engage in periodic public debate about values and priorities.

Source: Alkire, 2010.

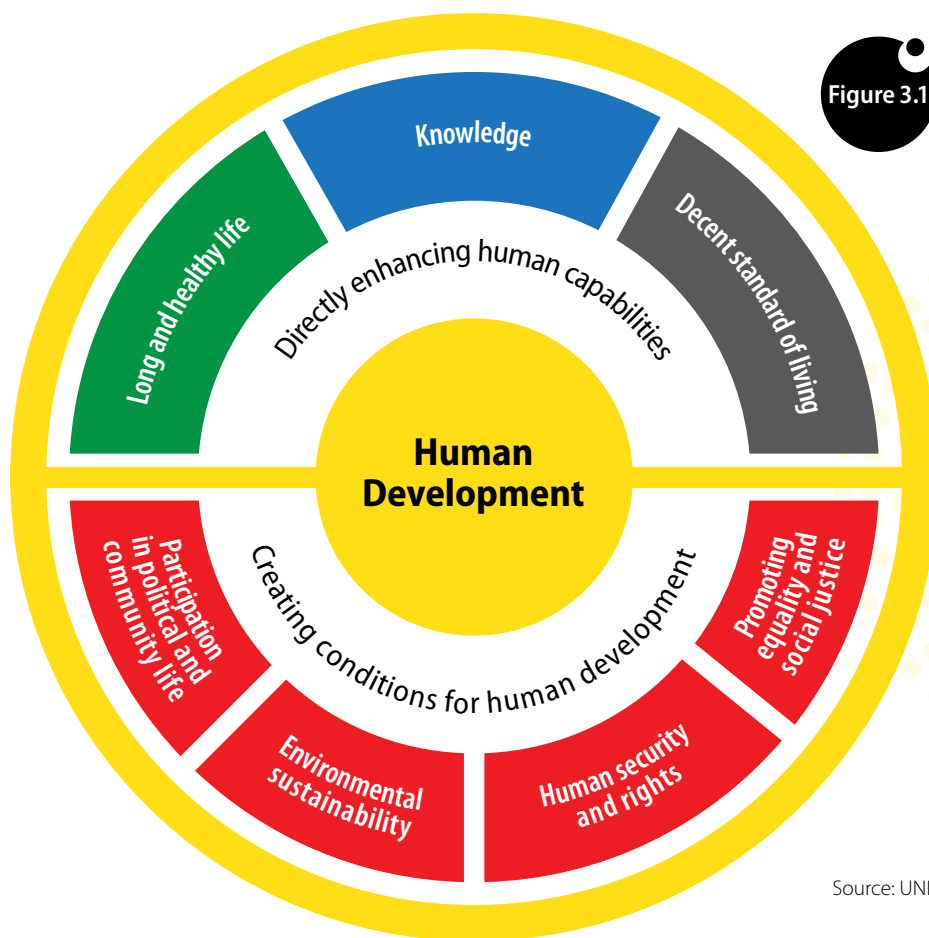


Figure 3.1

Source: UNDP, 2015b

Measuring Human Development

The concept of human development became central to the work of UNDP largely through the work of the economist Mahbub ul Haq, who pioneered the Human Development Index (HDI), introduced in the 1990 Human Development Report. Modified and refined over the years, UNDP’s human development indices are now widely used by government, policymakers and the donor community to chart a country’s absolute and relative progress in human development. The 2010 Human Development Report (UNDP, 2010) added four indices to the foundational national, male and female HDIs of the 1990 report.

- › The Inequality-adjusted HDI (IHDI), adjusting HDI indices to reflect inequalities in income, in health and in education.
- › The Gender Inequality Index (GII), introducing measures of gender imbalances including maternal mortality rates and female representation in national legislatures. The GI assessed national losses from gender inequalities.
- › This is supplemented by the Gender Development Index (GDI), which ranks countries in terms of deviation from gender parity in health, education and income.
- › The Multidimensional Poverty Index (MPI) (see Box 3.2.)

3.2 Human Development and Poverty in South Sudan

The HDI Indices

For the first time, the 2015 World Development Report (UNDP 2015b) has included South Sudan in its computation of the human development index (HDI) for 2014. South Sudan’s HDI value for 2014 is 0.467, placing it at 169 out of 188 countries and territories covered by the index. This puts the country in the low human development category. Between 2010 and 2014, South Sudan’s HDI value fell from 0.470 to 0.467¹².

Table 3.1 shows South Sudan’s HDI indicators against comparator countries and groups. Its HDI value is below the average for Sub-Saharan Africa (SSA) and for low HDI countries as a whole. When compared with its East African neighbors, South Sudan ranks below Uganda and Rwanda, despite a higher oil-induced GNI/capita, and above Ethiopia, largely because of higher GNI/capita. South Sudan’s HDI rank is higher than that of the Democratic Republic of the Congo (DRC) mainly for the same reason; however, its education indicators and life expectancy fall below those of the DRC. South Sudan’s performance on all three dimensions is better than that of the Central African Republic (CAR), but only marginally for education.

	HDI value	HDI rank	Life expectancy at birth	Expected years of schooling	Mean Years of Schooling	GNI per capita (PPP US\$)
South Sudan	0.467	169	55.7	7.6	5.4	2,332
Uganda	0.483	163	58.5	9.8	5.4	1,613
Rwanda	0.483	163	64.2	10.3	3.7	1,458
Ethiopia	0.442	174	64.1	8.5	2.4	1,428
DRC ^a	0.433	176	60.9	9.8	6.0	680
CAR ^b	0.350	187	50.7	7.2	4.2	581
SSA ^c	0.518		58.5	9.8	5.2	3,363
Low HDI	0.505		60.6	9.0	4.5	3,085

Source: UNDP, 2015b

¹² Lack of data precluded the computation of inequality and gender-adjusted indices for South Sudan in the 2015 Human Development Report.

Poverty Measurement

The 2015 Human Development Report (HDR) also computed data, based on survey data for 2010, for the Multidimensional Poverty Index (MPI) for South Sudan (see **Box 3.2** for an explanation of how this is calculated). **Table 3.2** compares South Sudan with neighboring countries as before. As **Box 3.3** suggests, there has in all probability been considerable deterioration in South Sudan's poverty status across the board.

Table 3.2: Multidimensional Poverty in South Sudan and Selected Countries

	Survey year	MPI Value	Head count (%)	Intensity of deprivation (%)	Population (%) Near poverty	In severe poverty	Contribution to Health (%)	Poverty deprivation Education (%)	Living Standards (%)
South Sudan	2010	0.551	89.3	61.7	8.5	69.8	14.3	39.3	46.3
Uganda	2010	0.359	70.3	51.1	20.6	33.3	18.0	30.2	51.9
Rwanda	2010	0.352	70.8	49.7	17.9	34.6	23.8	27.2	49.0
Ethiopia	2011	0.537	88.2	60.9	6.70	67.0	27.4	25.2	47.4
DRC	2013/14	0.369	72.5	50.8	18.5	36.7	15.6	31.0	53.4
CAR	2010	0.424	76.3	55.6	15.7	48.5	23.8	26.2	50.0

Source: UNDP, 2015b

In South Sudan, according to the HDR, 89.3 per cent of the population were multi-dimensionally poor and an additional 8.5 per cent lived near multidimensional poverty. The intensity of poverty was 61.7 per cent. The MPI value, the share of the population that was multi-dimensionally poor, adjusted by the intensity of the deprivations, was 0.551. In poverty headcount, in intensity of deprivation and in the proportion in severe poverty, South Sudan fared worse than any of its neighbours even before the onset of the conflict.

The contributions of deprivations in each dimension to overall poverty show that, in the case of South Sudan, living standards and education were the greatest sources of poverty. When this is considered along with the fact that the income per capita for South Sudan is high, it highlights the extent of inequality in the country. The role of deprivation in education in overall poverty was the highest in South Sudan; that of health the lowest. As noted above and elsewhere in this report, the situation with respect to poverty and deprivation in South Sudan has worsened since the data were gathered.

The Oxford Poverty and Human Development Initiative (OHPI)¹³ also included South Sudan in its 2015 MPI calculations and gives a breakdown by state. The Index shows deep and severe

¹³ The data used in the HDR to compute HDI and MPI are adjusted for purposes of international comparability and are therefore not identical with the OHPI or the UNDP South Sudan national values for South Sudan.

levels of poverty across the country, with 91.1 per cent of the total population experiencing deprivation, and over 70 per cent enduring either severe poverty or destitution. Poverty was high in both urban and rural areas, although, as would be expected rural poverty (MPI Index 0.591) is more severe. Broken down by state (Jonglei and Unity are computed together), levels of destitution are extremely high in Eastern Equatoria, Lakes, Jonglei and Unity, Bahr el Ghazal and Warrap, which are also the states in which overall deprivation and severe poverty are most prevalent (**Table 3.3**).

Turning to the sources of deprivation, OHPI provides a breakdown of the contribution of each indicator to overall poverty and to rural and urban poverty as measured by the value of the respective MPI (**Table 3.4**). Deprivation of schooling is easily the most serious source of overall deprivation, with the two schooling-related indicators accounting for some 40 per cent of the MPI (although not surprisingly, schooling is more readily available in urban areas). It is important to underscore that while the supply of education opportunities is clearly the binding constraint in most cases, the demand side is also a significant issue, particularly in traditional pastoralist settings. Some indicators—child mortality, flooring and sanitation—contribute more to urban than to rural deprivation, while asset deprivation accounts for a larger share of rural than urban deprivation.

Box 3.2: Multidimensional Poverty: Methodological Overview¹⁴

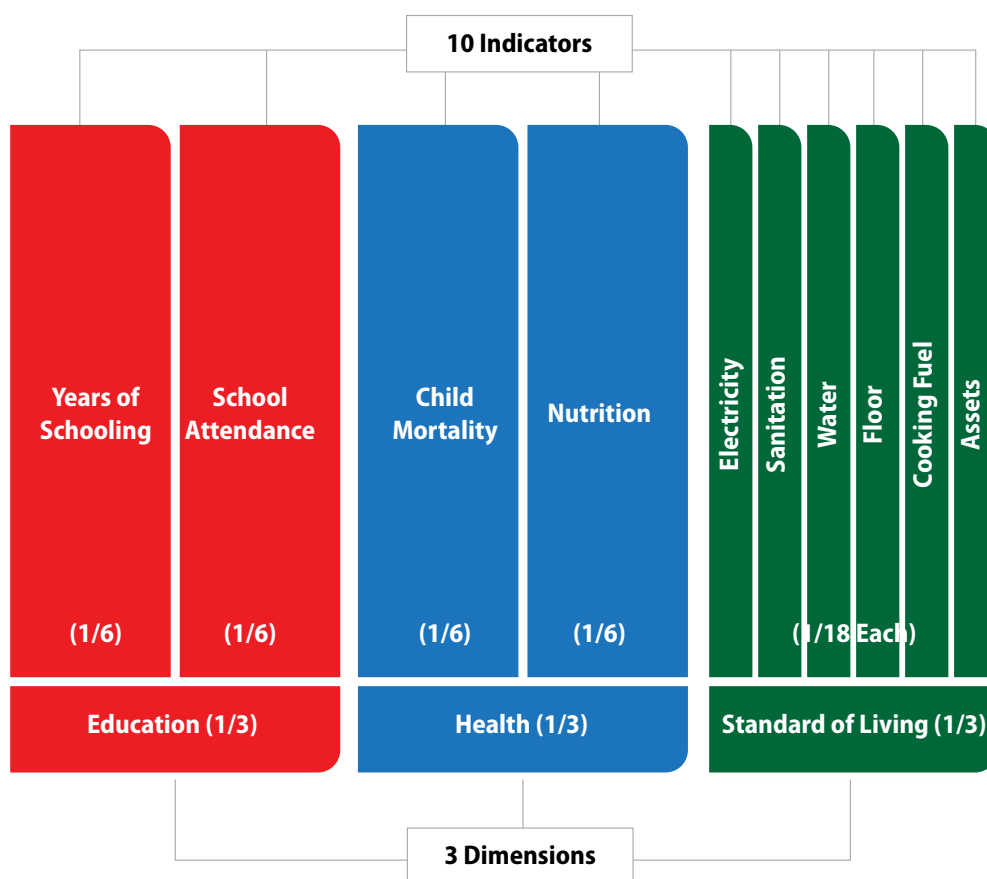
The Global MPI was developed in 2010 by the Oxford Poverty and Human Development Initiative (OPHI) and UNDP for the Human Development Reports. Described by OPHI as a “high resolution lens on poverty”, it measures the following:

- › **Incidence of poverty:** the proportion of people who are poor according to the MPI (those who are deprived in at least one third of the ten weighted indicators used).
- › **Average intensity of poverty:** the average number of deprivations people experience at the same time.
- › **MPI value:** The MPI value summarizes information on multiple deprivations into a single number. It is calculated by multiplying the incidence of poverty by the average intensity of poverty.
- › **Population vulnerable to poverty (near poverty):** The proportion of the population with a deprivation score of 20-33 per cent, thus at risk of suffering multiple deprivations.
- › **Population in severe poverty:** The proportion of the population with a deprivation score of 50 per cent or more.
- › **Destitute:** Percentage deprived in at least a third of a set of more extreme indicators than those used for poverty. For example, two or more children in the household have died (rather than one), no one in the household has at least one year of schooling (rather than five years), the household practises open defecation, the household has no assets (rather than no more than one).

14 See also Technical Note 5 in Annex 2.

- › **Inequality among the poor:** Calculated using a separate, decomposable inequality measure to capture inequality in deprivation counts among the poor and disparities across groups. See Seth and Alkire (2014). Total equality takes a value of zero; the higher the value, the greater the inequality.

The 10 indicators and their weights used to calculate the MPI



- › **Sources of data:** The data for 2015 cover 101 countries and come from USAID’s Demographic and Health Survey (DHS) and UNICEF’s Multiple Indicators Cluster Survey (MICS).
- › **Human Development Index and MPI:** The Human Development Index (HDI) and the MPI are complementary; both have been reported in Human Development Reports since 2010 and both focus on the dimensions of education, health and income. The HDI measures well-being and the MPI measures poverty. The HDI is based on national averages for variables from different datasets, while the MPI concentrates on the joint distributions of deprivations using household based micro data.

Table 3.3: Multidimensional Poverty Index by State, 2010

Region	MPI (H x A)	H (Incidence) k ≥ 33.3%	A (Intensity)	Percentage Vulnerable to Poverty k = 20% 33.3%	In Severe Poverty k ≥ 50%	Destitute	Inequality Among the MPI Poor (Range 0-1)	Population Share
South Sudan	0.557	91.1	61.2	6.9	71.1	71.4	0.202	100
Urban	0.459	82.5	55.7	11.3	53.2	25.3
Rural	0.591	94.0	62.8	5.4	77.2	74.7
Central Equatoria	0.391	75.6	51.7	17.4	39.2	39.7	0.171	13.6
Western Equatoria	0.456	85.2	53.5	11.5	53.2	50	0.155	8.3
Western Bahr el Ghazal	0.491	84.9	57.9	11.2	62.1	57	0.175	4.1
Upper Nile	0.503	86.3	58.3	10	61.2	62.5	0.19	12.4
Eastern Equatoria	0.561	92.5	60.7	7	71.5	75.3	0.208	11.4
Lakes	0.605	96.9	62.5	2.5	81.6	80.9	0.174	7.4
Jonglei and Unity	0.627	97.5	64.4	2.2	84.9	86.7	0.16	20.4
Northern Bahr el Ghazal	0.652	97.4	66.9	2.5	86.9	87.0	0.192	10.1
Warrap	0.661	98.7	67.0	1.3	89.3	88.4	0.186	12.3

Source: OPHI, 2015

Table 3.4: Contribution of Each Indicator to Overall Poverty (%)

Deprivation in:	Deprived if...	National	Urban	Rural
Years of Schooling	No household member has completed at least one year of schooling (≥ 1).	18.9	14.6	20.0
School Attendance	No child is attending school up to the age at which they should finish class 6.	21.2	21.5	21.2
Child Mortality	2 or more children have died in the household.	6.0	9.4	5.1
Nutrition	Severe undernourishment of any adult (BMI < 17kg/m ²) or any child (-3 standard deviations from the median).	6.7	6.8	6.7
Electricity	The household has no electricity (no change).	8.8	9.1	8.8
Improved Sanitation	There is no facility (open defecation).	8.6	8.8	8.5
Safe Drinking Water	The household does not have access to safe drinking water, or safe water is more than a 45-minute walk (round trip).	5.8	5.6	5.9

Table continued on next page...

Table 3.4: Contribution of Each Indicator to Overall Poverty (%)

Deprivation in:	Deprived if...	National	Urban	Rural
Flooring	The household has a dirt, sand, or dung floor.	8.1	9.0	7.9
Cooking Fuel	The household cooks with dung or wood (coal/ lignite/ charcoal are now non-deprived).	9.0	9.9	8.8
Assets	The household has no assets (radio, mobile phone etc.) and no car	6.8	5.3	7.2
Total		100	100	100

Source: OPHI, 2015

3.3 UNDP South Sudan HDI Calculations: The High Cost of Conflict

As a contribution to positioning South Sudan in terms of its HDI indicators, UNDP’s South Sudan office has calculated preliminary HDI, IHDI and GDI indices for South Sudan and its 10 states (See **Annex 2** for technical explanations). The calculations (**Table 3.5**) are based on the 2009 household survey data and they are available only for one year. But they build on what is available using the global database and provide a starting point from which to benchmark progress on development indicators, nationally and by region, in future years. As noted, the estimates are based on 2009 data and should therefore be treated as a baseline from which to assess future progress.

Table 3.5: Human Development Index by State in South Sudan

	Health index	Mean years of schooling index	Expected years of schooling index	Education index	Income index	Human Development Index
Upper Nile	0.570	0.434	0.605	0.520	0.531	0.540
Jonglei	0.626	0.248	0.339	0.294	0.472	0.443
Unity	0.536	0.286	0.430	0.358	0.425	0.433
Warrap	0.531	0.257	0.274	0.266	0.416	0.389
Northern Bahr el Ghazal	0.425	0.276	0.406	0.341	0.397	0.386
Western Bahr el Ghazal	0.553	0.456	0.425	0.441	0.495	0.494
Lakes	0.540	0.262	0.364	0.313	0.489	0.436
Western Equatoria	0.546	0.477	0.588	0.533	0.481	0.519
Central Equatoria	0.547	0.660	0.551	0.605	0.511	0.553
Eastern Equatoria	0.615	0.321	0.268	0.294	0.480	0.443
South Sudan	0.549	0.360	0.422	0.391	0.476	0.467

Source: UNDPSS, 2015

The inequality-adjusted index shows a large loss due to inequality, with Central Equatoria moving down the ranking and Warrap gaining (Table 3.6). In terms of the gender-adjusted index, Western Equatoria ranked top of the 10 states.

Table 3.6: Inequality-adjusted Human Development Index

	Inequality-adjusted dimensional indices			Inequality-adjusted human development Index (IHDI) value	Human development index (HDI) value	Loss due to inequality (%)
	Life expectancy index	Education index	GNI index			
Upper Nile	0.332	0.333	0.375	0.346	0.540	35.9
Jonglei	0.348	0.224	0.337	0.297	0.443	32.9
Unity	0.320	0.258	0.287	0.288	0.433	33.7
Warrap	0.319	0.198	0.290	0.263	0.389	32.2
Northern Bahr el Ghazal	0.277	0.246	0.301	0.274	0.386	29.1
Western Bahr el Ghazal	0.326	0.275	0.354	0.316	0.494	36.0
Lakes	0.322	0.231	0.328	0.290	0.436	33.5
Western Equatoria	0.324	0.350	0.377	0.350	0.519	32.6
Central Equatoria	0.324	0.363	0.296	0.327	0.553	40.9
Eastern Equatoria	0.345	0.202	0.346	0.289	0.443	34.8
South Sudan	0.325	0.264	0.336	0.307	0.467	34.4

Source: TBD

Table 3.7: Gender inequality-adjusted Human Development Index

	Human development index (HDI)	Gender Development Index Ratio	Gender-adjusted Human Development Index	Percent loss due to gender inequality
Upper Nile	0.540	0.809	0.437	19.06
Jonglei	0.444	0.820	0.364	17.95
Unity	0.434	0.773	0.336	22.69
Warrap	0.389	0.779	0.303	22.07
Northern Bahr el Ghazal	0.387	0.803	0.311	19.73
Western Bahr el Ghazal	0.495	0.788	0.390	21.21
Lakes	0.436	0.762	0.332	23.83
Western Equatoria	0.519	0.800	0.415	20.01
Central Equatoria	0.554	0.833	0.462	16.65
Eastern Equatoria	0.443	0.828	0.367	17.16
South Sudan	0.467	0.805	0.376	19.46

Source: TBD

As well as computing the standard development indicators for South Sudan and its 10 constituent states, UNDP South Sudan has developed a conflict-adjusted index, which computes people’s perceptions of peace (or its absence). Applying the conflict-adjustment to the human development index (Table 3.8) shows the stark truth that the most serious loss in human development in South Sudan does not arise from gender or inequality, but from absence of peace (Figure 3.2). The loss is greatest in the states where conflict has been most acute, but there is a generalized perception of absence of peace, surely a prerequisite for sustainable development, across most of South Sudan. It is only in Central Equatoria, Northern Bar el Ghazal, and interestingly, Warrap State, that conflict is not seen to be the single largest cause of human development loss. And with the exception of a single case, Northern Bahr el Ghazal, the difference is marginal.

Table 3.8: Conflict-adjusted Human Development Index

	Human development index (HDI)	Would you say there is peace in your community at the present moment?	Conflict-adjusted Human Development Index	Loss in the human development index due to conflict (%)
Upper Nile	0.554	0.635	0.352	36.5
Jonglei	0.540	0.388	0.209	61.2
Unity	0.519	0.574	0.298	42.6
Warrap	0.495	0.435	0.215	56.5
Northern Bahr el Ghazal	0.444	0.612	0.272	38.8
Western Bahr el Ghazal	0.443	0.586	0.260	41.4
Lakes	0.436	0.278	0.121	72.2
Western Equatoria	0.434	0.139	0.060	86.1
Central Equatoria	0.389	0.728	0.283	27.2
Eastern Equatoria	0.387	0.933	0.361	6.7
South Sudan	0.467	0.586	0.274	41.4

Source: UNDPSS, 2015

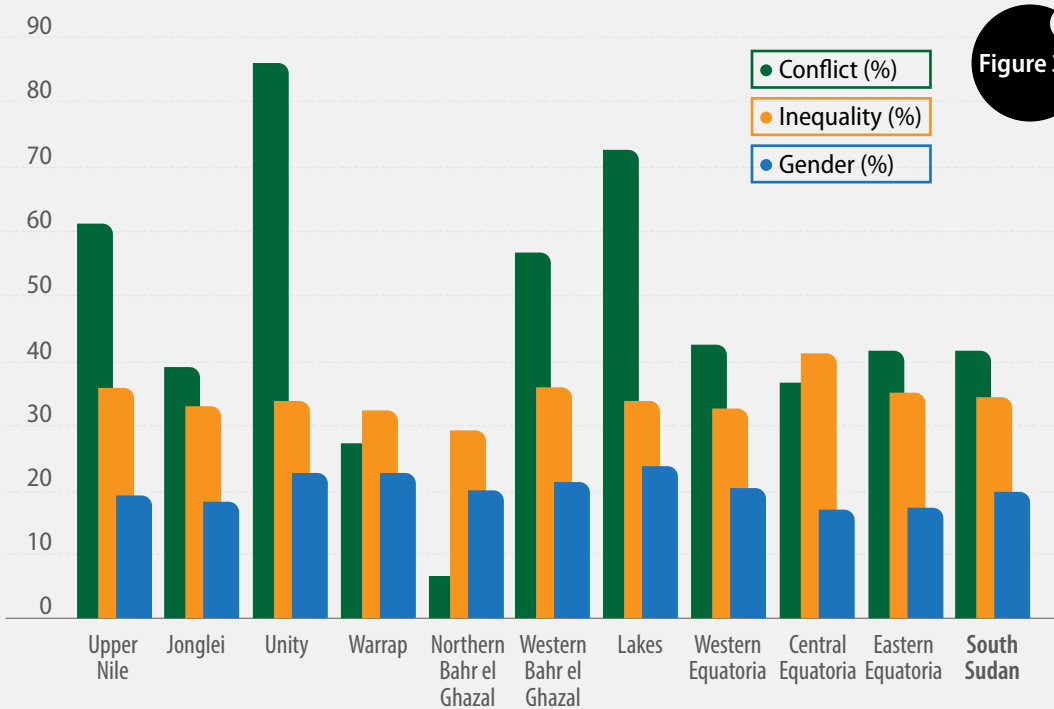


Figure 3.2

Figure 3.2: Loss in the HDI due to Conflict, Inequality and Gender-Inequality (%)

Source: UNDPSS, 2015.

Box 3.3: The Continuing Impact of Conflict: Extracts from Office for the Coordination of Humanitarian Affairs Report, August 2015

Office for the Coordination of Humanitarian Affairs
Under-Secretary-General Stephen O'Brien
Briefing to the Security Council

**The Humanitarian situation in South Sudan
New York, 25 August 2015**

...The overall humanitarian situation continues sharply to deteriorate. As of today, over 2.2 million people have been displaced due to the conflict, an increase of 200,000 since the beginning of this year. Over 1.6 million are displaced internally and over 616,000 people have fled to neighbouring states. Almost 200,000 IDPs are now seeking refuge in UNMISS bases, compared to 121,000 just four months ago. Severe food insecurity is affecting 4.6 million people this year compared to 3.8 million at the height of the lean season last year. While WFP and its partners have reached more than 2.3 million in 2015, severe hunger will be a threat well into next year – especially if fighting continues. There is no doubt that we will continue to see higher than usual food insecurity in the conflict-affected states. In these states, displacement, the inability to plant crops now and the destruction of livelihoods has just been too severe, and has left people unable to meet their own most basic needs...

...The lives of more than a quarter of a million children are at risk from rapidly worsening malnutrition. In half of South Sudan's states, one in three children suffers acute malnutrition...

...The situation for children in the Protection of Civilians sites is particularly concerning. UNICEF reports that global acute malnutrition is higher inside the Bentiu Protection of Civilians site at 12.9 per cent than for new arrivals, at 1.6 per cent, which could be attributed to overstretched basic services and outbreaks of disease that can contribute to malnutrition. Large spikes in malaria across South Sudan have also raised the possibility of a second consecutive season with exceptionally high numbers of malaria cases and preventable deaths, as we know particularly affecting under 5s and pregnant mothers...

The situation is particularly alarming in areas directly affected by armed conflict, in particular in Unity and Upper Nile states. I was able to see this for myself during my visit to Bentiu and Nyal...

...I am very concerned about the atrocities, which continue to be reported. The scope and level of cruelty that has characterized the attacks against civilians suggests a depth of antipathy that goes beyond political differences. Allegations include rampant killing, rape, abduction, looting, arson and forced displacement and even such horrific acts as burning of people inside their own homes. There is evidence of deliberate ethnic targeting of and reprisals against women and girls. According to information received from Unity, hundreds of women and girls have been abducted and hundreds more have been subjected to sexual violence, including gang-rape.

Infrastructure and Institutions

Chapter Four

4.1 Inadequate infrastructure

It is a truism to say that South Sudan lacks modern and effective infrastructure facilities and that this lack is a severe impediment to economic growth and development, most particularly of the agriculture sector, on which an improvement in the well-being of the poor heavily depends. The infrastructure that is in place is heavily concentrated in urban areas; that which is maintained and unaffected by conflict is heavily concentrated in the capital, Juba.

Not only does the country lack a sound and reliable built infrastructure on which to base trade and communications activities, it is also seriously short of the skilled human capital needed to administer the institutions of government and to provide health care, educational training and other services for the population. It is also a truism to observe that the fall in oil production and in international oil prices have severely reduced revenues. Moreover, the resumption of conflict in the country since late 2013 has led to destruction of infrastructure assets and also sharply raised the share of conflict-related spending, thus affecting the government's ability to fund urgent augmentation of physical and human capital.

The deficiencies in physical infrastructure were present at the achievement of independence and are well-recognized (**Box 4.1**). Plans have been made to put infrastructure in place. Perhaps more difficult, although it has not been entirely overlooked, is the still pressing task of identifying ways to put in place and sustain the institutional framework that is needed to devise and carry out sound policies.

Box 4.1: Transport and Utilities

The entire transport network is inadequate to the needs of a modern economy and it is poorly maintained. The road network comprises about 7,000 km of trunk roads, 6,000 km of secondary roads and about 2,000 km of tertiary roads. About 2 per cent is paved and most roads are impassable during the wet season. Thus the rural population finds it very difficult to access markets and towns and the cost of transport and of goods is high. The density of paved roads is very low by area or population, at 1.6 km per thousand people (compared with 2.6 for Sub-Saharan Africa as a whole). The same is true of rail. There is no national railway network; the only branch line, currently defunct, runs from Wau to Babanusa in Sudan. Connectivity among regions, between urban and rural areas and with neighbouring countries is poor. With Sudan, connectivity is by air or river and with Uganda by road. The Nile river transport system is hampered by silting at Juba Port; dredging is needed to open waterways and there is a shortage of equipment for operating river transport.

Inadequate electric power and its high cost are a major constraint; 1 per cent of the population has access to electricity. There is no national grid, just a series of networks serving Juba, Malakal, Wau and Renk, supplied by the South Sudan Electricity Corporation (SSEC). Cooperatives supply some rural towns and a large number of businesses have their own diesel generators. Tariffs for SECC and cooperative-supplied power are high by regional standards.

Water supply and sanitation are severely constrained. About a third of the population relies on surface water; access to piped water is virtually non-existent. Three quarters of the population has no access to sanitation facilities.

Communications are very underdeveloped with Internet and mobile usage very restricted. Prices of ICT services are high, as are prices for data services.

Source: African Development Bank, 2013.

The incoming administration of independent South Sudan commissioned the African Development Bank (AfDB, 2013) to undertake a major report, including detailed costing (at 2010 prices), planning and phasing, to recommend an action programme to address the deficiencies in the physical infrastructure and plan large-scale and comprehensive upgrading. Initially, the plans was over the ten years to 2020, by which time it was intended that major progress would have been made. In the event, little has been done, because of the combined impact of shortfalls in oil revenues and renewed conflict. But the overall plan remains on the drawing board, and could be revised and implemented when conditions allow.

The key points of the infrastructure plan are described below.

Land and water resource management

- › Capacity-building for effective administration and management of land resources and access to them.
- › Strengthen capacities to protect and manage bio-diversity.
- › Improve information about water resources and build capacities for their management.
- › Strengthen dialogue with other Nile Basin countries about use of the resources.
- › Invest in facilities for surface storage and transport of water.
- › Build capacity to recover costs of supplying water for agriculture, domestic and industrial use
- › The cultivated area is expected to rise by about 50 per cent to 4 million ha by 2020; the harvested¹⁵ area will rise from about 37 per cent of the cultivated area to about 63 per cent and the irrigated area from about 1 per cent to over 10 per cent.
- › Estimated cost (at 2010 prices and exchange rates) US\$ 880 million, 2011-2020.

Irrigation

- › The irrigated area is to rise from 32,000 to 400,000 ha by 2020 of which smallholder irrigation will account for half, funded by the donor community and the government.
- › Medium and large scale operations will account for the other half.
- › Estimated cost US\$ 1 billion.

¹⁵ The harvested area may be smaller than that cultivated area if natural phenomena or economic considerations prevent planted areas being harvested or cause them to be harvested before the crop is mature.

Transport

- › Rehabilitation of the existing road network and upgrade to provide all-weather service to major regional and international markets and among the state capitals: strengthening financial and institutional capacities for regular maintenance and support of oversight of the transport industry; development of urban transport services and implementation of a road safety programme.
- › Upgrade the river transport and ports network after the implementation of detailed surveys.
- › Develop an appropriate institutional and regulatory framework to develop the rail network.
- › Undertake an extensive capacity-building programme to upgrade the civil aviation sector to bring it into compliance with international standards and practices and complete the upgrading of Juba airport.
- › Develop a framework for possible concession to the private sector to operate local airports.
- › Estimated cost US\$ 6.3 billion for roads, including US\$ 80 million in capacity-building and technical support; US\$ 70 million for the river system; US\$ 90 million for the rail system and US\$ 220 million for civil aviation.

Electric power and rural energy

- › Raise generating capacity from 50 MW to 580 MW by 2025; expand the transmission and distribution grid to link all state capitals and to link the national grid to those of Ethiopia, Kenya and Uganda; increase urban access to electricity from 5 per cent to 7 per cent by 2025.
- › Restructure the SSES into a fully functional state-owned enterprise with the capacity to negotiate with the private sector and improve the investment environment in the power sector to attract FDI and enhance the existing regulatory environment.
- › Undertake a major programme of off-grid investment to supply rural households.
- › Estimated cost US\$2.5 billion 2011-2020.

Water and Sanitation

- › Rehabilitate non-functioning rural water points and build about 11,000 new ones to provide 65 per cent of the rural population with access to improved water by 2020.
- › Upgrade and extend urban water supply so that 70 per cent of the urban population can access improved water by 2020, compared with only 15 per cent at the time of devising the plan.

- › Implement a programme of technical support and training that will enhance overall capacities to provide water service.
- › For sanitation, rehabilitate the existing rural and urban facilities and construct sufficient new ones to provide 60 per cent of urban and 40 per cent of rural households with access to improved sanitation by 2020.
- › Reform the coordination and implementation of sanitation programmes and increase funding; provide improved sanitation facilities for all healthcare centres and schools; develop hygiene education programmes for all communities and for the school curriculum.
- › The capital cost for water is estimated at US\$1.1 billion 2011-2020, plus US\$ 150 million in support for capacity-building; the capital cost for sanitation is estimated at US\$ 700 million, plus some US\$ 150 million will be allocated to sanitation education and capacity-building.

Communications

- › A national communications grid for ICT should be developed, based on a fibre optic network linked to the operating submarine cable on the eastern seaboard of Africa. This will bring major benefits to all at reasonable cost.
- › Establish access to the global communication network of submarine cables and build a national broadband network linked to it; implement a policy of universal access and promote competition among providers to keep costs down.
- › Consolidate arrangements for oversight and regulation and expand the range of applications that are available to the population and in the education system. Nearly half the population to have access to voice communications by 2020 as would 60-70 per cent of government, health and educational institutions. This would have a profound impact on the well-being of the entire population and transform prospects for small scale commercial farming.
- › The total cost is estimated at US\$ 850 million, to be funded mainly by the private sector.
- › The plan recognizes that there is a major need to strengthen and build capacities to design, implement and oversee infrastructure programmes in the relevant line ministries, to improve budget execution rates and to enhance and systematize donor support, which has tended to be fragmented.

Box 4.2: Qualitative Survey Responses, Question 11

Q: In what areas do you feel that government capacity needs improvement if it will be able to meet current and future development challenges that result in more opportunities and a higher quality of life for all South Sudanese? (Select no more than three.)

A:

Answer Options	Response per cent
Streamlined processes and procedures (less “red tape”)	44.4%
Knowledge and ability of civil servants to provide public services	77.8%
Better working conditions and a better incentive structure for civil servants based on job performance	36.1%
Putting in place an effective pension system	19.4%
Greater flexibility in adapting and modifying government programmes at the regional and zonal level to address local conditions and problems	47.2%
Simplified rules and regulations for the users of government services	19.4%
Greater reliance on the private sector and NGOs to deliver programmes and services that have historically been provided by government	33.3%
Other	16.7%

4.2 Education and Health Crises

Education

According to the UNESCO website “Education in South Sudan is in a dire situation. Less than 30 per cent of adults are literate, and less than 20 percent of women. In 2013, only 41.5 per cent of primary school-aged children and only 2.3 per cent of secondary school-aged children were enrolled in school. Only 5.4 per cent of the national budget was allocated to the education sector, despite the requirement for 10 per cent in the Education Act. In order to fully achieve the Education for All (EFA) Goals, and to improve education outcomes in South Sudan, more funds must be allocated to education at all levels—adult, youth and child education, formal and informal ” (UNESCO, South Sudan 2015).

According to UNESCO the Ministry of Education began collecting education data through their Education Management Information System (EMIS) department in 2008, before independence was gained in 2011. But poor infrastructure and conflict have prevented the systematic collection of data since then. UNESCO estimates that 59.9 per cent of primary school teachers, 39.5 per cent of secondary school teachers and 49.6 per cent of Alternative Education System teachers are untrained.

Health

The WHO website (WHO, 2015) notes that South Sudan faces a severe shortage of all categories of trained Human Resources for Health (HRH) professionals, including physicians (1 per 65,574 population) and midwives (1 per 39,088 population). As a result, the country relies on inadequately trained or low skilled health workers. There is also an inequitable distribution of health workers both among the states, with Central Equatoria having the largest number of health workers, and between urban and rural areas, where the majority of the population lives (Health Strategic Plan 2011-2015, Government of South Sudan Ministry of Health).

Further contributing to these challenges are: a lack of a federal HRH retention policy; high staff turnover in all government-managed health facilities; lack of financial resources for training; and poor HRH management which is reflected in a lack of job descriptions, low and irregularly paid wages, and a lack of supervision at all levels. No formal system is yet in place for supervision and support of nursing and midwifery practice at the state level; and no legal or regulatory framework guiding midwifery practice exists yet at the federal level.

In the face of these difficulties, some achievements have been made by the Ministry of Health, including:

- › Creation of a Health Sector Development Plan (2011-2015) that emphasizes HRH as a determinant of all 3 of the Plan's objectives;
- › A Strategic Plan for Human Resources for Health 2007-2017;
- › A draft national HRH policy 2011-2015; and
- › A Basic Packages for Health plan (draft).

Several HRH-specific projects also have been implemented since 2011 with the support of partners. Achievements include: the establishment of the Juba College of Nursing and Midwifery; creation of an HRH information system; the rehabilitation of health care training schools, and the review of a health care curriculum. But there is a long way to go before enough trained professionals are in place.

4.3 Human Capital and Institutions

Equally as problematic as poor physical infrastructure is the ongoing and severe shortage and mismatch of skills across many key sectors, a shortage that is being exacerbated by the very poor provision of educational and training opportunities and will take a generation of relative peace to address. There is perhaps the prospect, if and when peace is restored, that some of the at least 500,000 in the South Sudan diaspora may be induced to return to the country, but there will need to be a major improvement in political and economic prospects for this to be realistic. Until South Sudan can train and recruit its own cadre of skilled service providers, engineers, government officials and indeed private-sector entrepreneurs the country is going to have to continue to import skills. The summary of skills shortages in the key health and education sectors given in 4.2 above can be taken as symptomatic of the situation in many other sectors.

As discussed below, the role of institutions and of governance in promoting or hindering growth and development has attracted widespread interest in academia and in the international financial and development institutions from the late 1990s onwards. The World Bank, the IMF and bilateral aid donors have started to emphasize the importance of what are known as Global Standard Institutions (GSIs), often the kind of institutions and governance systems to be found in Anglo-American economies, which are believed to be those which maximize the roles of markets and secure private property rights most effectively and hence provide the most effective and efficient institutional framework.

An example of World Bank GSI policy is its Country Policy and Institutional Assessment (CPIA) framework. While the ratings do show a (very gradual) improving trend for both Rwanda and SSA, for example, they convey little information about South Sudan's institutional environment and policy implementation, other than the very clear truth that it remains comparatively weak. Estimates for South Sudan are only available for 2010-14. The CPIA framework may have more to offer as a way of monitoring South Sudan's progress as a time series is built up over the years to come, although this way of assessing a country's institutional system, and using the ratings as the basis for lending/aid decisions, is not without criticism.

A more heterodox approach to assessing the role of institutions comes from the political economy tradition exemplified by economic historians such as Alice Amsden and Robert Wade and by Ha-Joon Chang and Mushtaq Khan¹⁶. Their arguments stress the specificity of any country's historical and institutional setting—there is no single institutional model that will universally promote development—and the institutional framework needs to reflect and fit the social and political system of the country before it can modify it. In some cases, according to this view, good governance and sound institutions as they are conventionally understood, are the result as much as the cause of economic development. The role of a strong and determined “developmental state” is crucial in this regard and is discussed in the concluding chapters.

4.4 Business Environment

As discussed in Chapter 5 of this report, a flourishing private sector, and particularly a vibrant small and medium sized (SME) sector in both rural and urban areas, will be a key determinant of future prosperity in South Sudan. As of the end of 2010, according to the 2010 Business Survey Listing Southern Sudan Centre for Census, Statistics and Evaluation (SSCCSE 2011) there were 7,332 registered businesses in state capitals (1,294 at the end of 2005). The vast majority (over 90 per cent) have fewer than five employees and over 80 per cent were engaged in wholesale and retail trade.

¹⁶ For a discussion of the debate about the relationship between institutions and outcomes, see Chang, 2011 and Acemoglu and Robinson, 2008.

Table 4.1: World Bank Doing Business, Selected Indicators, 2014

	Overall (rank)	No. of documents required for export	No. of documents required for import	No. of meetings with tax officials ^a	Time to prepare and pay tax hours	% of firms reporting bribes ^a	Tax as % of Profits
Fragile and conflict affected situations	155	4	9		269		47
Sub-Saharan Africa (developing only)	143	8	9		312		47
Ethiopia	132	8	11	1.3	306	4	32
Kenya	136	8	9	1.5	202	29	38
Rwanda	46	7	9	1.8	107	6	34
South Sudan	186	10	12	2.6	218	36	29
Sudan	160	7	7	3.1	180	6	45
Tanzania	131	7	11	1.4	181	20	44
Uganda	150	7	10	2.7	209	28	37

^a 2011-2014.
Source: World Bank 2015a

Figure 4.1 shows how South Sudan ranked in the World Bank's doing business indicators in comparison with neighbouring and comparator economies and the regional average, in terms of its score, its overall ranking and distance to the best practice frontier in 2014. No time trend is available for South Sudan, as coverage started only the previous year. It ranks 186/189 with a score of 36. **Table 4.2** shows the country's ranking in various sub-categories of the index. While its overall ranking is generally low, the ease of paying taxes and of enforcing contracts in South Sudan compare favourably with the regional average in each case. This suggests that efforts to improve the regulatory environment have had some success. **Table 4.1** highlights a group of indicators which are likely to respond immediately to policy initiatives and efforts to streamline bureaucracy in the future. Thus South Sudan could reduce the burden of documentation required to trade and has already introduced a regionally competitive rate of taxation on profits. As confirmed by Transparency International (2015) and the Mo Ibrahim Index (2015), on the other hand, the level of corruption, in this case proxied by the number of firms reporting that they had paid bribes to officials in the reporting period, remains highly worrying.

Table 4.2: How South Sudan Ranks on Business Indicators, 2014

	South Sudan	SSA
Starting a business	178	129
Getting electricity	179	139
Registering property	180	125
Getting credit	171	122
Protecting minority investors	173	121
Paying taxes	98	129
Trading across borders	187	142
Enforcing contracts	94	121
Resolving insolvency	156	128

Source: World Bank, 2015a

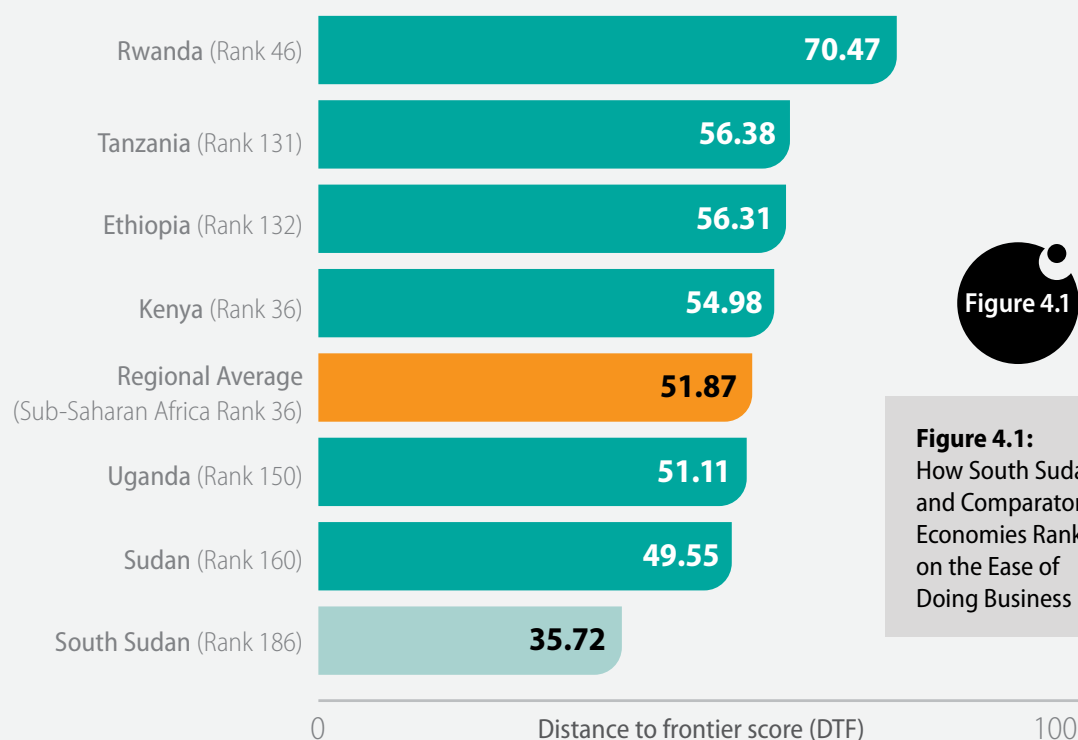


Figure 4.1:

Figure 4.1: How South Sudan and Comparator Economies Rank on the Ease of Doing Business

Note: The rankings are benchmarked to June 2014 and based on the average of each economy's distance to frontier (DTF) scores for the 10 topics included in this year's aggregate ranking. The distance to frontier score benchmarks economies with respect to regulatory practice, showing the absolute distance to the best performance in each *Doing Business* indicator. An economy's distance to frontier score is indicated on a scale from 0 to 100, where 0 represents the worst performance and 100 the frontier. For the economies for which the data cover 2 cities, scores are a population-weighted average for the 2 cities.



Lasting Peace and Reconciliation: the Long Road Ahead

Chapter Five

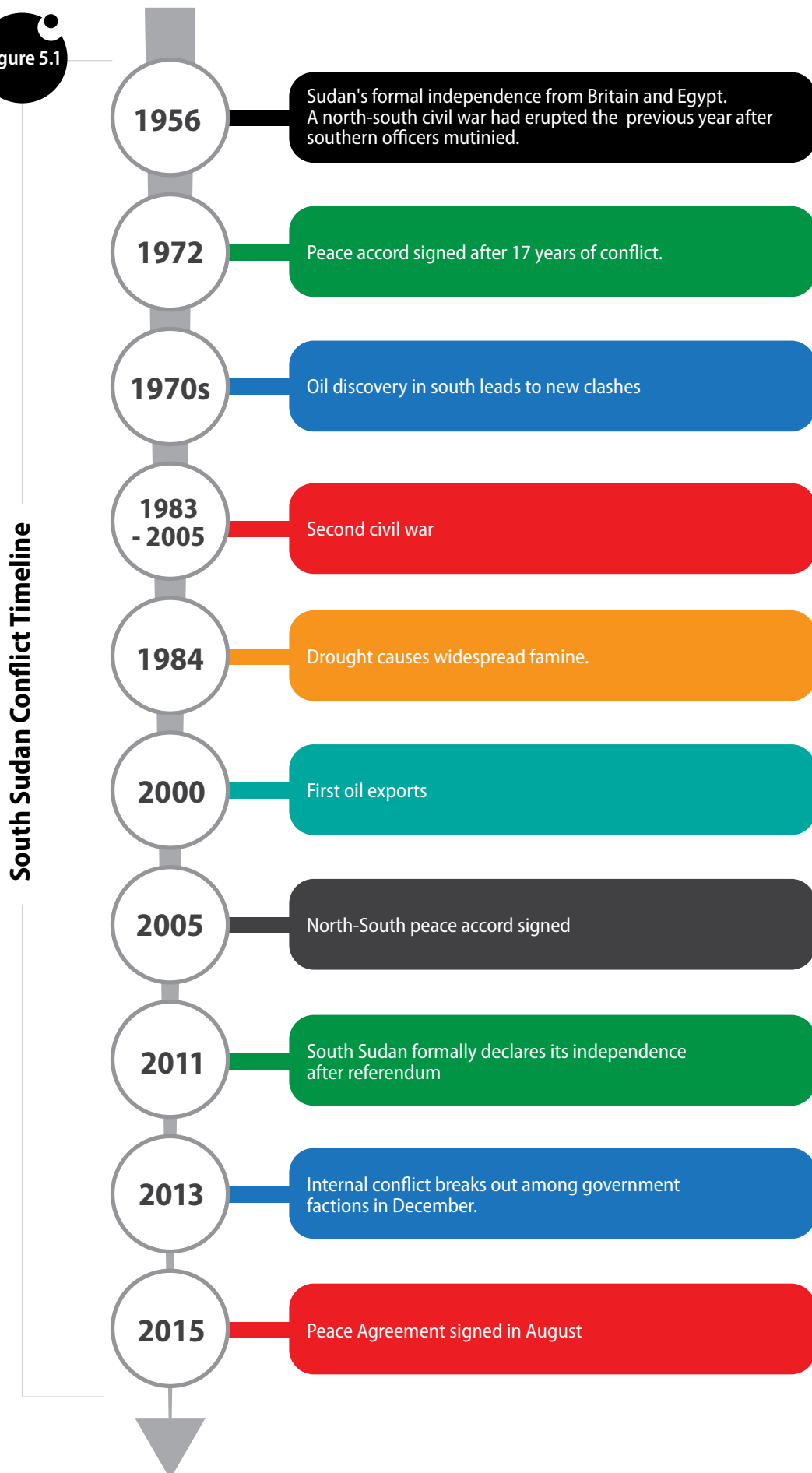
The previous chapters examined South Sudan's economic, social and institutional challenges for achieving human development in light of the country's young history and the terrible toll exacted since the outbreak of violence in December 2013. This chapter turns to the peace and reconciliation process, which has gone through many phases and most recently resulted in a new peace agreement that was signed on 26 August 2015. As argued earlier in this Report, ending the conflict and establishing a foundation of peace is the pre-condition—the *sine qua non*—for achieving any measure of sustained and inclusive human development. The peace process is inexorably linked to the evolving structure of the economy and a commitment to the provision of basic social services and poverty reduction for all South Sudanese. This chapter looks briefly at the peace process itself and then highlights some of the important “lessons learned” by the international community in assisting other countries emerging from war and civil conflict and how those countries established the basis for a stable post-conflict society.

5.1 A Long History of Conflict and Suffering

For anyone with a knowledge of South Sudan, perhaps the single most predominant characteristic is the country's almost 50 years of conflict and violence. Before independence in 2011, an estimated 1.5 million people are thought to have lost their lives and more than four million were displaced during the 22 years of civil war with Khartoum. Large numbers of South Sudanese fled the fighting, either to the north or to neighboring countries, where many remain. The conflict finally ended with the 2005 Comprehensive Peace Agreement (CPA), under which the south was granted regional autonomy along with guaranteed representation in a national power-sharing government. The agreement also provided for a referendum in the south on independence in 2011, at which time 99 per cent of southern Sudanese voted to separate from Sudan, making the new Republic of South Sudan the world's newest country (BBC, 2015).

By 2013, however, the young nation was again plunged into a civil war that spread to six of the 10 states. The conflict had resulted in the deaths of thousands of people and seen more than 2.2 million people flee their homes by the time the Peace Agreement was finalized in August 2015. The humanitarian toll and the disruption of basic economic and social services have been staggering, even when considering the low baseline of services at the time of independence (as noted in previous chapters).

Figure 5.1



Armed Conflict and Displacement in South Sudan

Every nation experiences conflict, but most conflicts are not resolved by the use of arms. Conflict resolution without the use of arms is a social condition that many South Sudanese would prefer to see at least in their lifetime. In many ways, the character of armed conflict in South Sudan has changed over the past 50 years; and it is probably an illusion to think that there is a quick fix. Thus conflict resolution is likely to be a painstakingly slow process. Since 1955, two civil wars were fought against the Government of Sudan. The first was in 1955-1972 and ended with significant autonomy for Southern Sudan. The second was in 1983-2005 with the signing of the Comprehensive Peace Agreement. Widespread use of small arms has been one of the consequences of armed conflict and has been at least in part a driver of the spread of conflict. **Figure 5.2** shows the number of locations where conflict events were reported between 1997 and 2014. Whereas the locations were lowest between 2003 and 2008, the period towards independence and soon after saw significant increases. The added challenge is the multiplicity of players that tend to create fragmentation of the political landscape especially along ethnic lines. This trend has been observed in Syria, in Afghanistan, and the Central African Republic, as well as other conflict situations elsewhere.

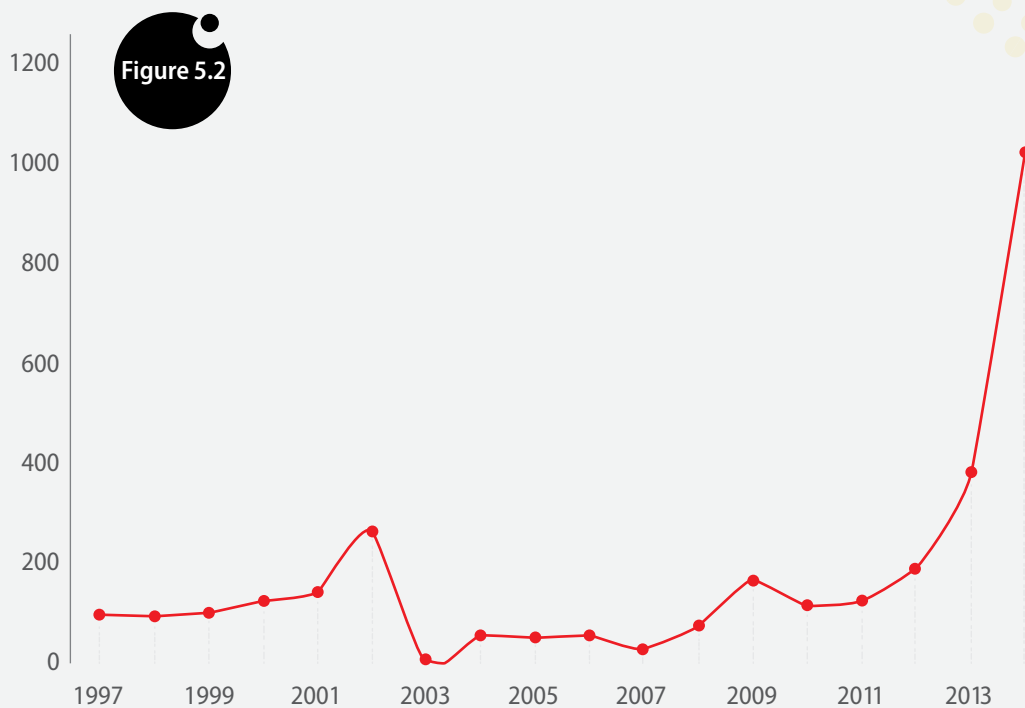


Figure 5.2 : Number of Conflict Event Locations in South Sudan
Source: Analysis based on <http://www.crisis.acleddata.com>

The armed conflict has, of course, been intertwined with other multiple challenges. For instance, the limited capacity of government institutions contributes to the use of arms to resolve conflict. In addition, youth play a significant role in the conflict, at least in part, because the economy

is unable to provide them with education and jobs. Finally, the main driver of displacement of people is the armed conflict based on political differences. And over the course of the conflict, it has also acquired significant ethnic overtones.

Whereas conflict resolution may well be painstakingly slow, this Report recognizes that it will have to build on existing institutions and on a deliberate effort to build capacities and create alternative peaceful opportunities for those engaged in conflict. How? By sustaining and strengthening the mediation process, encouraging peace nationally and among communities, strengthening the institutions that guarantee protection, and by creating opportunities for those engaged in conflict to abandon the gun. In other words, conflict resolution will enhance the process of enlarging people's choices. It is important to note that it also works in reverse, enlarging people's choices will inevitably improve the chances conflict resolution.

“Our current leaders in government and opposition are not doing enough to achieve peace”

Response to UNDP Stakeholder Survey

With regard to population movements and displacements, since the latest wave of conflict in December 2013, the number of people displaced shows no signs of reducing (Figure 5.3). This is true for those in Protection of Civilian sites and outside. Armed conflict induced displacement must cease and allow people to re-build their lives. Figure 5.3 further shows that these displacements are prolonged. Such conditions make people lose hope and severely constrain their choices. By any measure, a preferred narrative is to transition to a situation where armed conflict induced displacements are eliminated.

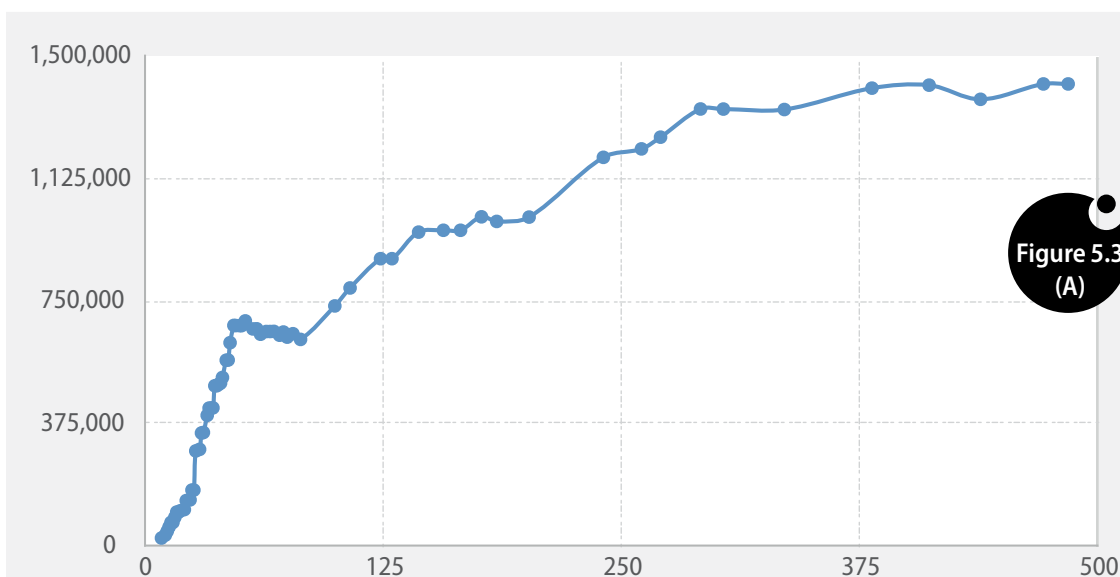
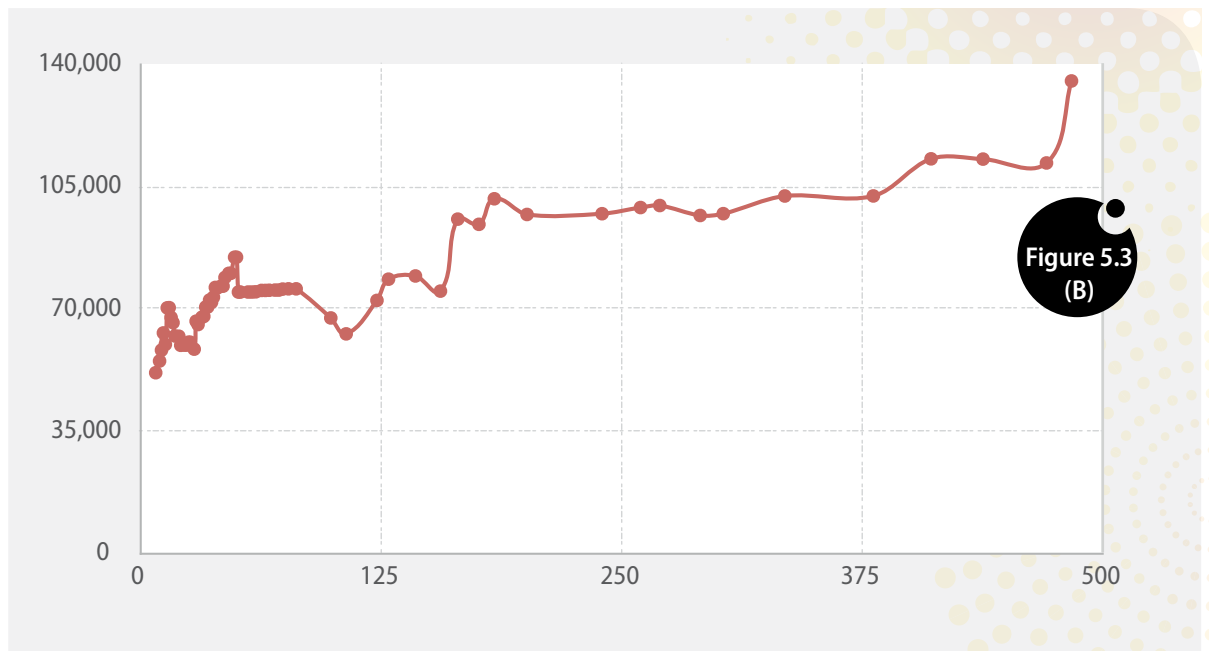


Figure 5.3 (A)

Figure 5.3: Number of Internally Displaced People in South Sudan

(A) IDPs outside POC Areas » (B) IDPs in POC Areas

Source: South Sudan Crisis, Displacement Monitor, <https://data.hdx.rwlab.org/>



The 2015 Global Humanitarian Assistance Report provides evidence on a number of key aspects related to mass displacement (Development Initiatives, 2015). First, despite an increase in 2014, funding was insufficient to meet needs. Second, two-thirds of international humanitarian assistance continues to go to long-term recipients, as crises are protracted or disasters recur in the same places year after year. Third, an estimated 93 per cent of people living in extreme poverty are in countries that are either fragile or environmentally vulnerable or both, emphasizing the need to address the underlying causes of crises. And finally, domestic responses and capacities often play an important role in best meeting needs and reducing the need for international funding – or allowing it to be used effectively and efficiently.

This evidence demonstrates that displacements and therefore the need for humanitarian assistance are interwoven with other constraints; and that poverty and vulnerability to crises are intrinsically linked. The report calls for humanitarian, security and development partners to analyse jointly how their assistance can reinforce and synergize with each other. It also calls for them to act together in synergy optimally to balance immediate life-saving interventions with those aiming to address people's long-term needs.

Small Arms Proliferation

The proliferation of small arms and light weapons in South Sudan has serious implications for human security and development. In times of conflict, both legal and illicit small arms end up in civilian possession as warring parties to the conflict arm the communities against their perceived or actual enemies. In South Sudan, the accelerated armament of communities with lethal weapons without adequate or proper training accounts for 52 per cent of the deaths during the conflict that erupted in December 2013.¹⁷

¹⁷ Preliminary findings of the CSAC Perceptions Survey on Peace, Security, Sexual and Gender based violence in South Sudan 2015.

The motivation to own small arms in South Sudan is traced to the more than five decades of war. The factors contributing to small arms proliferation, however, go beyond the December 2013 crisis that hastened the rearmament of the civil population. The drivers of armament and community insecurity in South Sudan are perpetuated by a number of factors, including:

- › Limited presence of governmental security forces who are seen as fair and impartial;
- › Reduced role of traditional leaders' authority;
- › Massive youth unemployment;
- › Pastoralist communities competing for scarce natural resources while facing dire lack of alternative livelihoods;
- › Forceful disarmament with no guarantee of security for disarmed communities, and
- › Over-reliance on arms to settle political stalemate.

For these and other reasons, there is a huge demand for weapons as a means of self-protection.

In addition, the country's small arms proliferation cannot be understood solely as a national problem. South Sudan shares long and porous borders with the neighboring countries of Ethiopia, Kenya, Uganda, the Democratic Republic of the Congo, the Central African Republic and Sudan. Several of these neighbors have also been engulfed in internal conflicts and wars, with their governments unable to secure their borders. This has led to periods of trans-border insecurity and unregulated movement of weapons across these borders. Thus, the effects of small arms on human security, peace and development in South Sudan cannot be reduced to merely a South Sudan problem but rather requires an understanding of the dynamics within the region.

The journey to a post-conflict society in South Sudan will depend heavily on the security sector reforms adopted. In this regard, the formulation of a sound security sector reform strategy, and in that context, a Disarmament, Demobilization and Reintegration (DDR) programme will be of high priority. However, excessive weapons in civilian possession must not be ignored and the better way to tackle the challenge lies in coming up with robust legislation that can be implemented to serve a four-fold purpose:

1. Address the threat posed by proliferation of small arms and light weapons to stability, human security and development;
2. Control possession of small arms and light weapons by civilians;
3. Deal with the physical removal of state-owned small arms and light weapons from civilian hands; and
4. Provide for creation of administrative structures to regulate the possession of small arms by civilians.¹⁸

¹⁸ Draft 2015 Small Arms and Light Weapons bill currently before floor of Parliament for debate.

5.2 The Peace Process

It is not the role of this Report to analyse or critique the peace process that has unfolded over the past several months. Concerted diplomatic and political efforts have been made to bring the different factions together and establish the conditions for peace to take hold.¹⁹ The IGAD-Plus consortium of countries is to be complimented for its resilience in laying the groundwork for the peace process to finally achieve what is hoped will set the stage for a good faith effort to bring peace to the country.²⁰

Box 5.1: South Sudan's Current Structure of Government²¹

- › Form of government: Republic, with constituent states; governors and ministers appointed by national president
- › National Legislature: Bicameral, Council of States (mostly appointed) and National Legislative Assembly (elected and appointed). Last elections April 2010
- › Central government: Chief of state and head of government, president, elected April 2010. Elections due 2015 postponed to 2018. Cabinet of National Council of Ministers (currently 29) appointed by the president.
- › Constitution: Transitional Constitution of the Republic of South Sudan, July 2011. South Sudan National Constitutional Review Commission mandated to review constitution.
- › Universal suffrage, 18 years.

The Peace Agreement that was signed by all parties represents a comprehensive plan that lays out a combination of political, economic, social and humanitarian steps and institutional benchmarks that serve as a bridge or transition to a durable peace.²² The 75-page document covers specific guidelines and procedures to be implemented in the areas of:

1. Roles and responsibilities of the Transitional Government of National Unity (TGoNU)
2. Permanent ceasefire and transitional security arrangements
3. Humanitarian assistance and reconstruction
4. Resource, economic and financial management arrangements
5. Transitional justice, accountability, reconciliation, and healing
6. Role of a joint monitoring and evaluation commission
7. Other chapters and appendices, including procedures for amending the peace agreement.

¹⁹ In addition to the work of the IGAD-Plus efforts discussed here, see also the 2014 Final Report of the African Union Commission of Inquiry on South Sudan, summary portions of which are found in Annex 4.

²⁰ The IGAD-Plus consortium comprises the IGAD member states of Djibouti, Eritrea, Ethiopia, Kenya, Uganda, Somalia, Sudan, with the support of the U.S., U.K., Norway, Italy, the Netherlands, Germany, and the United Nations.

²¹ Presidential Decree (Establishment Order 36/2015 AD) calls for the creation of 28 states.

²² For the full text of the Peace Agreement, go to <http://southsudan.igad.int>

The Preamble to the Agreement offers a well-articulated description of the tragedy that befell South Sudan, in which all sides have suffered and all sides must share responsibility for the violence that was perpetuated. The Preamble eloquently states what happens when a society is divided against itself.

Acknowledging the need to promote inclusivity and popular ownership of this Agreement and hence create a mechanism to include individuals and organizations: Representatives of the country's diverse communities, youth groups, traditional chiefs, professional societies, academia, business community and others whom shall be referred to as Adherents to this Agreement; Committed to achieving enduring peace and stability in the Republic of South Sudan;

Accepting the immediate need to bring an end to the tragic conflict on-going in the Republic of South Sudan since 15 December 2013, which has had such disastrous economic, political and social consequences for the people of South Sudan;

Profoundly regretting the suffering and distress caused to the people of South Sudan by the conflict on-going in South Sudan since 15 December 2013 and apologising unconditionally to the people of South Sudan for all the suffering and distress caused by the devastation, loss of life and instability resulting from the conflict;

Acknowledging that social strife, disharmony between communities and mass violations of human rights has profound historical roots in our society, which pre-date the current conflict;

Committed to national reconciliation, accountability, healing and combating impunity among the highest priorities of the Transitional Government of National Unity (TGoNU);

Determined to build an inclusive and democratic society founded on the rule of law;

Firmly committed to end the culture of the use of force, as a means of settling differences and misunderstanding and to promoting a culture of peace and dialogue;

Cognizant that a Federal system of government is a popular demand of the people of South Sudan and of the need for the TGoNU to reflect this demand by way of devolution of more power and resources to lower levels of government, and to initiate that a federal and democratic system of governance that reflects the character of South Sudan and ensures unity in diversity be enacted during the permanent constitution making process;

Further accepting that the humanitarian situation in the Republic of South Sudan remains extremely precarious, and in need of urgent action by the Parties, the Transitional Government of National Unity and the international community;

Recognizing that all efforts must be made to continue and augment the provision and facilitation of humanitarian assistance and protection;

Convinced that the sharing and allocation of wealth emanating from resources in South Sudan shall ensure that the quality of life and dignity of all citizens are promoted without discrimination on the grounds of gender, religion, political affiliation, ethnicity, and language;

Further re-affirming these commitments to form a Transitional Government of National Unity, comprising all the Parties, to lead South Sudan to democratic Elections and a permanent constitutional order;

Recognizing the need for institutional and structural reforms to ensure effective governance in the Republic of South Sudan, during the Transition, and thereafter...

While the Agreement provides a realistic and substantive framework for initiating the peace process, it is generally understood that the early period of the terms of the Agreement will be crucial. The Agreement calls for a 90-day “Pretransitional” interval after which time the Transitional Government will have 30 months to undertake and put in place the multiple institutional and governance components of a new, viable, unified, federal government. As of this writing, the 90-day pretransitional period has been completed, and the full transitional period is under way. No doubt, it is the first several months of the transition which will “make or break” the accord. Needless to say, it will be necessary for all parties to avoid taking unilateral actions and to accept the status quo at the time of signing, thereby allowing for consensus and compromise decisions to be reached in the 30 months of the transitional window of opportunity.

“Government and opposition should put aside their own interests and focus on interest of the community and commit to the implementation of the peace agreement.”

Response to UNDP Stakeholder Survey

5.3 International Experiences in Peacebuilding

South Sudan is obviously not alone in having gone through a tragic period of violence and destruction. In Sub-Saharan Africa, numerous countries have dealt with conflict and civil war in the last 30 years, including Burundi, Burkina Faso, the Central African Republic, Côte d’Ivoire, the Democratic Republic of the Congo, Ethiopia, Guinea, Guinea-Bissau, Sierra Leone, Liberia, Rwanda, Mozambique, Sierra Leone, Somalia, and South Africa. In some cases, the conflicts have not been fully resolved and peace remains tenuous. In others, such as Rwanda and South Africa, the emergence of post-conflict economies is manifest from examining post-conflict national indicators of human development and viable governmental institutions.

Peacebuilding is a holistic and integrated process involving various activities including provision of security, humanitarian aid, development and governance assistance, and (re)building of infrastructure. All these activities attempt to ensure that conflict-prone societies do not relapse back into cycles of conflict (United Nations University, 2011). International experience attests that a strategic approach to peacebuilding needs to observe key principles (United Nations Peacebuilding Commission, 2010), including:

- › **National ownership:** the primary responsibility and ownership for peace consolidation and development lies with the Government and citizens.
- › **Mutual accountability:** sustainable peacebuilding requires a strong partnership based on mutual respect and accountability between the Government and citizens and the concerned international partners.
- › **Sustained engagement:** peacebuilding is a long-term process requiring sustained and predictable engagement from all stakeholders.

In most cases, the international community has been heavily involved in both helping to resolve the conflicts through diplomacy and peacekeeping and supporting the post-conflict

transition through peacebuilding. In terms of the diplomatic and political efforts to stop the violence, various actors have included the United Nations, regional organizations, e.g., the African Union, and subregional organizations (e.g., IGAD in the case of South Sudan), along with many governments, notably the UK, France, the USA, Germany, Norway, and Canada—to name but a few. Peacekeeping forces, such as the UN “Blue Helmets,” have involved military units seconded from many countries, often working in conjunction with military units from regional or neighbouring countries.

The following common features of post-conflict peacebuilding have been identified:

- › Peacebuilding requires national will, ownership and capacity to resolve problems without recourse to violence. It needs to take place at the national, subnational and local levels and to involve the Government, civil society and the private sector.
- › Peacebuilding is a long-term investment by all relevant actors, and requires a shared vision and long-term strategy to address the root causes of conflict.
- › Early peacebuilding interventions must prioritize areas of potential risks to peace that are country-specific and context-specific (e.g., youth unemployment, security sector reform (SSR), DDR, livelihoods, infrastructure etc.).
- › Accurate knowledge and sound analysis are prerequisites for the prioritization and sequence of peacebuilding activities. Certain post-conflict activities can serve as drivers of conflict and potentially impede peacebuilding (e.g., return and reintegration of internally displaced persons, elections, etc.).
- › Predictable and sustained provision of financial and non-financial resources is essential for peacebuilding.
- › Beyond specific risks and sectoral priorities (e.g., national reconciliation, rule of law, economic recovery, etc.), there are cross-cutting issues, such as gender and the role of women, that need to be mainstreamed in the overall peacebuilding effort.
- › Coherent and integrated strategies and policies are prerequisites to achieving effective international and regional support for national peacebuilding efforts. Yet these efforts are unlikely to yield the needed impact if not supported by sufficient capacity and resources.
- › Regional and transnational factors influence conflict dynamics and consequently post-conflict peacebuilding efforts. (UN Peacebuilding Commission, 2010).
- › Accountability and transitional justice, and the key role of traditional leaders.

To the diplomatic and peacekeeping efforts must be added the important role played by development and humanitarian organizations, comprising multilateral and bilateral development agencies, the international and regional development banks, and a wide spectrum of international NGOs, human rights and advocacy groups, and countless local NGOs and CBOs.

The ongoing diplomatic, humanitarian and development efforts in South Sudan have followed a similar pattern.

Lessons Learned in Successful Post-Conflict Support

Over the past several decades, a number of organizations, notably the United Nations, many donor governments such as the Governments of Norway, USA, and others, as well as many universities, research institutes and think-tanks, have sought to distil the lessons learned from conflict resolution and peacebuilding.²³ In 2005, the United Nations established the UN Peacebuilding Commission to serve as a conduit, repository, and facilitator of research and analysis on peacebuilding efforts by the international community. The Peacebuilding Commission is an intergovernmental advisory body that supports countries emerging from conflict. It plays an important role in (1) bringing together all of the relevant actors, including international donors, the international financial institutions, national governments, troop contributing countries; (2) marshalling resources, (3) advising on and proposing integrated strategies for post-conflict peacebuilding and recovery, and (4) where appropriate, highlighting any gaps that threaten to undermine peace.²⁴

In addition, the World Bank's 2011 World Development Report, entitled, *Conflict, Security and Development*, provides a comprehensive overview of both the changing nature of conflict in the 21st century and the political and institutional challenges of peacebuilding and development (World Bank, 2011).

Among the documents and reports prepared by, or submitted to, the Commission, as well as the 2011 World Development Report are several analyses and lessons learned that would seem to be of direct relevance to South Sudan. They are discussed below.

Overriding all these lessons learned is the common recognition that peacebuilding is inherently a political exercise that depends on political leadership from often opposing constituencies and therefore demands sustained international political accompaniment and a supportive regional environment, especially in states where ethnic and tribal boundaries often do not correspond to state boundaries.

Root Cause Analysis

The 2011 World Development Report offers a useful analysis about the importance of understanding the root causes of conflict and violence. The table below summarizes the World Bank's analysis and is useful for seeing the convergence with some of the root causes to South Sudan's conflict, in terms of security, economic and political stress affecting society at large and at the community level.

²³ Examples of universities and think-tanks doing research on post-conflict policies and programmes include the U.K Overseas Development, Peace Research Institute of Oslo, the U.S. Institute of Peace, the Ralph Bunche Institute of International Studies in New York, and the Graduate Institute of International and Development Studies in Geneva, Switzerland.

²⁴ The website homepage of the UN Peacebuilding Commission can be found at: <http://www.un.org/en/peacebuilding/pbso/index.shtml>

Table 5.1: Security, Economic and Political/Legal Stress Exacerbating Civil Conflict

Type of Stress	Internal	External
Security	<ul style="list-style-type: none"> › Legacies of violence and trauma 	<ul style="list-style-type: none"> › Invasion, occupation › External support for domestic rebel › Cross-border conflict spillovers › Transnational terrorism › International criminal networks
Economic	<ul style="list-style-type: none"> › Low income and low opportunity cost of rebellion › Youth unemployment › Natural resource wealth › Severe corruption › Rapid urbanization 	<ul style="list-style-type: none"> › Price shocks › Climate change
Political/legal	<ul style="list-style-type: none"> › Ethnic, religious or regional competition › Real or perceived discrimination › Human rights abuses 	<ul style="list-style-type: none"> › Perceived global insecurity and injustice in the treatment of ethnic and religious groups

Inclusivity

Promoting inclusivity can involve difficult choices and trade-offs among interested and involved stakeholders with respect to urgency, representativeness, effectiveness and legitimacy. There are times when a peacemaking approach must be limited to the actual belligerents and political elites. Yet, in order to sustain peace and uphold basic rights of political participation, subsequent mechanisms for broad participation need to be embraced, with the goal of increasing inclusivity over time (United Nations, 2014 para. 28).

The promotion of inclusive politics is also integral to genuine national ownership of peacebuilding efforts and strategies. Where peacebuilding efforts are rooted in inclusive societal consultation and efforts to minimize exclusionary practices, they generate trust and legitimacy in the state and its institutions. By contrast, the absence of inclusive politics in the wake of conflict all too often contributes to violent contestation for control of the government.

In such environments, the timing, mechanisms and conduct of elections have to be approached with care, as contested electoral processes and outcomes can obviously be destabilizing. Any effort to build sustainable peace must manage political competition through institutions governed by law, rather than on the battlefield. At the same time, the development of mechanisms for inclusive politics and broad participation must take into account the divisions, fears and perceptions inherent in post-conflict communities. In such circumstances, the more inclusive the efforts to bring all parties into the decision-making process, the more likely a positive outcome.

In the South Sudan context, the recent work of the South Sudan Peace and Reconciliation Commission, the National Platform for Peace and Reconciliation together with its affiliate members shows the promise of formalizing the collective effort and advocacy roles, at least among civil society and religious organizations (see Box 5.2).

Box 5.2: Experience-Sharing on an Infrastructure for Peace in South Sudan

At a workshop on establishing the infrastructure for peace in South Sudan that brought together a number of civil society and religious organizations under the auspices of the South Sudan Peace and Reconciliation Commission, the following characteristics of the types of the necessary peace infrastructure were identified:

- › Institutional expression of peace and a development mission;
- › Robust institutions/structures and processes;
- › Culture of tolerance;
- › platform for constructive and consistent dialogue;
- › Individual transformation;
- › Robust leadership; and
- › Effective partnership.

Source: Experience-Sharing Retreat on an Infrastructure for Peace for South Sudan, Workshop held 25-26 August 2015, Juba, facilitated by UNDP.

Institution-Building

Closely related to inclusivity is the need for the development of post-conflict institutions that are rooted in political agreements and systems that make possible meaningful participation by wide-ranging social groups. Equally, political processes and institution-building require sustained and long-term international political, financial and technical support. Building political consensus and social cohesion requires steady investment, as well as flexible and agile responses to immediate needs. Peace agreements present a critical opportunity for achieving consensus about the key principles on which institution-building should rest. Advancing the extension of state authority and rebuilding state institutions in the aftermath of conflict is crucial to the sustainability of peace.

Post-conflict institution-building involves two sets of parallel efforts, one related to what might be called governance and legitimizing institutions, the other concerning the delivery of basic economic and social services.

“Unless there is a complete turnaround in terms of governance it is likely that future generations will be worse off.” Response to UNDP Stakeholder Survey

Governance Institutions

With respect to governance institutions, international experience has highlighted the following kinds of institutions and processes that support such capacity-building. These areas entail both democratization and devolution of power (Sorbo, 2004) and are included in the August 2015 Peace Agreement, notably:

- › Clear and transparent constitution-making processes;
- › Watchdog or oversight institutions;
- › Truth commissions and criminal justice procedures;
- › Local governance;
- › Security sector reform;
- › Electoral processes that encourage open and effective participation;
- › Promotion of civil society organizations; and
- › Active support for grassroots projects that promote empowerment, cooperation and dialogue.

In the specific case of South Sudan, Sorbo emphasises the importance of the following needs:

- a. A participatory and inclusive constitutional review and drafting process that could lead to a new constitution defining the outline and underpinnings of a “new” South Sudan;
- b. Considering local capacity-building for human rights and reconciliation as an early priority in peace implementation;
- c. Giving priority also to civilian security through judicial and police reform; and
- d. Reversing two centuries of centralized decision-making through measures based on the notion of cooperative rather than competitive devolution.

Sorbo makes the following important point about institution-building to support better governance:

While democracy cannot be easily designed, particularly not by outsiders, there is still considerable potential for constructive institutional design, policy choice, and changes to the culture of politics, which can make democracy more responsive to problems of inequality and conflict. What matters most, however, is the overall commitment to political and social inclusion, rather than the political formulas by which it is brought about (Sorbo, 2004, p. vi).

Economic and Social Service Institutions

The second critical component of institution-building relates to the entities and agencies responsible for the delivery of economic and social services. A recent study conducted jointly

by a number of UN agencies analysed the importance of providing effective economic and social services to the victims of conflict (McCandless, 2012). The study examined specific examples in Central African Republic, Kyrgyzstan, Uganda, Guinea-Bissau and Liberia and note the high correlation of building effective economic and social service institutions with the perceived “peace dividend” expected by the citizens of a country strongly affected by conflict and discord.

The study noted that public administration and social services delivered in an effective and equitable manner can contribute to peacebuilding in a number of different ways, such as addressing grievances that underlie or trigger conflict and violence, as well as offering the means for the government to reach out to society in order to build its system of legitimacy and accountability.

The study found that while social service institution-building is traditionally not as well funded or as highly prioritized as governance institutions, both have significant complementarities and synergies that promote overall success. Social services can reduce social tensions through the provision of tangible, needed services and create incentives for non-violent behaviour. As a result, social services can support conflict-sensitive sector governance and policy reform through the development of responsive, inclusive and accountable institutions at national and sub-national levels, thereby improving state-society relations and laying foundations for a self-sustaining peace.

The study further noted that supporting administrative and social service oriented programming is not without risks. Administrative and social service related programming presents specific coordination and coherence challenges, as each country setting has its own history of government-society relations and its own distinctive drivers of conflict. Therefore, the planning process of developing social services should take into full consideration the specific country context and reflect the priorities that communities and society actually choose—and own—themselves.

The Role of Women in Peacebuilding

There is a growing (but still small) body of literature arguing that women, both individually and through women’s groups, have a critical role to play in peacebuilding. A study commissioned by the UN Peacebuilding Support Office highlights some of the lessons about the importance of women during peacebuilding in both promoting economic growth and solidifying the required political transitions (O’Gorman, 2014).

With respect to economic issues as part of the transition process, the study argues that the barriers that limit women’s and girls’ economic participation and empowerment in post-conflict situations need to be better understood at the country level. At the same time, the variables involved in limiting greater women’s empowerment include lack of literacy and training, restrictive social norms, attitudes and laws on the status of women, vulnerability to sexual violence, physical insecurity, lack of access to savings or capital, and, at the programming level, lack of proper consultation and market research with women and communities on opportunities and challenges for projects/programmes and intended outcomes.

The study found that current programmes are largely focused on subsets of these larger issues that are often continuations of projects related to humanitarian assistance that do not sufficiently consider the larger picture of how economic recovery can drive empowerment and gender equality to strengthen peacebuilding outcomes. Not uncommonly, women are marginalized from critical formal planning processes involving post-conflict funding mechanisms and national recovery plans.

Box 5.3: Women for Women International in Rwanda and the Democratic Republic of the Congo (DRC)

Women for Women International (WfWI) is an innovative NGO that is modelled as a social entrepreneurial organization. It focuses on a modular approach to build a cycle of change grounded in economic empowerment and social networks for women in post-conflict countries. This takes a holistic view of a woman's context and challenges in which "income generation" is just one activity among others that are jointly implemented to empower and sustain change for women as part of post-conflict peacebuilding. The activities include: savings club; peer support groups; confidence building; literacy and education; training; mentoring after graduating from modular programme. WfWI has been funded by Bloomberg Philanthropies and NoVo Foundation. A recent KPMG review found the following results to demonstrate the impact of the approach:

- › In Rwanda and the DRC, 99 per cent and 91 per cent of graduates, respectively, reported saving a portion of their income, compared to 44 per cent and 14 per cent at enrolment.
- › 100 per cent of Rwanda's 6,000+ current programme participants have bank accounts, thereby facilitating access to credit and reinforcing the importance of saving.
- › In Rwanda and the DRC, 86 per cent and 99 per cent of graduates, respectively, report having knowledge of good nutrition, compared to 34 per cent and 4 per cent at enrolment.
- › In Rwanda and the DRC, 25 per cent and 36 per cent of graduates, respectively, reported that they have taken action to stop violence committed against them, compared to just 4 per cent at enrolment.

Source: O'Gorman, 2014, p. 30

With respect to women in the political and governance aspects of peacebuilding, the study found that there are positive developments in women's participation in conflict resolution, mediation and peace processes, including systematic guidance and training for mediators and increasing the profile and role of women's civil society organizations in and around high-level processes. For example, there is growing attention to the need to press forward with the momentum of building political will and creating enabling institutional environments so as to increase the political space for women at all levels of peace-making and peacebuilding.

Some countries have explored the use of electoral quotas (usually around 30 per cent) and other temporary special measures for creating an entry point for women's political participation.

However, there is strong agreement that such quotas need to be shored up by other actions to enable and sustain participation to help overcome barriers to women's participation in terms of candidate selection, campaign financing, media engagement and coverage, as well as support to managing political party and parliamentary processes and institutional processes that ensure women's active participation.

In short, there is a need and opportunity to link technical programmes on peacebuilding with an explicit political strategy for participation of women in the peace process, to include the implementation of peace agreements or similar processes of stabilisation, conflict prevention, and national dialogue among government and non-state stakeholders.

Sustained International Support and Mutual Accountability

As noted in the 2014 report of the UN Secretary-General, peacebuilding is a generational undertaking that relies heavily on predictable financial, technical and political support in the short, medium and long term. It also requires coherence among a wide spectrum of actors, including neighbouring countries, regional and sub-regional organizations, international financial institutions and donor countries. The transnational dimensions of many conflicts, including the cross-border movement of weapons, combatants and illicit financial and natural resource flows, make regional involvement in support of post-conflict stability essential (United Nations, 2014, para. 54).

In addition to political support, most post-conflict countries require sustained financial and technical support for the kinds of essential state services and institutions discussed above. In this regard, the United Nations is expanding its partnerships and collaboration with international financial institutions, including regional development banks, to support post-conflict recovery and promote coherence and long-term financial assistance. Pooled financing mechanisms continue to be important instruments for coherent and sustained international support. They encourage aid alignment behind government priorities, foster greater coherence of international responses to complex situations, reduce transaction costs, share risks and strengthen mutual accountability.

The UN's own Peacebuilding Fund is one such pooled financing mechanism. It has been extremely useful in many countries to enable the United Nations to support peace processes, foster rapid implementation of peace agreements and invest in early institution-building and the provision of peace dividends.

In summary, countries emerging from conflict face formidable challenges as they seek to overcome the legacy of war and find the path to peace and security. At the same time, there is a growing body of experience and lessons learned in how to support the peacebuilding process. The development of core political institutions, civilian oversight of the security forces, public administration and basic services need to be rooted in inclusive political agreements to ensure the popular legitimacy of the post-conflict state. The process of inclusive institution-building often requires continued facilitation from the international community as well as regional, national and local institutions.

Moving towards Prosperity over the Long Term

Chapter Six

The previous chapters of this Report offered an overview of South Sudan’s economy, social conditions, and institutional framework in order to more fully reflect the significant challenges facing the county. Chapter 2 looked specifically at some of the macroeconomic indicators and highlighted some of the current trends based on available data. Chapters 3 and 4 considered the developmental, infrastructural, skill-based and institutional challenges faced by the country. Chapter 5 examined the peace process and reiterated the theme of this Report: achieving any measure of sustained and inclusive sustainable development must be built on a foundation of peace and an end to conflict. On this point, there is virtual unanimity among all parties.

This chapter discusses the building blocks for bringing “prosperity” to South Sudan. The discussion is premised on the assumption that the peace process will take hold and the transitional government will begin to put in place the economic, social and institutional changes called for in the August 2015 Peace Agreement. The authors of the Report are under no illusion that achieving prosperity for the country will be a long-term process that must overcome major economic and social barriers, formed by South Sudan’s political challenges.

Box 6.1: Qualitative Survey Responses, Question 10

Q: Assuming that peace takes hold, what do you feel are the major economic, social and environmental challenges facing South Sudanese society in the coming years? (Select no more than three.)

A:

Answer Options	Response per cent
Supporting the creation of better livelihoods for the large number of young people entering the labour market.	52.8%
Improving the quality of life for the poor and disadvantaged in terms of improved health care, access to education and social services, etc.	58.3%
Expanding the coverage and quality of basic infrastructure – water, electricity, roads, telecommunications, etc.	94.4%
Providing easier access to financial services and credit for all income groups, especially the rural and urban poor.	25.0%
Providing more opportunities for women and girls to benefit from education services and find productive employment.	44.4%
Expanding local participation in economic and social matters at the community and state level.	25.0%
Protecting and rehabilitating South Sudan’s endangered environment and natural resource base, including adaptation to climate.	27.8%
Other	11.1%

For purposes of this Report, prosperity is defined as seeing the South Sudanese economy begin to move during the next 10 years toward some measure of parity with neighboring countries of East Africa and /or other Sub-Saharan countries. Given that many of South Sudan's neighbors are seeing their economies grow at over 7 per cent a year, achieving parity would be no small feat for South Sudan.

This chapter explores five cornerstones for establishing a growing and inclusive economy.

6.1 First Things First: Fiscal and Monetary Management

The long road to prosperity for South Sudan begins with implementing a number of fiscal and currency policies that have already been discussed. Implementing these changes would address the tough political economy challenges facing South Sudan and help reverse the rent-seeking behavior so prevalent in the country. During the IMF Article IV consultations in late 2014, the Government of South Sudan agreed to a number of policy objectives that concerned fiscal management and monetary policy, notably currency policy and management (IMF, 2014). Unfortunately, progress on meeting these policy and management objectives has been slow and halting. Nonetheless, implementing these fiscal and monetary measures represent the first step in restoring a measure of confidence in the direction the economy is moving, both among South Sudanese citizens and the international donor community, as well as potential private investors.

Fiscal Management

With respect to fiscal management, the IMF consultation recommended specific immediate actions (IMF, 2014, pp. 8-9).

Improving budget execution and preventing arrears. Effective budget management has been complicated by emergency unbudgeted expenditures and extra-budgetary spending by government agencies. The Government needs to monitor expenditure commitments for consistency with monthly budget limits, enforce procurement regulations, and proceed with steps to set up a single treasury account. On the latter, the Government was expected to prepare a plan including a list of all government accounts held at commercial banks and a timetable to centralize the management of fiscal resources and expenditures. The Government also agreed to conduct an inventory of valid arrears and prepare a plan for their repayment.

Establish a functioning revenue administration. Severe capacity constraints, corruption, and lack of a legal framework and resources have delayed setting up an efficient system of non-oil revenue administration. In the near-term, the authorities intend to implement a new customs tariff schedule, automate customs operations at the largest customs post, and allocate additional resources to enforce compliance with domestic taxes, especially through the large taxpayers' unit. In addition, the National Assembly has approved a Financial Bill specifying all the elements of the tax system at the federal level.

Financing fiscal deficits. Financing the projected fiscal deficit will be difficult, with the availability of external financing has been limited owing to high levels of country risk. The Government is aware of the risks of monetizing the fiscal deficit and is contemplating

expenditure cuts. It is also considering “exchange rate unification,” a measure that could boost fiscal revenues (about 95 per cent of which are received in foreign currency but converted by the central bank at the official exchange rate).

Reorient spending towards development. About 40 per cent of public spending goes to security and a similar share is devoted to public sector salaries, while infrastructure spending has been meagre and declining since 2011/12. Government officials are aware of the need to reverse this trend, although change will be difficult at the start of the Transition Government and in light of declining oil revenues over the near term.

Exchange Rate Policy

Foreign exchange market distortions are a major challenge to redirecting the economy in a positive direction. The Ministry of Finance and Economic Planning (MoFEP) and the Bank of South Sudan have agreed that the rationing and allocation of foreign exchange since 2011 have created increasing distortions in the economy. They have reinforced perceptions of poor economic management by fostering corruption and rent-seeking, altering critical price signals, and deterring foreign investment.

Foreign currency rationing has also led to a parallel market for foreign exchange since 2011, when the Bank of South Sudan decided to peg the currency at a level that became increasingly overvalued in real terms. The rationing entails a hidden transfer of resources from the Government to those with privileged access to foreign exchange at the official rate. Since 2011, the parallel market rate has responded closely to monetary stimuli and changes in oil flows (IMF, 2014, p. 7). It is expected that the exchange rate unification announced on 14 December 2015 will remove such distortions.

Transparency and Accountability

Steps to increase transparency and accountability in oil, fiscal, and central bank operations can build confidence and provide positive incentives for the economy. While discussed before by the Government and the donor community, there is a continuing need to:

- › publish regularly detailed and comprehensive data on oil production, sales, costs, and revenues from oil, in addition to receipts from bonuses from sales of mining rights;
- › conduct competitive bidding for new oil and mining exploration and sharing arrangements and disclose the content of contracts;
- › begin publication of quarterly budget implementation reports, including financing details;
- › publish details of public debt operations in accordance with the Public Financial Management and Accounting Law; and
- › implement the recommendations of the 2012 external audit of the central bank and conduct an external audit of its annual accounts by a reputable audit firm (IMF, 2014, p. 12).

6.2 Escaping the Curse of Oil

The skewed productive structure of South Sudan's economy is at the root of the country's instability. As discussed in Chapter 2, South Sudan is the most oil-dependent country in the world, with oil accounting for almost the totality of exports and a large part of its gross domestic product (GDP). Oil exports dominate the economy and government revenue. They generate large revenues (about US\$ 20 billion from 2005 to 2014, equivalent to 98 per cent of the annual budget revenues), but weak governance and misguided expenditures allocations have meant that budgetary funds have not been invested in building productive capacity. Changes in oil production, prices and demand quickly translate into massive economic shocks. Reliance on a single commodity has created inertia against institutional reform, and the political incentives of the nascent state are being shaped by capturing the rent gains from oil exports (World Bank, 2015b).

The economic factors contributing to the political instability have been apparent since independence, yet most would agree that they have not been addressed with any urgency through to 2015. Accordingly, the traditional sources of livelihoods such as farming and cattle-rearing remain severely impaired, and the majority of the population is living at subsistence level. At the same time, the flooding of the economy with oil revenues has skewed incentives and created disincentives blocking or impeding positive policy change. The overreliance on oil and the resulting distortions created are being exacerbated by price volatility and falling oil output, with ripple effects seen throughout the economy. (Basnett and Garang, 2015)

In this regard, the current low international oil prices are obviously reducing national income and government revenue. The low quality of South Sudan's oil (heavy, more difficult to refine) means that it receives lower prices relative to other suppliers of higher quality oil. South Sudan received more than US\$ 100 per barrel until 2015, but this has fallen to below US\$ 50 during 2015. The country is also locked into a fixed-rate agreement with Sudan for the use of Sudan's oil pipeline (at a rate of US\$ 10 per barrel), plus compensation to Sudan for loss of oil revenue after independence (US\$ 15 per barrel) (IMF, 2014). The two in combination account for about half the current oil price and therefore place a fiscal squeeze on South Sudan, with the International Monetary Fund predicting that the fiscal deficit could rise to over 12 per cent of GDP in 2015.

There is also further concern that oil production from proven reserves may have already peaked in 2009 (at 362,000 barrels per day). While production in 2011 was forecast to be 357,000 barrels per day, this was expected to fall to 197,000 barrels per day in 2016, and to only 55,000 barrels per day in 2025. Consequently, the revenue from oil exports is expected to decline substantially over the coming years.

South Sudan is certainly not the first country that has had to address the "curse of oil" and the economic distortions associated with "Dutch disease."²⁵ Yet in some ways, South Sudan may be fortunate in that the country's oil reserves are limited, with only another 20 years of proven reserves, leaving the country with no alternative but to begin the transition to a more diversified

²⁵ Dutch disease refers to the negative impact on economic competitiveness of anything that gives rise to a surge in the inflow of foreign currency, such as the discovery of large oil reserves. Typically, the currency inflows lead to currency appreciation, making the country's other products less price competitive on the export market. South Sudan's situation has been somewhat different, due to the small size of the non-oil sectors and other factors including, most notably, the political conflict.

economy away from oil revenue dependence. This can either be done in a planned, proactive and orderly way, or if left to its own course, it can happen in an unplanned and disorderly way that perpetuates the distortions and further delays the kinds of investments needed in infrastructure and economic and social services.

What then should the Government of South Sudan do to use its oil wealth wisely?

In reviewing extractive industry economies, a study by McKinsey & Company (McKinsey Global Institute, 2013) laid out six key elements present in those countries that have done well in managing their resource wealth. They are:

- › building the institutions and governance of the resources sector;
- › developing infrastructure;
- › ensuring robust fiscal policy and competitiveness;
- › supporting local content;
- › deciding how to spend a resources windfall wisely; and
- › transforming resource wealth into broader economic development.

While some of these elements have been discussed earlier, all six—in one manner or another—are relevant to South Sudan. In this regard, the *South Sudan Development Plan, 2011-2013* (GORSS, 2011) offered a comprehensive framework that—had it been implemented—would have laid the groundwork for a well-managed extractive-industry economy. Likewise, the Peace Agreement has articulated an extensive overview of the economic and social priorities needed to see the peace process take hold. The immediate task before the Transitional Government and beyond is not so much what should be done, but the more complex task of deciding how it is to be done, who is to do it, the costs for undertaking it, and the sequence for carrying out the multiple components.

Assuming that the corruption and rent-seeking are curtailed, an effective and productive allocation of oil revenues boils down to disbursing funds among two, possibly three, broad spending areas, plus rebuilding of the Government's administrative and civil service functions, as discussed in the next section.²⁶

Socio-Economic Infrastructure and Services This funding window is one of the most critical areas for moving the economy forward in a sustainable and equitable direction and encouraging the non-oil sector. There are readily apparent needs based on the terrible toll exacted from the country's long history of conflict and the low baseline from which South Sudan started. Section 6.4 below and Chapter 7 discuss this in more detail.

Social Protection As is well known, the conflict has had a terrible cost on the lives on many South Sudanese. For the most part, humanitarian organizations from the donor community have tried to patch together a system for reaching those displaced and most critically affected

²⁶ The investment windows are adapted from Government of Azerbaijan/UNDP, 2007, *Converting Black Gold into Human Gold: Using Oil Revenues to Achieve Sustainable Development*, Baku, Ministry of

by the fighting. While their work has been invaluable, the nature of humanitarian assistance is meant to be short-term. This will require the Government to pick up the costs for at least some portion of humanitarian assistance and social protection, in order to provide basic services for disabled war veterans, the handicapped, the elderly and other vulnerable groups, in the hope of allowing them to enter the mainstream economy. Including social protection programmes in the national budget with a deficit that can be covered through non-inflationary financing is the best way to ensure the sustainability of social protection.

Sovereign Wealth Fund South Sudan is currently not in a position to establish a viable sovereign wealth fund (or oil fund as it is often called) due to the country's current deficits and revenue shortfalls. To the extent that improved fiscal and monetary management are able to jumpstart the economy and meet outstanding obligations, then the Government should implement its Petroleum Recovery Management Act that calls for two types of sovereign wealth funds. The aim of such funds would be to oversee and safeguard the flow of oil revenues over the next 20 years and ensure the revenue placed in the funds would be used in the most effective manner over the longest timeframe possible.

6.3 Public Administration and the Civil Service

There are important requirements to upgrade the quality and efficiency of the basic administrative and organizational components of government services, associated with civil service reform. These include improved financial and regulatory services, creation of an effective legal system, as well as decentralization and local government services. More specifically, South Sudan faces three main public sector/civil service challenges that must be dealt with over the immediate and longer term for effective and efficient delivery of the peace dividend.

First, **government spending on public sector wages** in the aggregate is comparatively high, while average wages to public employees are low. There has been nearly steady 307 per cent increase in the wage bill over the last decade from 2006 to 2013/14. This represents a relatively large proportion of total government spending (reaching 47 per cent in 2012/13) and is nearly twice the average for low-income countries (26 per cent) and even outstrips Afghanistan's share of the wage bill in total spending.

Second, wage expenditures are largely allocated to "**security-related employment**," which appears to have crowded out spending on staff in other developmental sectors, particularly health and education. There has a ten-fold increase in government staffing between 2005 (40,000) and 2014/15 (400,000). It appears that this staffing increase is largely due to security-related employment through recruitment of armed groups into the armed forces (SPLA) and organized forces, which have accounted for 50 per cent or more of public sector employment over the last decade. The data show that civilian salary spending represents a relatively small portion (at around 38 per cent) of total personnel spending. Indeed, the general government staffing allocations across military and civilian sectors tilts overwhelmingly towards security-related positions. Accordingly, 62 per cent of salary spending is allocated to the Armed and Organized Forces, with only 6 percent of staff salaries allocated to the education sector and 3 per cent to health. This underscores the striking finding that while there are 450 police per 100,000 population, there are only 1.5 doctors and 2 nurses, which compares unfavorably with other post-conflict and low-income contexts (Nunberg, 2015).

Third, **the quality and capacity of those civilian employees in the civil service is low** and the little available capacity has been negatively affected by the crisis. A key capacity challenge stems from ill-equipped and weak public sector institutions (Nunberg, 2015). This challenge includes the absence of well-developed and elaborated laws and regulations affecting the civil service and the operation of government, such as hiring, promotion, and remuneration policies, general operating procedures, and standards of performance. The public sector challenge in South Sudan likewise includes financial and budgetary shortages that do not allow organizations to carry out assigned tasks. The absence of articulated financial and budgetary policy undermines the achievement of particular development targets. Weak linkages between the Human Resources Management Information System and the South Sudan Electronic Payroll System enable the persistence of “ghost” workers in the system.

“There is a need to instill a sense of nationhood and work ethics. A nation can only be built if everyone is selflessly pulling his/her weight, for the greater good.”

Response to UNDP Stakeholder Survey

Public sector institutions are also challenged by the absence of laws and regulations defining responsibilities and power relationships among organizations and sectors as well as the informal power relationships. While the interim constitution promotes women participation in public life by mandating their representation in all legislative and executive organs to reach at least 25 per cent, there are no policies or procedures to guarantee implementation and monitoring of the provision within the civil service. Even more critically, a country-owned coordination strategy and framework for public sector reform and civil service management is missing. Hence, South Sudan has a long way to go in developing laws and regulations that facilitate democratic transition and support the objectives of the Peace Agreement. With a national literacy rate of 27 per cent, raising overall qualifications of civil service staff through medium- and long-term education policies and through shorter-term training is required (Nunberg, 2015).

South-South and Triangular Cooperation similar to that between the IGAD countries (Ethiopia, Kenya and Uganda) and Norway provide a practical example on how some of the public administration challenges can be overcome in the short-to-medium term. The Cooperation works through placement of qualified civil service from the three IGAD countries for a period of two years. The main objective of civil servant placement in South Sudan is to strengthen key government institutions. Civil servants from Ethiopia, Kenya and Uganda are ‘twinned’ with South Sudan civil servants to ensure on job mentoring.6.4 Filling the “Middle Void” in the Economy

6.4 Filling the “Middle Void” in the Economy

As described earlier, the South Sudanese economy is split between those in and around the oil sector (i.e., benefiting from access to oil revenues), and those at the other end of the economic spectrum who are the majority of the population living largely outside the formal economy. Subsistence agriculture remains the dominant sector for household livelihoods. About 78 per cent of the households in South Sudan derive their livelihood from agriculture. The National

Household Survey of 2009 found that more than 50 per cent of the population is underemployed, and that only 12 per cent is in formal employment (Basnett and Garang, 2015).

In between these two ends of the spectrum is what might be called the middle space of the economy, now essentially a void: the missing tier of small and micro enterprises and entrepreneurs who—if they existed—would normally be the engine for economic growth, create jobs, establish rural-urban economic linkages, and promote domestic and cross-border trade.

Therefore, a key challenge is filling this middle void by building productive capacity and diversifying production and trade. Overriding concern about post-independence political issues has meant that building productive capacity and diversifying trade have not been given high priority. This has reinforced the curse-of-oil stranglehold on the economy.

The middle void is exemplified by the fact that goods ranging from construction materials to food items, even bottled water, have to be imported from neighboring countries, mostly Sudan, Uganda and Kenya. For example, South Sudan's Diagnostic Trade Integration Study (DTIS) (GORSS, 2014) found that basic grains and flour, sugar, vegetables and fruit, as well as some fish sold in markets such as Juba and Yei are typically imported from Uganda and Kenya.

It is not difficult to understand why there is a middle void in the economy. Leaving aside the conflict and destruction, producers and small entrepreneurs face numerous day-to-day barriers. These include lack of infrastructure, access to capital, and market distortions. Equally significant are the *sub rosa* or informal/indirect barriers: insecurity, the burden of payments at roadblocks and other forms of extortion, lack of a predictable taxation and regulatory framework, and lack of enforceable property rights, to name a few. Policies that remove or alleviate demand and supply constraints are long overdue. This includes simplifying document requirements, training of SMEs in best business practices, and resolving issues of land tenure. (Basnett and Garang, 2015).

Support for SMEs could be augmented by embracing a financial inclusion agenda, strengthening the current weak institutional regulatory framework and channeling more of the oil revenue to the economy through the banking sector and micro-lending institutions. More specifically, policies should encourage banks to lend to productive sectors as well as expand financial services beyond Juba. Building private sector capacity and the regulatory framework in which it operates -- in other word, filling the middle void -- will be essential for the functioning of local markets and fostering local, non-oil dependent economic growth (Basnett and Garang, 2015). This focus is critical for the creation of jobs for the large cohorts of youth entering the labour market every year.

6.5 Export Promotion and Trade Diversification

Although South Sudan has vast and largely untapped natural resources beyond its oil enclaves, the economy is notably under-developed by African standards. Filling the middle void is fundamental, but needs to be implemented by significantly boosting exports and diversifying trade, thereby reducing the role of the oil sector in the overall economy. Currently, the business environment in South Sudan is unfavourable to trade. There are numerous reasons for this, many

associated with the lack of a well-functioning regulatory regime and the predatory nature and high transaction costs of “doing business.”

As highlighted in Chapter 4, South Sudan ranks third-lowest in ease of trading in the world (just above Afghanistan and the Central African Republic) when it comes to trading across borders. On average, it takes entrepreneurs in South Sudan 12 documents, 130 days, and US\$ 9,285 to import a standard container of goods; and ten documents, 55 days, and US\$ 5,335 to export one. (World Bank, 2015a)

In spite of the availability of a deep-water port in Port Sudan, Sudan, the continued violence along the Sudan–South Sudan border has severed this historical trade route. Mombasa has emerged as the alternative, but transportation of goods from Mombasa to Juba entails two national border crossings, between Kenya and Uganda (at Malaba) and between Uganda and South Sudan (at Nimule). This has inevitably added to the cost of transporting goods in and out of South Sudan (Basnett and Garang, 2015).

Another major problem is the issue of tax collection. In 2011, there were 44 authorized and 65 unauthorized tax collection institutions operating throughout the country. There is the pervasive problem of the excessive taxation at legal tax checkpoints and extortion at illegal roadblocks, both of which add extra costs to transport and impede trade. Lack of competition, weak enforcement of laws and absence of appropriate regulations mean that importers are easily able to pass on the cost of multiple taxes to consumers in the form of higher prices. Moreover, tax exemption regulations are often abused and tilted toward the “influential” in South Sudan.

The prevalence of a parallel market exchange rate to the official one inhibited trade and reduced investments. At independence, the official exchange rate was pegged as SSP 2.95 to the US dollar, while the parallel market rate fluctuated between SSP 4.5 and about SSP 7 through early 2014 and has skyrocketed to above 18 since then. The overvalued exchange rate damaged trade competitiveness, while the dual exchange rate introduced massive distortions. These factors made South Sudanese exports relatively expensive and imports very cheap—for the influential few with access to foreign exchange at the official exchange rate.

With respect to international trade, South Sudan has potentially many advantages given its status as a least developed country. As such, the country benefits from duty-and quota-free (DFQF) access to most developed country markets. The European Union (EU) Everything but Arms (EBA) provision allows South Sudan’s exports (except arms and ammunition) DFQF access to the EU market. The US African Growth and Opportunity Act (AGOA) provides preferential access for some of South Sudan’s exports to the US. AGOA covers about 7,000 tariff lines, which have DFQF access. Furthermore, it contains liberal rules of origin on apparel, which permit the use of inputs (fabric) from third countries. Kenya is a leading exporter under AGOA; and South Sudan should explore building linkages with Kenya’s export value chain by facilitating production networks between the private sectors in Kenya and South Sudan. In theory, the South Sudan Investment Promotion Act provides tax incentives, faster registration and ease of incorporation to attract investments for such kinds of endeavours.

In terms of immediate priorities to support trade and export promotion, Bassett and Garang persuasively argue for two key areas:

Increase investment in the agricultural sector. This will require large-scale investment in agricultural infrastructure, to include feeder roads in agricultural zones such as Western Equatoria and Upper Nile, expansion of extension services to all ten states for maize, sorghum, and livestock, access to credit, and development of farmers' associations. Larger scale support would include provision of inputs and irrigation mostly for Renk plantation projects, and the Aweil rice and Nzara cotton schemes. Such a concerted investment focus would require significant capacity-building efforts for various line ministries and sub-national governments in order to plan, organize and invest at such an increased level, in addition to direct investment through the private sector.

Encourage and stimulate small and medium enterprise development. It will be difficult for South Sudan immediately to overhaul the infrastructure necessary to expand value-adding activities. It might therefore be worth exploring a clustering approach for SMEs in urban areas, so that the infrastructure, training and institutional requirements for the efficient functioning and expansion of SMEs could be met with some economies of scale and efficiency gains in the deployment of resources.

To their priorities must be added:

Actively promote an effective strategy for infrastructure development. Using a portion of oil revenues is a critical requirement for economic development and expanded trade opportunities. Nevertheless, by all accounts, South Sudan's infrastructure is considered woefully inadequate. The African Development Bank's infrastructure investment study, mentioned in Chapter 4, continues to be a useful reference point for the needs and financing requirements for enhancing the country's infrastructure. An effective infrastructure plan would also provide significant employment opportunities that could benefit unskilled, semi-skilled and skilled workers covering the gamut from cash-for-work programmes associated with road construction to the kinds of skilled labour needed for constructing an effective ICT infrastructure base.

The Special Case for Regional Integration

South Sudan's status as a land-locked, least-developed country will call for special emphasis on regional economic integration (as well as more broadly defined regional cooperation as highlighted in Chapter 8). There are a number of reasons why expanding regional trade opportunities is important for the country. The WTO's *World Trade Report 2014* identified four major trends from the last decade which have had an impact on African integration, all of which affect South Sudan to some degree:

- › The increasing impact of shocks to the global economy shows that open trade can spread the fallout but also help to reduce volatility.
- › The phenomenal trade growth from the developing world led by emerging economies in Asia, Latin America and Africa, where it has been spurred by demand for commodities. The income gap between emerging and developed countries has narrowed, but Africa is lagging behind.

- › The expansion of global value chains. The share in total trade of intermediate goods, services and components between developing countries grew from about 6 per cent in 1988 to nearly 25 per cent in 2013. However, African firms have struggled to participate meaningfully in the global value chains.
- › The changing prices of exports of hydrocarbon (oil and gas) and minerals, in South Sudan's case oil being the major foreign exchange earner.

Thus, Africa's resource-rich countries face challenges pursuing development strategies due to the boom-bust cycle of commodity prices. This trend is particularly acute in South Sudan with the oil sector's dominant role in the formal economy. From a macroeconomic perspective, it is in South Sudan's interest to actively pursue a regional trade strategy (AEO, 2015).

Regional integration can raise incomes through sector specialization as regional value chains develop and open up market access through tariff liberalization. The extent to which these processes take root determine the location of investment, production, job creation and economic growth. Across Africa, these differences are amplified by internal geography and trade costs that hamper or enhance the ability of interior regions to participate in regional and world markets.


Regional integration influences economic development based on the extent of the transaction costs associated with engaging in activities across borders. These include the physical and financial costs of the cross-border flows of goods, services and capital, in conjunction with decreasing tariffs as well as the shrinking physical and economic distance among actors.

Deepening and broadening integration is essential for Africa's inclusive development. However, regional integration can also generate inequalities between two countries and regions based on their endowment and factors such as infrastructure availability, skills and geography (landlocked or coastal). Similarly, it is important not to lose sight of the fact that domestic and regional markets are concentrating around growing African cities, which can serve as major drivers for regional trade in goods, services and economic growth. Through improved planning, national and regional policymakers create conditions to unlock economic value, even from marginalized groups or regions.

At a more specific level, the EAC Common Market, consisting of Kenya, Uganda, Tanzania, Rwanda and Burundi, is of particular importance to South Sudan. The EAC Common Market is a growing and dynamic regional market that provides opportunities for trade expansion. South Sudan can engage with the EAC by becoming a member of the Community or by expanding trade relations. As a member South Sudan will be required to extend DFQF market access to existing Community members in addition to adopting other agreements of the Community. Doing this would allow South Sudan to receive the full benefits of membership, and likewise help South Sudan to adopt regional best practices in good governance, mutual recognition, harmonizing standards, and enforcement of property rights. At a time when South Sudan is putting in place trade and infrastructure policy, adopting regional best practice could be highly beneficial (Basnett and Garang, 2015).

There are downside costs to EAC Common Market membership. The requirement for South Sudan to liberalize its tariffs to the other EAC members will have implications for tariff revenue. As data on imports from EAC members are unavailable, it is difficult to assess the full impact. A more cautious approach would be for South Sudan to engage with the EAC on eliminating non-tariff barriers, building trade infrastructure, and promoting private sector connections. Whatever route South Sudan takes in considering EAC Common Market membership, it should give priority to the regional market in its trade policy, based on a well-defined trade policy for diversifying the economy away from oil and moving for significant trade ties with the EAC. There might be losers as well as winners from opening up to regional trade. However, the gains throughout the economy are, in aggregate, far larger than the losses. So not only can one say that the net benefit for the country is positive and large; it is also true that there is room to tax some of these gains and use it to compensate losers in full, resulting in a Pareto improvement in welfare. And this analysis does not capture the indirect (but large) gains from trade, e.g. efficiency gains stemming from strengthened competition.

In summarizing this chapter, it is worth emphasizing that if appropriate policies are put in place and pursued, the longer-term outlook for improved well-being in South Sudan looks promising, even in the face of the inevitable and perhaps even welcome decline in oil revenues in the coming decades. The chapter has focused on a select few policy areas for jumpstarting the economy and laying the groundwork for inclusive prosperity. The point of discussion is not to suggest that these are the only elements of such a policy strategy, but rather that government policymakers, with the concurrence of South Sudanese society, must decide on a few key priorities and the sequencing of those priorities, and then act accordingly.

The background is a complex composition of overlapping geometric shapes and patterns. It features a large teal triangle on the left, a large red area on the right, and a green area at the bottom. A prominent yellow circle is centered in the lower half. A white line with circular nodes runs across the top and down the right side. A white box with a pointer is positioned over the yellow circle. A dark green circle is on the right edge, and a black ring is at the bottom center.

Putting People at the Centre of the Post-Conflict Transition

Chapter Seven

The previous chapter examined some of the key issues in terms of economic policy and fiscal discipline necessary to jumpstart the economy, to allow the private sector to flourish, and to launch South Sudan on the road to prosperity. In many respects, the proposals and key elements for jumpstarting prosperity mentioned in the previous chapter reflect macro-policy changes and regulatory changes as well as budget allocation decisions that are conducive to sustainably advance human development. This chapter now turns to the “people” side of human development for South Sudan, which is more concerned with the kinds of grassroots changes and shifts in behavior that must accompany any improvements in top-down economic policy.

For South Sudan, given its long history of violence and political uncertainty, the “people” side of the country’s human development cannot simply be about improving social indicators, raising the country’s ranking on the different human development indicators, or reducing regional disparities and inequalities. Equally important, perhaps more important in the medium term, will be changing the social dynamic and addressing the collective psychic scars that have built up over the last decades, the toll of which so tragically continues to divide the South Sudanese people.

Accordingly, this chapter addresses two challenges. The first concerns the community- and grassroots-level reconciliation and healing that must occur. The second challenge relates to the still important requirements for sustainably improving the well-being and living conditions of the South Sudanese in a manner that is seen as inclusive and fair.

Box 7.1: Qualitative Survey Responses, Question 12

Q:

What do you feel are the top three or four policy priorities for the government to improve human development and make it sustainable? (Select no more than four.)

A:

Answer Options	Response per cent
Ensuring community-level security	55.6%
Stabilizing the economic situation	75.0%
Reducing inequality of incomes and opportunities	16.7%
Building a greater sense of common nationhood	47.2%
Providing broad-based primary education	38.9%
Providing accessible and effective healthcare to all citizens	30.6%
Enabling access to justice and the rule of law	50.0%
Lowering barriers to private sector activities and foreign trade	13.9%
Constitutional reform	25.0%
Democratic elections	22.2%
Other	8.3%

7.1 Transitional Justice and Reconciliation

The peoples of South Sudan are faced with the herculean task of becoming a single people within a distinct nation-state after the long legacy of conflict, division, distrust, and alienation. This tragic legacy has both long historical roots and more recent political antecedents that have created a toxic social environment. The lessons from other post conflict countries and their reconciliation process, as discussed in Chapter 5, must now be translated into a distinctly South Sudanese approach.

Three aspects of the reconciliation and justice process have over the several months come into focus. They are:

1. establishing an effective system of transitional justice;
2. meeting the supranational legal requirements of the Peace Agreement; and
3. aligning the legal reform efforts to the human development process.

Transitional Justice

As emphasized before, reform of the legal sector takes centre stage in the agenda of post conflict South Sudan. This arises from the realization that, first, the lack of credible rule of law institutions—capable of settling disputes swiftly, impartially and to the satisfaction of the disputants—is a contributing factor to conflict. Second, rule of law institutions, including the police as well as judiciary, have not been seen as fully impartial or above the country's political divisions. This has played a role in the pervasive loss of respect for law by ordinary citizens.

For South Sudan, therefore, reform of the judicial institutions will entail creating a system of legal accountability and ensuring that recurring abuse is not tolerated. These assurances are essential in post-conflict South Sudan in order to re-build the trust of communities and to establish guarantees that all citizens are equal before the law and are able to receive legal remedies regardless of who they are.

At the same time, reform of the judicial system must take into account, and be blended with, traditional laws and the patchwork of tribal laws. It will be the interface between the new and reformed legal institutions and traditional laws that will determine if the judicial process is seen as fair and effective.

For South Sudan as elsewhere, an underlying principle of judicial reform is that judicial power should exist separately and independently of the executive (Ndulo and Duthie, 2009). This essentially requires institutional independence and some form of financial autonomy. Positive indicators of judicial reform include low corruption among judicial officers, certainty and predictability of the law through decisions that are supported by reasons and legal principles that are found in law reports and an established system of *stare decisis*,²⁷ quick and effective

²⁷ "To stand by that which is decided." The principle that the precedent legal decisions are to be subsequently followed by the courts.

settlement of disputes and reduction of prolonged and arbitrary detention supported by a functional case management system, and guarantees of fair trials through application of constitutional fair trial guarantees and the provision of legal aid. From an institutional perspective, there is the imperative for the protection from executive interference for the independence of judges and their tenure. There is a clear nexus between the legal framework and the application of laws by the judiciary, and the prosperity and development of a state.

Beyond these agreed general principles, there are some very real practical policy and organizational steps that need to be addressed in rolling out a transitional judicial system. Budget constraints and lack of institutional capacity will mean that the legal system, like other sectors of South Sudanese society, must face some hard choices and priority setting in deciding *how* to launch a new system, *what* should be the components and stages of developing the system, and *where* to launch the newly emerging systems.

For example, the shortage of lawyers and judges in post may mean that one or more forms of communal level, peer-based courts may need to be set up, assuming proper oversight and the application of commonly applied laws and judicial procedures, combining customary and codified law. There are numerous African countries that have established community-based courts, notably in Tanzania, South Africa and Malawi (Goddard, 2011). The Gacaca Courts in Rwanda, set up after the 1991 genocide and reviewed extensively also offer valuable lessons for South Sudan.

A second area for priority-setting relates to how to address both criminal and civil law claims or legal disputes. While attention is usually focused on the criminal and human rights aspects of the law, the years of conflict have resulted in numerous commercial or ownership claims. The weakness of the civil and commercial law and its implementation affects not only individual South Sudanese but also South Sudan's business climate. At the individual and business level, addressing the backlog of claims and unregistered claims will clearly be important.

The legal frameworks relating to investment, land tenure, enforcement of contracts, and labour relations are determining factors in the decision by South Sudanese and foreigners to invest in the country. Not only does South Sudan require favourable legal conditions to attract domestic and foreign investment, investors need an assurance that their investments are safe and that their properties and assets will not be appropriated arbitrarily.

“South Sudan ought to adopt the rule of law as the primary doctrine for peaceful coexistence, stability and development. Only then shall we see change.”

Response to UNDP Stakeholder Survey

A third critical area is to ensure organizationally and programmatically that there is a clear delineation of roles between the mandate of the newly emerging and revised South Sudanese legal system, on the one hand, and the soon-to-be-created legal institutions mandated under the Peace Agreement, on the other. To this must be added the place of traditional law in forming an effective system. The judicial structures of the Peace Agreement are outlined below, but

suffice it to say here that it will be crucial to have a clear division of labour and determination of which legal situation are applicable under each legal system with potentially overlapping jurisdictions.

Legal Institutions of the Peace Agreement

The August 2015 Peace Agreement calls for the establishment of three distinct legal bodies with very clear mandates as part of the transitional justice process:

- › the Commission for Truth, Reconciliation and Healing (CTRH);
- › the Hybrid Court for South Sudan (HCSS); and
- › the Compensation and Reparation Authority (CRA).

The Peace Agreement provides specific guidance on the roles, jurisdiction, and functioning of the three bodies and their relationship with the Transitional Government. The three bodies are charged with promoting the common objective of facilitating truth, reconciliation and healing, and compensation and reparation.

In this regard, the TGoNU is mandated to fully support and facilitate the operation of the CTRH and the HCSS. The TGoNU is further mandated to fully cooperate with, and seek the assistance of, the African Union, the United Nations, and the African Commission on Human and People's Rights in order to design, implement and facilitate the work of the three transitional justice mechanisms. An early indication of the commitment to the legal transition process will be the pace at which the laws for creating these bodies are approved by the transitional legislature. It will also be important to ensure that the new Peace Agreement-mandated institutions see to work with civil society and the existing elements of the infrastructure for peace in South Sudan.

There are distinct differences in the ways in which the three bodies are to be set up.

The Commission on Truth, Reconciliation and Healing

The CTRH is to be established by legislation no later than six months after the formation of the TGoNU and commence its activities no later than a month thereafter. Such legislation shall, among others, outline mechanisms and methods for enabling the CTRH to discharge its duties and responsibilities. The Ministry of Justice and Constitutional Affairs of the TGoNU is tasked with conducting public consultations for a period not less than one (month before the establishment of the CTRH, to inform the design of the enabling CRTH legislation.

The CTRH mandate is to inquire into all aspects of "human rights violations and abuses, breaches of the rule of law and excessive abuses of power, committed against all persons in South Sudan by State, non-State actors, and or their agents and allies." CTRH inquiries shall investigate, document and report on the course and cause of conflict and recommend processes for victims to receive reparations and compensation.

Hybrid Court for South Sudan

No doubt the most politically sensitive of the three bodies is the HCSS. The Hybrid Court is to be established by the African Union Commission—not the TGoNU—to investigate and prosecute individuals bearing the responsibility for violations of international law and/or applicable South Sudanese law, committed from 15 December 2013 through the end of the Transitional Period. In many respects, the HCSS is similar to the International Criminal Tribunal for Rwanda that was established in 1994. It is the responsibility of the African Union Commission to determine the HSCC's infrastructure, funding mechanisms, enforcement mechanism, the applicable jurisprudence, number and composition of judges, privileges and immunities of Court personnel or any other related matters. The HCSS has been given jurisdiction over the following crimes:

- › genocide;
- › crimes against humanity;
- › war crimes; and
- › other serious crimes under international law and relevant laws of the Republic of South Sudan, including gender-based crimes and sexual violence.

Notably, the HCSS shall be independent and distinct from the national judiciary in its operations, and shall carry out its own investigations. Moreover, HCSS findings shall have primacy over any national courts of South Sudan.

Compensation and Reparation Authority

The CRA is not a legal body in the sense of the CTH and HCSS, but it does have the important responsibility of determining the levels of compensation and reparation for those who are found to have been victimized as ascertained within the different legal entities. The CRA is tasked with providing material and financial support to citizens whose property was destroyed by the conflict and helping them to rebuild their livelihoods.

Within six months of the signing of the Peace Agreement. The Transitional Government is expected to establish a Compensation and Reparation Fund (CRF) and the Compensation and Reparation Authority, which is to administer the CRF. The CRA is to be run by an executive body to be chaired by an executive director. At a minimum, the executive body is to be composed of:

- › representatives of the parties in the TGoNU; and
- › representatives of CSOs, women's groups, faith-based leaders, traditional leaders, as well as leaders of the business community.

Important for South Sudan, the CRA is expected to have transparent mechanisms to control the proper use of support given out by the CRF and for the intended purposes.

All three of these institutions created within the framework of the Peace Agreement can, and most likely will, play important roles in the transitional and reconciliation process. But they, too, will encounter implementation and funding challenges, just like those of the transitional legal system that must be built on top of what has been the existing legal system.

Legal Reform and Development in the South Sudanese Context

The third element of the justice and reconciliation process concerns the linkage between transitional justice and economic and social development. It is one thing for the transitional legal system to deliver verdicts where injustices have been committed, but justice without some form of compensation or reparation will not lead to the kinds of long-term reconciliation that is needed in South Sudan. There may also be instances where the legal system must address situations where no one individual or group of individuals can be identified as the perpetrators of the crimes, but legal redress and compensation may be required.

For example, the courts should be able to respond to developmental issues connected with remedies of the significant number of vulnerable populations such as IDPs or widows, orphans and other impacted groups whose situation was directly due to the conflict.

In the case of South Sudan, one can see the emergence of the legal concept of development as a human right, a concept which has gained much ground in the international community. The right to development is premised on the notion that all rights are intertwined with the right of existence to a progressively higher standard of living.²⁸ The Transitional Constitution echoes the right to development in its preamble by laying emphasis on the need to manage the natural resources sustainably and efficiently for the benefit of present and future generations and to eradicate poverty and attain the Millennium Development Goals. The Constitution's Bill of Rights further embraces second generation rights which are relevant to the right to development. These are the right to education,²⁹ the right to public health care³⁰ and the right to housing³¹ and rights of ethnic groups to enjoy their cultures and practice their beliefs.³²

In theory but not necessarily in practice, these constitutional guarantees impose specific duties on all levels of government to fulfill these rights. As custodians of the Constitution, the judiciary has a duty to enforce these rights without reservation, especially as they are not subject to a limitation clause. Constitutional interpretation requires that human rights be interpreted liberally and that any restrictions be applied sparingly. While the executive arm of government has the duty to ensure the realization of the right to development, the courts have an obligation to enforce them when called upon to do so.

In looking at the elements for reforming the legal system, to include the application of a broader definition of human rights, there remains the underlying and fundamental question of what are the sources of funding to cover the costs associated with such reform. Aspirational legal reform must be matched with budget realities and are part the difficult and painful budget choices that lie ahead. Judicial reforms are part of wider institutional reforms required as part of the transitional process to transform post conflict South Sudan. The extent to which the judiciary is

28 Cole, 2010.

29 Article 29 Transitional Constitution of South Sudan.

30 Article 30 Transitional Constitution of South Sudan.

31 Article 34 Transitional Constitution of South Sudan.

32 Article 33 Transitional Constitution of South Sudan.

able to transform into a strong and independent institution that is able maintain predictability in the law, serve as a check on the executive and protect human rights violations, will go a long way in shaping the developmental path of South Sudan. Peace, human security, prosperity and stability are necessary precursors for the required social mobility that underlie the transformative path of nation-building in South Sudan.

“How do you institutionalize accountability of leaders to the people and not the army or one’s tribe? That is the foundation for enabling an environment for justice and rule of law for the common person.” Response to UNDP Stakeholder Survey

7.2 Laying the Foundation for Accelerating Human Development

From Recovery to Resilience

As discussed elsewhere in this report, South Sudan has had no shortage of plans and policies aiming to foster human development. The main problem has been identifying and applying the requisite policy levers, e.g. implementation; very little of the detailed planning and targeting undertaken in the period between the CPA in 2005 and the achievement of statehood in 2011 has led to concrete results, a factor that has undoubtedly exacerbated the tensions and insecurities that produced the most recent violence.

If the situation is to be different this time, what is needed, and needed rapidly before expectations for the dawn of peace and the prospect of improved livelihoods are dissipated once again, is a strategy which will combine addressing the most serious and immediate needs with a thoroughgoing and rigorous re-examination of unimplemented policies (IGAD, 2015). The August 2015 Peace Agreement mandates such a review of current policy, along with a number of institutional reforms aiming to streamline and enhance the transparency of the policy making and implementation framework.

Chapter 6 put forward a number of prerequisites for setting South Sudan on the path to prosperity. Here the focus is on the most immediate and pressing needs of the population, i.e., early recovery, as well as on establishing the governance and institutional framework and the government services and policies that will underpin the quest for sustainable and inclusive prosperity over the longer term, i.e., recovery and resilience.

Early Recovery and Recovery

Early recovery encompasses the application of development principles to humanitarian crises, with the aim of stabilizing the situation, preventing further setbacks and recognizing the need for national ownership of early recovery activities from the earliest possible stage. Relief operations and early recovery programmes may occur simultaneously in various combinations;

recovery programmes build on these foundations and seek to restore the social fabric. In the case of South Sudan, where conflict has undermined the legitimacy of already weak national and local authorities, it is important to focus both at the national level, on building effective delivery mechanisms for government policies, and equally on communities, where conflict is being experienced. The participation of communities in early recovery activities is crucial if they are to be effective and appropriate.

Once the early recovery stage has given way to recovery, the focus evolves from the provision of immediate needs to building the foundations for a sustained and developmental process of state- and nation-building, including provision of the full complement of basic services as outlined below (UNDP, 2008).

Box 7.2: Early Recovery

Early recovery is a multidimensional process of recovery that begins in a humanitarian setting. It is guided by development principles that seek to build on humanitarian programmes and to catalyse sustainable development opportunities. It aims to generate self-sustaining, nationally owned, resilient processes for post-crisis recovery. It encompasses the restoration of basic services, livelihoods, shelter, governance, security and rule of law, environment and social dimensions, including the reintegration of displaced populations.

Source: UNDP, 2008.

Basic Services

UNDP views basic services through a wider lens, encompassing both the public and the private sector as providers, “including social services, traditionally seen as health, nutrition, education and water and sanitation; economic services that offer access to higher quality assets and services such as natural resources, energy, credit, insurance and social protection; and services related to justice, security and the rule of law that are vital for creating an environment that is protective of lives, employment, livelihoods and property” (UNDP, 2013).

In the context of South Sudan, the provision of basic services is challenging, as often such services have not been provided before the conflict. Effective provision will therefore stretch across early recovery and recovery phases. The most pressing immediate requirements need to be addressed simultaneously.

Priorities within Basic Services

The first priority is to enhance immediate **personal and community security** (including access to justice and to the rule of law as discussed in section 7.1) and at the same time to facilitate the safe return of displaced persons to their homes so that agricultural production can return to and exceed pre-conflict levels. At the same time, **food security** needs to be established, (see

Box 7.2) including by means of targeted increased direct food aid provision where necessary and appropriate. The return of displaced persons and the resumption of production will be a complex and fairly protracted process, as foreshadowed in the text of the August 2015 Peace Agreement, which provides for the establishment of a Special Reconstruction Fund to be used for such purposes (IGAD, 2015, Chapter III). As noted in Chapter 6, solving the problem of food security in the longer run will require a large-scale programme of investment in the agriculture sector and in related physical and institutional infrastructure.

Second, as soon as possible it is also essential to put in place, or to restore, **basic healthcare facilities and disease prevention programmes**, to avert the spread of disease and improve infant and maternal health outcomes. In January 2011 the Ministry of Health published a Health Sector Development Plan for the period 2012-2016 (MOH, 2011), which, when extended beyond 2016 and revised, will form the basis for planning improved health outcomes across the board, with particular emphasis on maternal and child health. It was intended that spending on health should reach 10 per cent of the national budget in 2012-2016, a goal that the renewal of violence pre-empted (Chapter 2). This goal should be reinstated on an indicative basis, with a portion of the Special Reconstruction Fund allocated to repairing damaged health infrastructure and jump-starting the overall health programme.

Box 7.2: The Food Crisis

In August/September 2015, the FAO estimated that 4.6 million people, or nearly 40 per cent of the population, were severely food insecure; 2.2 million were displaced by conflict; and farming and animal husbandry were severely disrupted across large parts of Upper Nile and Unity states, where conflict has been most acute. Cases of starvation were reported among displaced persons. Prospects for improvement in this situation depended on weather and more peaceful conditions.

The serious livestock crisis is worsening. Insecurity, leading to abnormal migrations, has impaired livestock health and cattle raids and tribal conflicts have reached “alarming levels.” The crisis has disrupted markets and trade routes, and the poor food security situation across the country has sparked increased sales by pastoralists as a coping mechanism.

Urban populations are being hit hard by pressure on the currency and rising food prices; currency pressure is deterring traders from importing and the security situation is making it more difficult to access trade routes, exacerbating shortages and price pressures.

Source: FAO, 2015.

The **third** prong in the provision of immediate basic services, is the urgent need to restart or to start the **provision of education** at primary level and—equally important—to ensure that children who have, through displacement or for whatever other reason, failed previously to access education and whose life chances in a post-conflict South Sudan will be curtailed as a result, gain at least the most basic literacy and numeracy skills as swiftly as can be managed.

Delivering universal primary and secondary education, especially to girls and to the displaced, is a major challenge. The physical infrastructure for education—school buildings, books and equipment—is either in seriously short supply or has been damaged by conflict. Even more serious, as touched upon in Chapter 4, is the severe shortage of trained teaching staff at all levels of the educational system. This cannot be addressed in short order, but it must be one of the top priorities of the post-conflict government. The country also needs to ensure that it maintains a sufficiently flexible tertiary education sector to provide important skills and that education links with neighbouring countries are fostered so that young people leaving secondary school have opportunities for further education in the region. The adoption of English as the language of instruction in schools will be of service in this regard.

Fourth, as discussed in Chapter 5, **the role of women** in securing the future of peace and prosperity in South Sudan is of vital importance. Women play a key role in the rural economy, as a source of labour and, because they are often the heads of smallholder agricultural households, often engaged only in subsistence farming. The long-term future of the sector depends crucially on engaging, informing and supporting women. In the short term, it is vital for the resumption of production and the support of children that women feel secure enough to return to the land.³³

Fifth, as a way of supporting the poorest and least powerful in society, women in particular, and of signaling to the whole population that the government is determined to operate in the interests of all South Sudanese, the South Sudan Development Plan (p.99) (SSDP, 2011) envisaged the introduction of a universal child **benefit cash transfer** for the families of children under five, as well as additional support for particularly vulnerable families. This, as yet uncoded, direct transfer may seem expensive, but could prove very valuable as a way of supporting the most vulnerable and co-opting the support of all sectors of society, provided it can be delivered effectively. In addition, there is a need to consider the establishment of a functioning and financially viable pension system.

Maintaining a continued focus on those who are especially vulnerable is a marker of the nation's commitment to inclusive development. Among the relevant commitments in the August Peace Agreement are the provision of subsidized credit, capacity-building opportunities for the vulnerable, and the creation of development funds to provide help for women and for young entrepreneurs, within the framework of the Private Sector Development Strategy (IGAD, 2015, Chapter IV, Section 7). With the support of UN Women, various South Sudan women's lobbying groups are pressing for the inclusion of gender-specific targets in the allocation of development funding and this will almost certainly be reflected in plans brought to the drawing board in policy reviews undertaken as a result of the Peace Agreement.

³³ It is estimated that up to 80 per cent of farm labour is provided by women, who also head a significant number of farm households (African Development Bank, 2013a). Women are also the heads of a large proportion of displaced households.

Building Resilience

Put simply, resilience refers to the ability of people or societies to withstand and recover from shocks. UNDP views the concept of resilience as fundamental in any approach to securing and sustaining human development. Building resilience requires that state, community and global institutions work to empower and protect people; the ability to cope with and adjust to shocks is referred to as human resilience and is integral to developmental efforts (UNDP, 2014).

In this regard, the 2014 Human Development Report argues that the provision of universal basic social services is a keystone of resilience and that universal provision “*is not only desirable—it is also possible at early stages of development.*” Citing the example of Rwanda among others, the report argues further that this can be achieved within a decade if the right policies are followed. The report also emphasizes the important role that policies designed to provide decent employment opportunities play in building human resilience. In South Sudan universal provision of social protection and widening opportunities for employment would not only be good in itself but could help foster inter-community cohesion and thereby support the process of nation-building. As noted in the Peace Accord, it is important that employment opportunities in the modern sector, mostly in oil and in the government services, are awarded on merit and not used as a means of patronage. As part of its effort to stimulate the private sector, particularly in rural areas, the Government needs urgently to consider how best to provide and later how best to manage the provision of rural credit services.

Decentralization

Resilient communities need to own the policies designed to promote their well-being, participate in decision-making and oversee implementation of local initiatives. The question of decentralization in South Sudan is complicated by the ethnic composition of the country, the location of mineral reserves and natural resources and the history of conflict over these resources. The August 2015 Peace Agreement recognizes the need for fair distribution of resources and powers:

The wealth of South Sudan shall be shared equitably so as to enable each level of government to discharge its reconstruction, development, legal and constitutional obligations, duties and responsibilities. (Chapter IV., 1.5)

Revenue sharing shall reflect a commitment to devolution of powers and resources, and the decentralization of decision-making in regard to development, service delivery and governance. (Chapter IV., 1.6)

The arrival of peace should offer the opportunity for a fresh start in this highly contentious and very important area. Contention will undoubtedly continue, especially when difficult choices over policy and resource allocation are required. This is why it is so important to give the whole population a voice in the process of decision making.

The legal, administrative and fiscal frameworks for decentralized government have been in place since before independence. Decentralization is one of the guiding principles underlying the primacy of democracy as outlined in the country's Vision 2040 (GOSS, 2011a). *It is also enshrined in the transitional constitution (GOSS, 2011). Thus it would seem clear that there is a commitment to the establishment of a decentralized democracy among the political elite.* But it was an acknowledged fact well before the most recent outbreak of violence that these frameworks remain skeletal and that the whole apparatus needs overhauling and strengthening (see Annex 4). Among the problems are: contradictions in the legislative architecture defining relations between the states and the central government; that effective decentralization has not reached down to the lowest levels of government, especially when it comes to local level elections and the appointment and oversight of local officials; that there is corruption and lack of capability at the level of local government; that the human and financial resources and the physical infrastructure needed to support decentralization are seriously lacking (OP, 2011; OP,2012).

Voice

Related to the need to strengthen decentralization is the need to encourage “voice”, that is the ability and willingness of citizens, civil society organizations and other non-state actors to hold the state to account at all levels and all branches of government, including the judiciary and to ensure that it responds to their needs. The World Bank has formalized this under the rubric of Demand for Good Governance (DFGG). This, according to the Participation and Civic Engagement website of the World Bank (World Bank, 2015d), encompasses various initiatives that bring the role of citizens as stakeholders to the fore and includes activities such as “*information disclosure, demystification and dissemination; beneficiary/user participation and consultation; complaints handling; and independent and/or participatory monitoring*”.

DFGG is an initiative that aims to strengthen the capacity of civil society organizations, the media, local communities, and the private sector to hold the authorities to account. DFGG mechanisms can be initiated and supported by the government, by citizens or both. Often they are demand-driven and operate from the bottom-up. The long history of conflict in South Sudan and the many sources of communal strife make the encouragement of voice, in a culturally and appropriate and realistic manner, all the more crucial if there is to be peace and development.



Summary and Conclusions

Chapter Eight

This Report has sought to explore the challenges and options facing the Government of South Sudan in moving beyond the tragic years of conflict as it looks to rebuild the country and set a path toward peace and stability. The Report has been premised on the assumption that the peace and transition process would take hold and that all sides in the conflict would agree that, however imperfect the Peace Agreement may be from their perspectives, the alternative of continuing the conflict can only lead to a downward spiral of the current tragedy and hurt all South Sudanese, not to mention neighboring countries.

A central theme of this report has been that South Sudan is not alone in having to address this challenge. Many other African countries, as well as other countries of the South, have gone through the same kinds of tremendous upheavals and terrible suffering brought about by civil war and conflict. Over time, many of these countries have done surprisingly well in healing old wounds and putting their economies on a positive and sustainable growth trajectory. Investments in economic and social infrastructure, focused attention on education, health and capacity-building and a more favourable policy environment have resulted in major improvements in human development and significant reductions in poverty levels. Such an outcome is equally possible for South Sudan assuming that the different factions are willing to genuinely “give peace a chance.”

8.1 Policy and Budget Prioritization

In moving from conflict to peace and taking up the country’s development challenge, the international donor community and South Sudan’s development partners have offered a wide range of recommendations about the kinds of policies and programmes that could be considered in rebuilding South Sudan’s society and economy. There is no shortage of policy advice and reports written by international organizations, donor agencies, NGOs, think tanks, and advocacy groups that lay out a whole range of policies and prescriptions on what could be done for the post-conflict process. The Peace Agreement is notably explicit about a whole range of political, governance, economic, social, judicial and humanitarian issues that are to be addressed by the Transitional Government of National Unity.

In the previous three chapters of this Report, covering *People, Peace, and Prosperity*, the emphasis is placed on identifying from among the many policy and programme options a smaller number of policy and programme choices that are deemed priorities to jumpstart the reconciliation and development process. It is not the objective of this Report to say that the policy and programme priorities discussed above are the only priorities that should be considered. Needless to say, one can easily arrive at a different set of priorities, but a common requirement should be that jointly, the set of priorities needs to be sufficient to set the country on the path towards sustainable human development.

Some process of prioritization will be required by the Transitional Government and beyond, given the tremendous needs and the severe resource constraints facing the country. To be successful, the prioritization process must have the full backing of South Sudanese society and of the donor community. Full buy-in by both Government and donor partners is required. Whatever the policies chosen, there will be a need for more robust data collection and analysis in order to formulate effective policies, monitor implementation and assess outcomes.

In short, the task goes beyond having a wide range of policy options, and also includes effectively prioritizing among multiple (and often contending) policy options—all of which place competing demands on scarce public resources.

“The challenge in prioritizing is that there are many huge challenges.” Response to UNDP Stakeholder Survey

8.2 Linking the Immediate to the Long View

To achieve the kind of transformation needed, South Sudan will have to collectively practice the discipline of linking immediate priorities to the “long view”³⁴ of South Sudan. This translates into the ability to visualize different kinds of futures than the current trajectories of low growth and social conflict, while still addressing challenges and issues in the medium term. The long view is not about reformulating the South Sudan National Vision, but rather engaging in the tough political economy choices on an almost daily basis that are involved in seeking long-term benefits, if needed, by foregoing short-term politically and economically expedient decision-making. This can be seen most immediately in implementing the Peace Agreement. Linking the immediate with the long view perspective needs to begin at the highest levels and work its way throughout South Sudanese society.

Closely related to the notion of the long view is the understanding that “business as usual” cannot be sustained as an implicit governing construct. All social and economic classes would be negatively affected, not just the poor, if “business as usual” is maintained. A rising boat for all on board, not just for the non-poor, offers the best hope for continually improving living standards and higher, conflict-free human development for all of South Sudan’s citizens.

How is the long view reflected in the process of prioritization among multiple demands being placed on the government to foster economic growth and reduce the high burden of poverty, disease, and inequality? While the priorities selected are ultimately decisions taken by the Government, some analytical guidelines are offered to inform the policy and implementation debate that is required.

- › What policies and programmes have the highest likelihood of sustainably improving the lives of the poor and bringing them into the economic mainstream through productive employment opportunities and improved social welfare?
- › In what ways are the views and concerns of stakeholders and recipients being factored into the decision-making process?
- › What is the basis for supporting new industries and sectors through private sector development and trade promotion? Are such decisions based on sound financial and economic analysis or on unstated reasons based on privilege and access?
- › In situations where resources are shifted from one programme or initiative to another, can the shift be justified in terms of improved economic and social outcomes than would otherwise have been the case?

³⁴ This phrase is taken from Schwartz, 1996.

The importance of short- and medium-term prioritization cannot be overstated, and this process is most closely associated with the 2015 Peace Agreement. At the same time, the Government must not lose sight of the longer-term goals and visions to which it subscribes. These include the new UN Sustainable Development Goals (SDGs), South Sudan's own Vision 2040 and the African Union's Vision 2063.

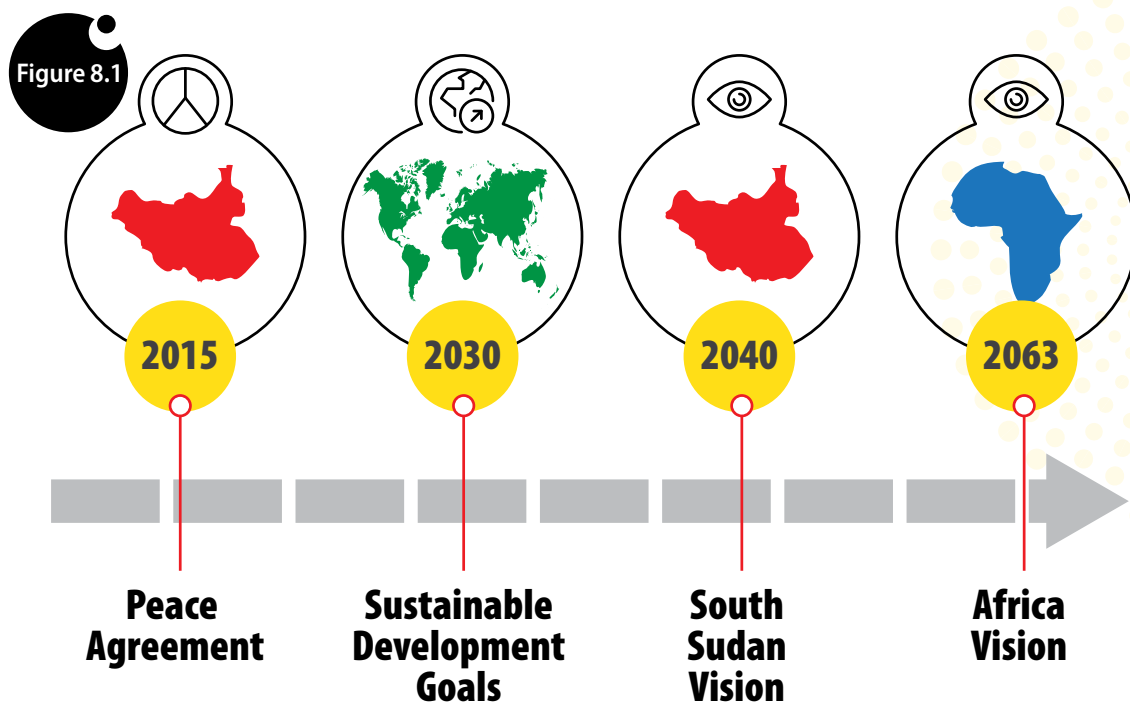


Figure 8.1: Existing development frameworks

As the present Report was being prepared, the United Nations, with the full backing of member-states, civil society and other partners, finalized the list of 17 Sustainable Development Goals (SDGs) and associated targets. These are to succeed the eight Millennium Development Goals (MDGs) as programmatic objectives to end poverty and spur sustainable and inclusive development worldwide over the next 15 years (United Nations, 2015; United Nations, 2015a). The SDGs are ambitious, expanding on the MDGs with a list of objectives designed to enhance equity, reduce inequality, provide decent work and living standards to all men and women, while at the same time protecting the natural environment and enhancing the security of the built environment.

The SDGs, along with Vision 2040 and Vision 2063, can provide policymakers engaged in planning for the long term with a forum and platform from which to gain access to worldwide best practices, to systems for monitoring and evaluation, to access specific expertise in areas

of development and to exchange ideas and experiences with practitioners across the globe as the process unfolds. It would make sense, therefore, for South Sudan to align current and future planning exercises, targets and outcomes with the relevant SDGs and relevant parts of Vision 2063 in order to leverage relevant lessons learned in the worldwide SDG process as it monitors its progress on national targets in the light of experience. SDG 16, which aims for peace, justice and strong institutions, including by enhancing security and the rule of law, strengthening international cooperation, and amplifying the influence of developing nations in the institutions of global governance, is of particular relevance in this regard.

In short, the different policy statements and visions—taken together—provide synergies across different development timeframes at the national, regional and global level and allow useful cross-country comparisons.

8.3 A Guiding Framework

Finally, it is perhaps useful to place South Sudan's development challenges in the context of the wider intellectual framework which can inform national policy-making and implementation. Six principles are outlined below.

Nation-building, Trust and Restoring the Social Fabric

Most of the discussion in this Report has focused on the policy framework and institutions that are part and parcel of the role of state functions and services and the means of governance. Perhaps equally fundamental in the context of South Sudan is the whole notion of nation-building and how the South Sudanese people can come to have a national identity, not merely an ethnic or community identity. There are many countries in Africa, like South Sudan, that are also made up of multiple ethnic groups, but these countries have moved to the stage where their citizens see themselves as proud members of their nation, not only as members of an ethnic or tribal group. South Sudan's long history of conflict and violence, the country's short time as an independent country, as well as longstanding cultural traditions, have worked against building up a national identity. And the loss of the social fabric that once characterized South Sudan has only exacerbated a worsening situation. Building a South Sudanese national identity will be one of the most important tasks facing the Transitional Government and beyond. And building national identity in turn helps in establishing the foundation for trust and compromise, which are sorely lacking in South Sudanese society. In the absence of trust and compromise and reliance on the peaceful resolution of family, community or ethnic differences, South Sudan's transition to a dynamic and vibrant economy will be at risk.

Becoming a Developmental State That Is Accountable

In the context of the major challenges facing South Sudan, it is not unreasonable to consider that the Government – to be successful over the long term – must rapidly move towards a governance model often associated with the “developmental state.” The development state model was first used to describe some of the fast-growing economies of East Asia. Botswana and, more recently Ghana, Ethiopia and Rwanda could be considered developmental states in Africa.

As part of a developmental state model, these same countries have also made major efforts to address the problems of rent-seeking and corruption, which are recognized as major impediments to inclusive growth and human development.

There is a great deal of academic debate about what constitutes a developmental state, but some commonly mentioned characteristics would be the following, all of which have direct relevance to South Sudan.

- › A developmental state has the long view. It is consistent in its pursuit of developmental objectives and it is committed to those objectives. Failure in developmental objectives does not mean an abandoning of those objectives altogether.
- › The developmental state is an activist state. The state actively nurtures development, friendly institutions and is not relegated to the role of an overseer. The state actively participates in the development process, often serving as an entrepreneur of last resort.
- › The state goes beyond the minimalist state in neoclassical economic theory and development practice because it is not asocial. The developmental state evolves as the needs of the society in which it is embedded change.
- › Change is welcomed so long as it does not detract from the overall development objective in which the state is an active partner.
- › The developmental state is well-staffed, risk-taking and socially legitimate (Dadzie, 2012).

Seen from an African perspective (Meyns and Musamba, 2010), other characteristics of a developmental state would include:

- › Political leadership committed to development as the primary function of the public sector.
- › A government with the political will and a legitimate mandate to perform the required functions.
- › A competent and neutral bureaucracy that is performance- and outcome-oriented to ensure implementation. This requires a strong education system and efficient set of public sector organizations with little corruption.
- › An institutionalized process where the bureaucracy and government engages with other stakeholders.
- › An established development framework and a comprehensive governance system to ensure the programme is implemented.
- › The presence of, and support for, a production-oriented private sector.
- › The presence of viable and vocal communities as well as effective Non-Governmental Organizations and Community-Based Organizations.

For South Sudan to be a developmental state, the role of Government will be to invest in capabilities, opportunities and institutions, to invest in an environment and incentive structure that facilitates both the for-profit and the not-for-profit private sectors – supported by the country’s development partners. These two investment streams recognize that development is not the sole responsibility of government; other players have a significant role to play. However, it remains the state’s responsibility to ensure that capabilities are strengthened, opportunities are created and institutions are built – even if the state is not regarded as the sole provider. The principle is that the state is expected to do less over time in certain areas as markets and non-state actors come to play an increasingly important role. Ultimately, the role of the state is to facilitate stability and an environment where society is more dynamic and government is less intrusive.

Policy Adaptation and Change

One aspect of the developmental state will be of particular importance to South Sudan moving forward. While a long view would most likely include a commitment to a strong, proactive and responsible social framework that develops policies for both the public and private sectors — based on long-term vision and leadership, shared norms and values, and rules and institutions that build trust and cohesion – flexibility and adaptation will still be required. Achieving an enduring transformation will require South Sudan to chart a consistent and balanced approach to its development. But faced with different challenges in the future, South Sudan will invariably have to explore various policies with respect to market regulation, export promotion, industrial development and technological progress, all while investing and supporting people-centred programmes and protecting the nation against downside risks.

But future success is not guaranteed. In complex societies such as South Sudan, the outcome of any particular policy is inevitably uncertain. If South Sudan is to promote an activist, transformative government, the institutional result should be an inclusive governance framework that is pragmatic and able to problem-solve and adapt collectively. Some features for such a governance framework should stand out. For inclusive growth, South Sudanese policy should give high priority to ensuring expanded basic social services – investing in people’s capabilities through health, education and other public services. Rapid expansion of quality jobs – most created in an expanding private sector - will be a critical feature of growth that promotes human development.

Examples abound in Asia and Latin America and throughout the Global South of countries that have begun a transformation of the way their governments identify challenges, develop appropriate policy responses, and follow through with focused implementation strategies and articulated fiscal commitments. It is likewise a characteristic of these countries that they are adept at appropriately modifying and shifting their policies and budget priorities as circumstances change. In most instances, such modifications are undertaken with full support of the country’s development partners.

In looking towards the future, peace is obviously the first prerequisite. If peace takes hold, greater policy ambition will be urgently required to chart a new course that encourages inclusive growth and to enact a model of human development that benefits all citizens through improved governance mechanisms.

Giving Value to Data and Statistics

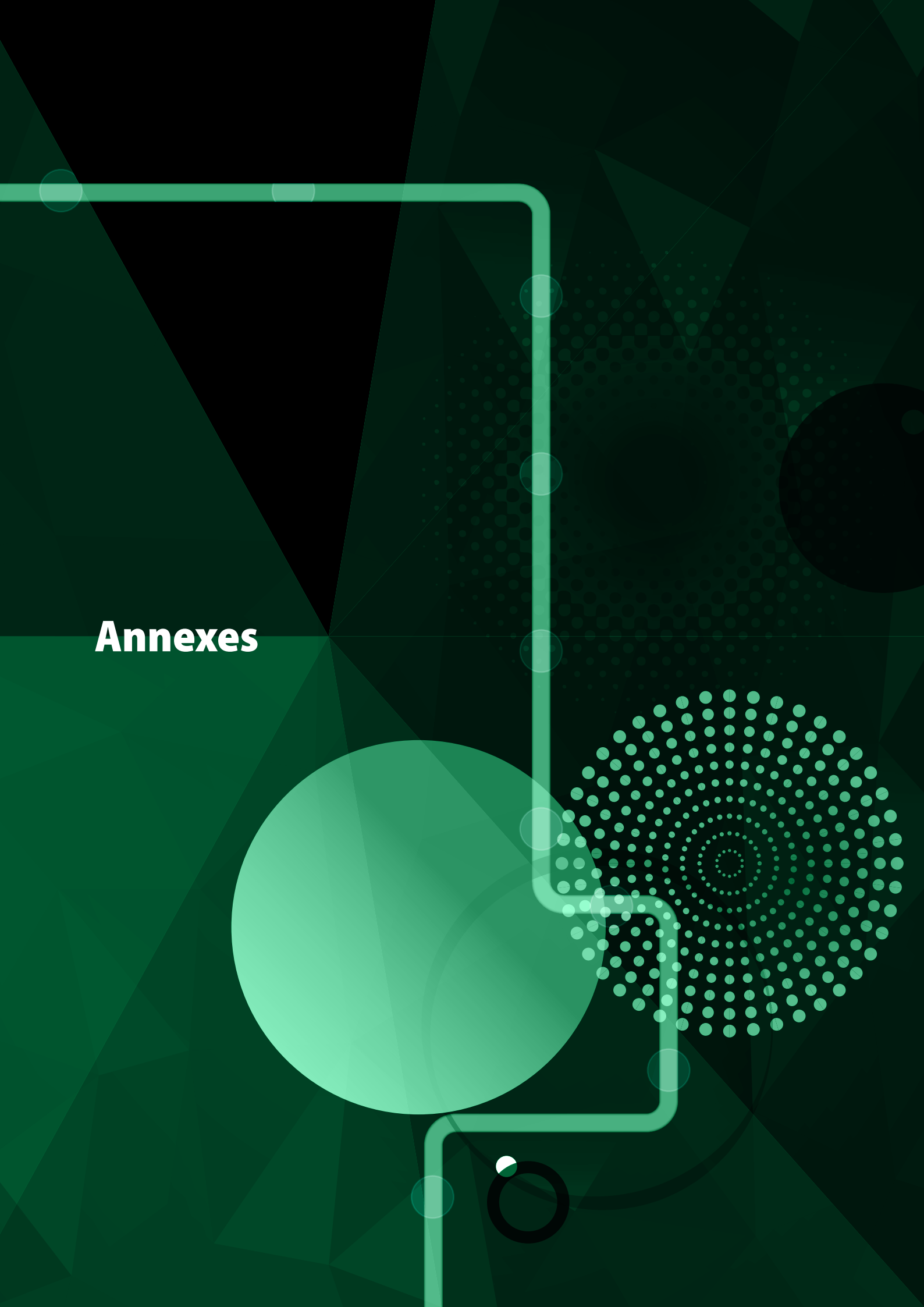
In order for South Sudan to meet the many development challenges ahead, it will be necessary to give priority attention to ensuring that the Government is capable of effectively tracking and monitoring the implementation and outcomes of its priority policies and programmes. This Report has mentioned the data gaps and lacunae that were encountered in trying to compile different human development indicators as well as finding other kinds of basic macro-economic and social data. The problems of limited institutional capacity in data collection and analysis are found in not only the National Bureau of Statistics, but also in most line ministries, including the Ministry of Finance and Economic Planning. In addition, capacity constraints are even more binding at sub-national levels. Having effective capacity in statistics and monitoring and evaluation is the “lubricant” by which the Government will be able to perform, as discussed above, as a developmental state and undertake necessary policy formulation, change and adaptation. Data collection and analysis should not be considered an after-thought, but rather a core function of governmental services.

Regional and South-South Cooperation

The previous chapters emphasized the important potential role of regional cooperation in strengthening security, promoting growth, trade and investment, and helping to fill gaps in the availability of skills by means of educational and other forms of personnel exchange. It is in leveraging the experience and thinking of professionals, policymakers and other thought leaders from countries of the Global South who have experience in fostering change on the ground that South Sudan can gain valuable signposts for avoiding pitfalls, identifying tipping points, and learning from best practices developed elsewhere. Among the projects of most immediate potential benefit for South Sudan are probably those which are information-intensive, such as the encouragement of exchange of information and ideas through the pan-African e-network and e-university and the establishment of a common commodities strategy.

Thus, through the South-South exchange of people and ideas, South Sudan has great potential in the near term to learn from the experience of other countries, in particular from other countries of East Africa to which South Sudan has the closest affinity.

Annexes



Annex 1

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Annex 2

Technical Notes on South Sudan Human Development Indices

Technical Note 1: Human Development Index

The Human Development Index (HDI) is a summary measure of key dimensions of human development (UNDP 2013a). It measures a country's achievements in three dimensions of human development: a decent standard of living, access to knowledge and a long and healthy life. HDI is a generalized mean of the normalized indices from each of these three dimensions. This technical note describes the data sources for the HDI, steps to calculating the HDI and the methodology used to estimating missing values.

Data sources

For national level estimates, two sources of data were available: that provided by international agencies and that provided by national agencies. International agencies standardize national data to allow comparability across countries. It is therefore important to note that national and international data can differ. To the extent possible, the national and international estimates were harmonized.

	Parameter	Data source:	Comparison with Global sources
1.	Gross state income in purchasing power parity.	National Baseline Household Survey 2009, National Bureau of Statistics. Used consumption per person per month as weights.	No state level data, the global estimates were used as benchmarks. World Bank (2015), IMF (2015) and UNSD (2015).
2.	Life expectancy at birth	General Life Tables; Constructed from Census 2008; National Bureau of Statistics; May, 2013	Global estimates based on World Population Prospects. Choice was to scale national estimates to global estimates.
3.	Expected years of schooling	National Baseline Household Survey 2009, National Bureau of Statistics.	Estimate from cross-country regression models (http://hdr.undp.org); choice was to scale up to global estimates.
4.	Mean years of schooling	National Baseline Household Survey 2009, National Bureau of Statistics.	Global estimates obtained from UNESCO institutes for Statistics; choice was to scale national estimates to global estimates.

Steps to compute the Human Development Index

Two steps are involved in computing the National Human Development Index.

Step 1: Creating the dimension indices

Minimum and maximum values (goalposts) are set in order to transform the indicators expressed in different units into indices between 0 and 1. These goalposts act as the 'natural zeros' and 'aspirational goals', respectively, from which component indicators are standardized (see equation 1 below). They are set at the following values:

Dimension	Indicator	Minimum	Maximum
Health	Life expectancy (years)	20	85
Education	Expected years of schooling	0	18
	Mean years of schooling	0	15
Standard of living	Gross national income per capita (2011 PPP \$)	100	75,000

The justification for placing the natural zero for life expectancy at 20 years is based on historical evidence that no country in the 20th century had a life expectancy of less than 20 years (Oeppen and Vaupel 2002; Maddison 2010; Riley 2005).

Societies can subsist without formal education, justifying the education minimum of 0 years. The maximum for mean years of schooling, 15, is the projected maximum of this indicator for 2025. The maximum for expected years of schooling, 18, is equivalent to achieving a master's degree in most countries.

The low minimum value for gross national income (GNI) per capita, \$100, is justified by the considerable amount of unmeasured subsistence and nonmarket production in economies close to the minimum, which is not captured in the official data. The maximum is set at \$75,000 per capita. Kahneman and Deaton (2010) have shown that there is a virtually no gain in human development and well-being from annual income beyond \$75,000. Assuming an annual growth rate of 5 percent, only three countries are projected to exceed the \$75,000 ceiling in the next four years.

Having defined the minimum and maximum values, the dimension indices are calculated as the ratio of the country's level of attainment divided by the theoretical range of the index in that dimension:

Equation 1

$$\text{Dimension index} = \frac{\text{actual value} - \text{minimum value}}{\text{maximum value} - \text{minimum value}}$$

For the education dimension, Equation 1 is first applied to each of the two indicators, and then the arithmetic mean of the two resulting indices is taken.

Because each dimension index is a proxy for capabilities in the corresponding dimension, the transformation function from income to capabilities is likely to be concave (Anand and Sen 2000)—that is, each additional dollar of income has a smaller effect on expanding capabilities. Thus for income, the natural logarithm of the actual, minimum and maximum values is used.

Step 2. Aggregating the dimensional indices to produce the Human Development Index

The HDI is the geometric mean of the three dimensional indices:

Equation 2

$$\text{HDI} = (I_{\text{health}} \cdot I_{\text{education}} \cdot I_{\text{income}})^{1/3}$$

Example: South Sudan (GHDR)

Dimension	Indicator	Value
Health	Life expectancy (years)	55.67
Education	Expected years of schooling	7.6
	Mean years of schooling	5.4
Standard of living	Gross national income per capita (2011 PPP \$)	2,332

$$\text{Health index} = \frac{55.67 - 20}{85 - 20} = 0.549$$

$$\text{Mean years of schooling index} = \frac{5.4 - 0}{15 - 0} = 0.360$$

$$\text{Expected years of schooling index} = \frac{7.6 - 0}{18 - 0} = 0.422$$

$$\text{Education index} = \frac{0.360 + 0.422}{2} = 0.391$$

$$\text{Income index} = \frac{I_n(2,332) - I_n(100)}{I_n(75,000) - I_n(100)} = 0.391$$

$$\text{Human Development index} = (0.548769 \cdot 0.391 \cdot 0.476)^{1/3} = 0.467$$

Methodology used to express income

Data on gross national income per capita in purchasing power parity for the 10 states of South Sudan does not exist. Data on consumption per capita exists for each of the 10 states. To compute an estimate of gross income per capita in purchasing power parity for each state, a combination of per capita consumption and the National Income per capita in purchasing power was devised. The World Bank’s 2015 World Development Indicators database contains estimates of Gross National Income per capita in 2011 purchasing power parity (PPP) terms for many countries, including South Sudan. The per capita consumption was then used as weights to estimate the Gross State Income per capita in purchasing power parity (GSI) as follows:

$$GSI = \frac{Consumption_{state} \times GNI_{national}}{Consumption_{national}}$$

For instance, the gross state income per capita for Central Equatoria is computed as:

$$GSI_{Central\ Equatoria} = \frac{126.53 \times 2,332}{100.26} = 2,943$$

Methodology used to compute mean years of schooling (MYS)

The source of data is the National Baseline Household Survey 2009, National Bureau of Statistics. It is computed for adults aged 25 years and older. It is the average years of schooling for all those in the age group. The stata program files are available upon request. The estimates computed based on the 2009 National Survey differed substantially from those used for South Sudan in the Global Human Development Report. The decision was to scale the state estimates in such a way that the global and survey estimates coincide. Mean Years of Schooling for each State is therefore obtained as:

$$MYS_{state} = \frac{Estimates_{state} \times MYS_{national}}{MYS_{national}}$$

For instance, the mean years of schooling for Lakes state is computed as:

$$MYS_{Lakes} = \frac{1.71 \times 5.40}{2.35} = 3.93$$

Methodology used to compute Expected Years of schooling

The household survey state level estimates are computed on the basis of the share of children aged 6-24 years attending school as reported in the 2009 Baseline Household Survey:

$$EYS_{survey} = \sum_{age=6}^{age=24} S_{age}$$

Where S is the share for children at each age attending school.

The estimates for each state are as follows:

(See **Table A2** next page)

Expected Years of Schooling used for computation of the Human Development Index were scaled to the national estimates as follows:

$$EYS_{state} = \frac{Estimates_{state} \times EYS_{national}}{MYS_{national}}$$

For instance, the expected years of schooling is computed as:

$$EYS_{Lakes} = \frac{6.53 \times 7.60}{7.57} = 6.55$$

Table A2: Computation of expected years of schooling for each state

Age	Upper Nile	Jonglei	Unity	Warrap	Northern Bahr el Ghazal	Western Bahr el Ghazal	Lakes	Western Equatoria	Central Equatoria	Eastern Equatoria
6	0.237	0.329	0.253	0.180	0.108	0.284	0.211	0.472	0.504	0.251
7	0.456	0.309	0.308	0.118	0.273	0.276	0.273	0.516	0.536	0.282
8	0.635	0.335	0.325	0.235	0.282	0.378	0.345	0.671	0.638	0.269
9	0.586	0.504	0.450	0.120	0.415	0.442	0.412	0.733	0.733	0.426
10	0.646	0.370	0.456	0.295	0.514	0.527	0.389	0.759	0.595	0.262
11	0.822	0.418	0.472	0.411	0.462	0.499	0.402	0.755	0.710	0.422
12	0.731	0.451	0.572	0.305	0.519	0.564	0.474	0.832	0.694	0.399
13	0.784	0.559	0.551	0.329	0.541	0.549	0.521	0.789	0.784	0.271
14	0.803	0.385	0.525	0.401	0.567	0.459	0.418	0.871	0.692	0.329
15	0.653	0.392	0.531	0.310	0.631	0.504	0.443	0.698	0.661	0.304
16	0.686	0.347	0.536	0.279	0.489	0.437	0.551	0.634	0.567	0.260
17	0.633	0.305	0.519	0.320	0.425	0.619	0.335	0.721	0.550	0.411
18	0.548	0.388	0.338	0.298	0.469	0.382	0.463	0.452	0.474	0.256
19	0.526	0.200	0.296	0.262	0.355	0.434	0.238	0.604	0.400	0.127
20	0.421	0.167	0.379	0.213	0.349	0.290	0.271	0.360	0.332	0.177
21	0.407	0.164	0.361	0.226	0.175	0.254	0.214	0.173	0.376	0.082
22	0.500	0.127	0.329	0.283	0.168	0.229	0.205	0.220	0.156	0.081
23	0.358	0.150	0.208	0.122	0.361	0.287	0.272	0.202	0.301	0.135
24	0.422	0.182	0.296	0.209	0.177	0.210	0.089	0.089	0.174	0.064
S	10.854	6.082	7.706	4.916	7.279	7.622	6.527	10.551	9.878	4.810

Estimates of Human Development Index

Table A3: Computation of South Sudan Human Development Index														
	GNI per capita (2011 PPP\$)	Life expectancy (years)	Expected years of schooling	Mean years of schooling	Consumption per person per month	Life expectancy (NBS)	Expected years of schooling	Mean years of schooling	Health index	Mean years of schooling index	Expected years of schooling index	Education index	Income index	Human Development Index
South Sudan (GHDR)	2,332	55.67	7.60	5.40					0.549	0.360	0.422	0.391	0.476	0.467
Central Equatoria	2,943	55.57	9.91	9.91	126.53	54.55	9.88	4.32	0.547	0.660	0.551	0.605	0.511	0.553
Upper Nile	3,353	57.06	10.89	6.51	144.16	56.01	10.85	2.84	0.570	0.434	0.605	0.520	0.531	0.540
Western Equatoria	2,408	55.50	10.59	7.15	103.51	54.48	10.55	3.12	0.546	0.477	0.588	0.533	0.481	0.519
Western Bahr el Ghazal	2,657	55.96	7.65	6.85	114.22	54.93	7.62	2.99	0.553	0.456	0.425	0.441	0.495	0.494
Jonglei	2,273	60.69	6.10	3.73	97.72	59.58	6.08	1.63	0.626	0.248	0.339	0.294	0.472	0.443
Eastern Equatoria	2,402	59.97	4.83	4.81	103.28	58.87	4.81	2.10	0.615	0.321	0.268	0.294	0.480	0.443
Lakes	2,554	55.07	6.55	3.93	109.81	54.06	6.53	1.71	0.540	0.262	0.364	0.313	0.489	0.436
Unity	1,665	54.82	7.73	4.28	71.57	53.82	7.71	1.87	0.536	0.286	0.430	0.358	0.425	0.433
Warrap	1,568	54.52	4.93	3.86	67.41	53.52	4.92	1.68	0.531	0.257	0.274	0.266	0.416	0.389
Northern Bahr el Ghazal	1,385	47.65	7.30	4.13	59.55	46.78	7.28	1.80	0.425	0.276	0.406	0.341	0.397	0.386
South Sudan	2,332	55.67	7.60	5.40	100.26	54.65	7.57	2.35	0.549	0.360	0.422	0.391	0.476	0.467

Technical note 2

Conflict-adjusted Human Development Index

The Conflict-adjusted Human Development Index (CHDI) adjusts the Human Development Index (HDI) for the absence of peace in the community. It is an initial attempt to examine the potential impact of absence of peace in South Sudan, including the ongoing conflict. It should therefore be interpreted as a measure of the potential impact of conflict in South Sudan.

The CHDI accounts for absence of peace by ‘discounting’ the HDI value for each state based on whether there is a perception of peace in their communities. The Conflict-adjusted Human Development Index for a state equals the Human Development Index for the same state when all people perceive there to be peace in their community but falls below the HDI as a lower percentage of people perceive there to be peace. In this sense, the CHDI measures the level of human development when absence of peace is accounted for. The Conflict-adjusted Human Development Index (PHDI) is computed as:

$$CHDI_{state} = HDI_{state} \times Peace_{state}$$

where $Peace_{state}$ is the proportion of households that report the presence of peace in their communities.

$Peace_{state} = 1$, denotes the highest level of perception that peace exists in that community;
 $Peace_{state} = 0$, denotes the community perceives total absence of peace.

Example of Lakes:

$$CHDI_{Lakes} = 0.436 \times 0.278 = 0.121$$

The percent loss in human development index due to absence of peace is computed as:

$$= \frac{CHDI - HDI}{HDI} \times 100$$

Example of Lakes:

$$Loss_{Lakes} = \frac{0.121 - 0.436}{0.436} \times 100 = -72.2\%$$

Data sources

Data on presence of peace in the community is based on a national household survey of perceptions on peace, security and sexual and gender-based violence in South Sudan conducted in May-June 2015. The 'discount' variable (presence of peace) ranges from 0 to 1, and is the proportion of people that perceive presence of peace in their community. The specific question in the survey was:

“Would you say there is peace in your community at the present moment?” and the possible responses as yes (1) or no (0).

The timing of the survey made it possible to begin to examine the potential impact of the conflict as well as its nature. For example, even though Lakes state is not among the states that are considered to be in active conflict, the potential loss in human development due to absence of peace is the second highest.

Estimates of Conflict-adjusted Human Development Index

(See Table A4 next page)

Technical note 3

Inequality-adjusted Human Development Index

The Inequality-adjusted Human Development Index (IHDI) adjusts the Human Development Index (HDI) for inequality in the distribution of each dimension across the population. It is based on a distribution-sensitive class of composite indices proposed by Foster, Lopez-Calva and Szekely (2005), which draws on the Atkinson (1970) family of inequality measures. It is computed as a geometric mean of inequality-adjusted dimension indices. The IHDI accounts for inequalities in HDI dimensions by 'discounting' each dimension's average value according to its level of inequality. The IHDI equals the HDI when there is no inequality across people but falls below the HDI as inequality rises. In this sense, the IHDI measures the level of human development when inequality is accounted for.

Data sources

Inequality in the distribution of HDI dimensions is estimated for:

- › Life expectancy: using the expected length of life value for South Sudan in the Global Human Development Report; and using the life tables as weights.
- › Mean years of schooling: using 2009 Baseline Household Survey data.
- › Consumption per capita: using 2009 Baseline Household Survey data.

Table A4: Computation of Conflict-adjusted and Percent Loss in Human Development Index

	GNI per capita (2011 PPP\$)	Life expectancy (years)	Expected years of schooling	Mean years of schooling	Consumption per person per month	Life expectancy (NBS)	Expected years of schooling	Mean years of schooling	Health index	Mean years of schooling index	Expected years of schooling index	Education index	Income index	Human Development Index	Would you say there is peace in your community at the present moment?	Conflict-adjusted Human Development Index	Percent loss in the development index due to conflict
South Sudan (GHDR)	2,332	55.67	7.60	5.40					0.549	0.360	0.422	0.391	0.476	0.467			
Central Equatoria	2,943	55.57	9.91	9.91	126.53	54.55	9.88	4.32	0.547	0.660	0.551	0.605	0.511	0.553	0.635	0.351	36.5
Upper Nile	3,353	57.06	10.89	6.51	144.16	56.01	10.85	2.84	0.570	0.434	0.605	0.520	0.531	0.540	0.388	0.209	61.2
Western Equatoria	2,408	55.50	10.59	7.15	103.51	54.48	10.55	3.12	0.546	0.477	0.588	0.533	0.481	0.519	0.574	0.298	42.6
Western Bahr el Ghazal	2,657	55.96	7.65	6.85	114.22	54.93	7.62	2.99	0.553	0.456	0.425	0.441	0.495	0.494	0.435	0.215	56.5
Jonglei	2,273	60.69	6.10	3.73	97.72	59.58	6.08	1.63	0.626	0.248	0.339	0.294	0.472	0.443	0.612	0.271	38.8
Eastern Equatoria	2,402	59.97	4.83	4.81	103.28	58.87	4.81	2.10	0.615	0.321	0.268	0.294	0.480	0.443	0.586	0.259	41.4
Lakes	2,554	55.07	6.55	3.93	109.81	54.06	6.53	1.71	0.540	0.262	0.364	0.313	0.489	0.436	0.278	0.121	72.2
Unity	1,665	54.82	7.73	4.28	71.57	53.82	7.71	1.87	0.536	0.286	0.430	0.358	0.425	0.433	0.139	0.060	86.1
Warrap	1,568	54.52	4.93	3.86	67.41	53.52	4.92	1.68	0.531	0.257	0.274	0.266	0.416	0.389	0.728	0.283	27.2
Northern Bahr el Ghazal	1,385	47.65	7.30	4.13	59.55	46.78	7.28	1.80	0.425	0.276	0.406	0.341	0.397	0.386	0.933	0.360	6.7
South Sudan	2,332	55.67	7.60	5.40	100.26	54.65	7.57	2.35	0.549	0.360	0.422	0.391	0.476	0.467	0.586	0.274	41.4



Steps to calculate the Inequality-adjusted Human Development Index

There are three steps to calculating the IHDI. The first step is to compute Atkinson inequality indices decomposed by state. The second step is to obtain inequality-adjusted dimension indices. This is done as follows:

$$I_x^* = (1 - A_x) \cdot I_x$$

Where I_x^* is inequality-adjusted dimensional indices (e.g. health, education and income); A_x is the inequality measure.

The third step is to combine the dimension indices to calculate the Inequality-adjusted Human Development Index. The IHDI is the geometric mean of the three dimension indices adjusted for inequality:

$$IHDI^* = (I_{health}^* \cdot I_{education}^* \cdot I_{income}^*)^{1/3}$$

The percent loss in the human development index due to inequality is:

$$100 \times \left(1 - \frac{IHDI}{HDI} \right)$$

The coefficient of human inequality is an unweighted arithmetic average of inequalities in health, education and income:

$$\text{Coefficient of human inequality} = \frac{(A_{health} + A_{education} + A_{income})}{3}$$

When all inequalities in dimensions are of a similar magnitude the coefficient of human inequality and the loss in HDI differ negligibly. When inequalities differ in magnitude, the loss in HDI tends to be higher than the coefficient of human inequality.

Table A5: Computation of Inequality-Adjusted Human Development Index

	Data						Results							
	Indicators			Atkinson's inequality measure for distribution of:			Inequality-adjusted dimensional indices			Loss due to inequality (%)				
	Life expectancy at birth (years)	Mean years of schooling for ages 25 and above	Expected years of schooling	GNI per capita (PPP US\$)	Expected length of life	Mean years of schooling (%)	Household disposable income (or consumption) per capita	Life expectancy index	Education index	GNI index	Inequality - adjusted human development index (HDI) value	Human development index (HDI) value	Coefficient of human inequality	
Upper Nile	57.1	6.5	10.9	3,353	41.8	36.0	22.0	0.332	0.333	0.375	0.346	0.540	35.9	33.3
Jonglei	60.7	3.7	6.1	2,273	44.5	23.8	28.5	0.348	0.224	0.337	0.297	0.443	32.9	32.3
Unity	54.8	4.3	7.7	1,665	40.2	27.9	32.3	0.320	0.258	0.287	0.288	0.433	33.7	33.5
Warrap	54.5	3.9	4.9	1,568	40.0	25.5	30.3	0.319	0.198	0.290	0.263	0.389	32.2	31.9
Northern Bahr el Ghazal	47.7	4.1	7.3	1,385	34.9	27.9	24.1	0.277	0.246	0.301	0.274	0.386	29.1	29.0
Western Bahr el Ghazal	56.0	6.8	7.6	2,657	41.0	37.7	28.6	0.326	0.275	0.354	0.316	0.494	36.0	35.8
Lakes	55.1	3.9	6.5	2,554	40.4	26.3	33.0	0.322	0.231	0.328	0.290	0.436	33.5	33.2
Western Equatoria	55.5	7.2	10.6	2,408	40.7	34.2	21.5	0.324	0.350	0.377	0.350	0.519	32.6	32.1
Central Equatoria	55.6	9.9	9.9	2,943	40.7	40.0	42.0	0.324	0.363	0.296	0.327	0.553	40.9	40.9
Eastern Equatoria	60.0	4.8	4.8	2,402	44.0	31.3	27.9	0.345	0.202	0.346	0.289	0.443	34.8	34.4
South Sudan	55.7	5.4	7.6	2,332	40.8	32.4	29.4	0.325	0.264	0.336	0.307	0.467	34.4	34.2

Technical note 4

Gender Development Index

The Gender Development Index (GDI) measures gender inequalities in achievement in three basic dimensions of human development: health, measured by female and male life expectancy at birth; education, measured by female and male expected years of schooling for children and female and male mean years of schooling for adults ages 25 and older; and command over economic resources, measured by female and male estimated earned income. Where there is gender-equality, the GDI is 1.

The method is exactly as described in technical note 1 on Human Development applied to men and women separately.

The Gender Development Index (GDI) is the ratio of female to male :

$$CHDI_{state} = HDI_{state} \times Peace_{state}$$

For example:

$$GDI_{Lakes} = \frac{0.304}{0.398} = 0.762$$

		Life expectancy index	Education index	GNI index	Human development index (HDI)	GDI
Upper Nile	Female	0.526	0.301	0.385	0.394	0.809
	Male	0.570	0.511	0.396	0.487	
Jonglei	Female	0.560	0.188	0.316	0.322	0.820
	Male	0.643	0.261	0.359	0.392	
Unity	Female	0.524	0.176	0.318	0.308	0.773
	Male	0.512	0.394	0.314	0.399	
Warrap	Female	0.492	0.132	0.309	0.272	0.779
	Male	0.521	0.264	0.308	0.349	
Northern Bahr el Ghazal	Female	0.451	0.174	0.285	0.282	0.803
	Male	0.368	0.387	0.303	0.351	
Western Bahr el Ghazal	Female	0.508	0.230	0.354	0.346	0.788
	Male	0.546	0.413	0.375	0.439	
Lakes	Female	0.488	0.168	0.340	0.304	0.762
	Male	0.542	0.315	0.370	0.398	
Western Equatoria	Female	0.480	0.308	0.352	0.374	0.800
	Male	0.564	0.505	0.357	0.467	
Central Equatoria	Female	0.516	0.323	0.374	0.396	0.833
	Male	0.537	0.526	0.381	0.476	
Eastern Equatoria	Female	0.574	0.161	0.352	0.319	0.828
	Male	0.610	0.257	0.364	0.385	
South Sudan	Female	0.513	0.216	0.339	0.335	0.805
	Male	0.541	0.372	0.358	0.416	

Annex 3

Ethnic Groups and Beliefs in South Sudan

South Sudan is ethnically and culturally diverse, with over 60 ethnic groups, each with its own social structure and customs. These are still important, especially in rural areas.

There are three major groups:

Nilotic, including the Dinka, Nuer, Shilluk (Collo), Murle, Kachiopo, Jie, Anyuak, Acholi, Maban, Kuma, Lou (Jur), Bango, Bai, Gollo, Endri, Forgee, Chod (Jur), Khara, Ngorgule, Forugi, Siri, Benga, Agar, Pakam, Gok, Ciec, Aliap, Hopi, Guere, Atuot, Appak, Lango, Pari, Otuho and Ajaa.

Nilo-Hamitic groups include the Bari, Mundari, Kakwa, Pojula, Nyangwara, Kuku, Latuko, Lokoya, Toposa, Buya, Lopit, Tennet and Diginga.

The South-Western Sudanic groups include the Kresh, Balanda, Banda, Ndogo, Zande, Madi, Olubo, Murus, Mundu, Baka, Avukaya, and Makaraka.

The Dinka and Nuer tribes make up about a third and just over 15 per cent of the population respectively. They are concentrated in the northern and central areas. Dinka and Nuer have tended to move between cultivation and cattle-herding activities. Cattle-raiding is a major activity and the principal means of increasing herd sizes. Cattle are also a way in which families pay bride price - marriage is a matter of negotiation and alliance between families. Some ethnic groups tolerate cross-ethnic marriage. The Shilluk are the third largest, about half the numbers of the Nuer. Unlike the two larger groups, the Shilluk were traditionally settled along the Nile and relied more on cultivation and fishing, establishing permanent settlements. They were traditionally ruled by a single king.

Traditionally, both the Dinka and Nuer remained decentralized, split into tribal sub-groups. Armed conflict between and within groups, usually over cattle, pasture and access to water, was and remains commonplace, exacerbated in recent years by the prevalence of small arms in the country. The civil war has made life in the north east of the country, particularly insecure, with the result that people are reluctant to give up their arms in the absence of an effective national security system.

The war has also caused serious economic disruption to the rural economy and has weakened traditional family support systems and social norms.

According to the Pew Forum (2011), about 60 per cent of the population were Christian in 2010, with 6 per cent professing Islam and 33 per cent adhering to traditional animist beliefs. Other sources, including the South Sudan Embassy in Washington DC, (Embassy of the Republic of Sudan, 2015) suggest a much lower penetration of Christianity (with about 85 per cent of the population following indigenous belief systems, involving totems, a hierarchy of gods and belief in ancestors). It would seem that a blend of Christian and indigenous belief systems is not uncommon.

Annex 4

AU Commission of Inquiry Recommendations

Recommendations of the African Union Commission of Inquiry on South Sudan (AUCISS)

The AUCISS was created in March 2014 to investigate and report on the human rights violations committed during the conflict in South Sudan and to recommend ways to bring about reconciliation and ensure accountability. Its recommendations are summarized below.

Institutions

Context: High levels of illiteracy impede state building. Institution and state-building will take time; attention to the agriculture sector should be the focus of development. Donors should coordinate activities to avoid duplication.

Executive and Legislative arms: The current (transitional) constitution should be fully effected while a new constitution is drafted; the powers of the President to remove elected governors, dismiss/suspend legislatures and summon or prorogue the National Assembly should be modified. The new framework for decentralization should mandate equitable sharing of resources and decision-making power. Separation of powers within a system of checks and balances should strengthen the capacity of national and state legislatures. Appointment and removal of the Vice-President should be reviewed. The powers of the legislative and executive branches of government should be separated.

Security Sector Reforms (SSR): A comprehensive review of SSR should include the armed forces, police and relevant aspects of the justice system that fall under rule of law. The armed forces should be reduced in numbers and professionalized, should be diverse and under centralized command. Recruitment quotas should be considered. Ways to depoliticize the army and separate it from the ruling SPLM should be sought and parliamentary oversight over the army should be strengthened. The DDR programme needs to be prioritized. Army and police training should include human rights. Until the police service reaches the required strength, quality and effectiveness, cooperation with the army to provide police functions should continue, with appropriate oversight mechanisms and information-sharing. There should be some degree of human rights vetting for police and SSR reforms should be gender-sensitive. SSR reforms require coordinated donor support. Police training should be overhauled.

Financial Management and Strategic Resources: Implement the legislation regulating the oil industry. Ensure that the mandated share of oil revenue is used within the relevant oil producing state (for the benefit of local communities) and consider increasing this proportion and earmarking a share for girls' education and empowerment of women. Implement the Future Generations Fund and develop a national strategy for sustainable resource development. Tackle youth unemployment.

National and State Legislatures: Strengthen separation of the legislative and executive arms and the capacity of the State Legislatures.

The justice system: Establish a state that can monopolize the use of force and a strong and independent judiciary; in recognition of legal pluralism, consider links between chiefs' courts and the formal system. Record (but do not attempt formally to codify) the customary law of various communities and provide training for chiefs and other adjudicators of customary law.

Political Parties: Consider establishing criteria to finance political parties to foster multiparty democracy. Cultivate a culture of accommodation of alternative views.

Civil society and the media: Respect freedom of expression and of the media as mandated in the Transitional Constitution. Government, the international community and donors should consider support for civil society organizations and Government should consider their deployment to help deliver services.

Human Rights

As part of a major overhaul of the national human rights infrastructure, the Government should ratify all major human rights instruments, including those which protect the rights of women and vulnerable groups. The South Sudan Human Rights Commission should be strengthened. Both parties to the conflict should vacate any schools under their occupation and restore security so that education can resume. The DDR programme should include activities aimed at providing young people with alternatives to violence; peace building and human rights should be reflected in school curricula.

Accountability

An Africa-led, Africa-owned, Africa-resourced legal mechanism under the aegis of the African Union supported by the international community, (particularly the United Nations) should bring those with the greatest responsibility at the highest level to account. Such a mechanism should include South Sudanese judges and lawyers. Learning from Rwandan experience with local courts, customary courts could play a role in reconciliation at community level; the notion of civil accountability and the moral authority and legitimacy of traditional systems of compensation should be deployed to foster healing and reconciliation. A national reparations fund and programme should be linked to traditional justice mechanisms to benefit victims of gross violations and eligibility should include victims of past violations (before 15 December, 2013). The programme can be linked to the work of a Truth Commission, which should include memorialization as part of the process of reparations. Violations against women and girls will require particular attention.

Healing and Reconciliation:

Delivery of humanitarian assistance should be facilitated by the return of IDPs to their homes as soon as possible. A “structured national process” should provide a forum to record “the multiple, often competing, narratives about South Sudan’s history and conflict”, and “a common narrative around which a new South Sudan can orient its future; to uncover and document the history of victimization and to recommend appropriate responses”. The process must involve and include women as key stakeholders. A Truth and Reconciliation Commission with a mandate to investigate human rights violations dating back to an agreed date should be established. It should work in relationship with “hybrid” mechanisms, such as Wunlit (Human Rights Watch, 2003), but the mechanisms should be comprehensive, not local.

Sequencing of Peace and Justice:

Although complementary, these two concepts often clash. Context is crucial in determining when, whether and how reconciliation process and justice can proceed simultaneously. Sequencing may be expedient in certain circumstances.

Source: African Union, 2014.

Annex 5

Qualitative Survey Questionnaire

INTRODUCTION

The Government of South Sudan and the United Nations Development Programme are in the process of preparing the country's first National Human Development Report. As part of this process, we are seeking your help in completing this survey.

Your assistance in answering the questions below would be very useful in understanding the perceptions and viewpoints of key stakeholders and opinion-makers about South Sudan's current and future challenges in light of the tremendous changes since independence and the various efforts in moving the country forward toward a continued time of peace and prosperity and improving the quality of life for all South Sudanese.

Your answers will remain strictly confidential and not shared with any outside source. The survey should take no more than 5 minutes to complete.

Thank you very much for your help in taking the time to complete this survey.

1. Age

- 20-29
- 30-39
- 40-49
- 50-59
- 60 +

2. Sex

- Male
- Female

3. Residence

- Juba
- Other urban area
- Rural

4. Level of education (highest level attained)

- Primary
- Secondary
- Vocational / technical
- University / poly-technical college
- Post-graduate (Master, Ph.D.)

5. Occupation

- National government
- State government
- Private business
- Government-owned enterprise
- University or research organization
- Trade or labor organization
- Non-governmental organization
- Civil society organization
- Religious organization
- Media
- Donor agency
- Other

6. Are you directly involved in formulating or implementing the government’s policies for economic and social development, either within the government or through a non-governmental organization or donor agency?

- Yes
- No

7. On a scale of 1- 6, how confident are you that lasting peace in all parts of the country will be attained in the next 5 years? (With 6 being highly likely and 1 being highly unlikely.)

- 6
- 5
- 4
- 3
- 2
- 1

8. On a scale of 1-6, how confident are you that lasting peace in all parts of the country will be attained in the next 10 years? (With 6 being highly likely and 1 being highly unlikely.)

- 6
- 5
- 4
- 3
- 2
- 1

9. Do you feel that South Sudan could learn from the peace and reconciliation programmes that were developed in other African countries, such as Rwanda, Liberia, South Africa, Mozambique, and Ethiopia? (With 6 being very useful to 1 being not useful.)

- 6
- 5
- 4
- 3
- 2
- 1

10. Assuming that peace takes hold, what do you feel are the major economic, social and environmental challenges facing the South Sudanese society -- in the coming years?

(Select no more than three.)

- Supporting the creation of better livelihoods for the large number of young people entering the labour market.
- Improving the quality of life for the poor and disadvantaged in terms of improved health care, access to education and social services, etc.
- Expanding the coverage and quality of basic infrastructure – water, electricity, roads telecommunications, etc.
- Providing easier access to financial services and credit for all income groups, especially the rural and urban poor.
- Providing more opportunities for women and girls to benefit from education services and find productive employment.
- Expanding local participation in economic and social matters at the community and state level.
- Protecting and rehabilitating South Sudan's endangered environment and natural resource base, including adaptation to climate.
- Other (please specify)

11. In what areas do you feel that government capacity needs improvement if it will be able to meet current and future development challenges that result in more opportunities and a higher quality of life for all South Sudanese? (Select no more than three.)

- Streamlined processes and procedures (less “red tape”)
- Knowledge and ability of civil servants to provide public services
- Better working conditions and a better incentive structure for civil servants based on job performance
- Putting in place an effective pension system
- Greater flexibility in adapting and modifying government programmes at the regional and zonal level to address local conditions and problems
- Simplified rules and regulations for the users of government services
- Greater reliance on the private sector and NGOs to deliver programmes and services that have historically been provided by government
- Other (please specify)

12. What do you fee are the top four policy priorities for the government to improve human development and make it sustainable (Select no more than four.)

- Ensuring community-level security
- Stabilizing the economic situation
- Reducing inequality of incomes and opportunities
- Building a greater sense of common nationhood
- Providing broad-based primary education
- Providing accessible and effective healthcare to all citizens
- Enabling access to justice and the rule of law
- Lowering barriers to private sector activities and foreign trade
- Constitutional reform
- Democratic elections
- Other (please specify)

13. On a scale of 1-6, how confident are you that overall human wellbeing in terms of available choices to improve the quality of life (such as access to education and health, job opportunities) will be available to all South Sudanese within 5 years?

(With being 6 highly confident to 1 being not at all confident.)

- 6
- 5
- 4
- 3
- 2
- 1

14. On a scale of 1-6, how confident are you that overall human wellbeing in terms of available choices to improve the quality of life (such as access to education and health, job opportunities) **will be available to all South Sudanese within 10 years?** (With 6 being highly confident to 1 being not at all confident.)

- 6
- 5
- 4
- 3
- 2
- 1

15. Broadly speaking, do you feel that today’s youth and future generations will have a better life and more opportunities than you have now? (With 6 being highly likely to have a better life to 1 being highly unlikely to have a better life.)

- 6
- 5
- 4
- 3
- 2
- 1

16. Do you have any final comments on South Sudan’s progress in achieving peace and addressing the challenges?

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