

Do fragile and conflict-affected countries prioritise core government functions?

Stocktaking public expenditures on public sector institutions to deliver on 2030 Agenda

6 | South Sudan's transitions from and back to conflict

June 2019

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Preface

This research explores the relationship between ‘core government functions’ (CGF) and transitions in fragile and conflict-affected situations (FCAS), using the context of five countries including Colombia, Myanmar, Pakistan, Sierra Leone and South Sudan as case studies. The report is part of a multi-country research project commissioned by UNDP that seeks to understand whether (and how) prioritising public spending on CGF can lead to more successful transitions towards peace in fragile and conflict-affected countries. It aims to do this by comparing the experience of different FCAS countries and assessing the extent to which these transitions have been facilitated (or not) by increased investment to rebuild CGF.

CGF are described as those functions that ‘are required to make and implement policy’ (UN-World Bank, 2017) and are defined as:

- **Executive coordination at the centre of government:** the ability of the core executive to effectively integrate central government policies across the public sector and act as the final arbiters between different elements of the government apparatus.
- **Public revenue and expenditure management:** the ability of the government to raise adequate levels of revenue and to spend it effectively, in order to meet the basic service delivery needs of the general population.
- **Government employment and public administration:** the ability of the government to establish basic capacity for defining and administering policies, regulations and programmes, in order to provide public services in a professional and transparent manner.
- **Local governance:** the extent to which the government has been able to establish political and institutional structures and processes at the subnational level, which are responsive to the specific needs of diverse local populations.
- **Security sector:** the ability of the government to restore order and provide basic security for the population, consistent with a political settlement that enables the economic and social functions of society and local communities to resume.
- **Aid management:** the ability of the government to establish developmental partnerships and effectively manage external resources by directing them towards strategic priorities in line with national development plans.

Rebuilding CGF which are responsive and legitimate are viewed as critical undertakings for countries transitioning out of conflict. However, evidence of the connection between public spending and institutional restoration and resilience is sparse. While there are a number of studies which link public spending with improvements in institutional capacity to deliver necessary services, such evidence is largely absent from contexts of conflict and fragility. This research aims to begin addressing this gap.

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The synthesis report was written by Yadaira Orsini and Jo Robinson from the Conflict, Security and Violence Team at Oxford Policy Management, with substantive inputs from Jairo Acuña-Alfaro, from UNDP.

Several authors contributed to the writing of the respective case studies as follows: Colombia by Yadaira Orsini and Dayna Conolly; Myanmar by Nick Travis and Thet Aung Lynn; Pakistan by Kiran Tariq; Sierra Leone by João Morgado and Jo Robinson and South Sudan by Florian Krätke and Manisha Marulasiddappa.

The authors would like to thank everyone who contributed to this research, including respondents from the five country governments, think tanks, donor agencies, NGOs and independent researchers, who took time to meet and share their knowledge and experience. Their insights have proved invaluable.

This research was produced in consultation with members of the UN Interagency Platform on Core Government Functions in Countries Impacted by Fragility and Conflict (IPCGF). The Interagency Platform is co-chaired by the United Nations Development Programme (UNDP) and the United Nations Department of Political and Peacebuilding Affairs (DPPA) and comprises of the UN Secretariat and UN agencies, funds, and programmes mandated to and involved in supporting the strengthening of CGFs in fragile and conflict-affected settings.

The research would not have been possible without contributions from the research team; Dayna Connolly, Alistair Grattidge, Florian Krätke, Thet Aung Lynn, Manisha Marulasiddappa, João Morgado, Kiran Tariq and Nick Travis, who variously supported the design of data collection tools, conducted field visits and undertook quantitative and qualitative data analysis. The authors are extremely grateful for all their hard work and critical insight. Particular thanks goes to Henlo Van Nieuwenhuyzen for his insightful and valuable comments on the draft of this report.

Any faults with the substance or analysis within the report rest solely with the authors.

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Executive Summary

Re-building Core Government Functions (CGFs) which are responsive and legitimate is a critical process in a country transitioning out of conflict. Although there is much evidence to support the need for effective government institutions to sustain transitions away from conflict, understanding what is required to successfully develop institutional capacity within core government apparatus in fragile and conflict affected situations (FCAS) is a largely neglected area. Indeed, evidence of the connection between public spending, institutional restoration/reform and resilience is sparse in FCAS. Addressing this gap in understanding is increasingly important in light of the continuing trend towards the concentration of poverty in FCAS.

With its ambition to leave no one behind, the 2030 Agenda poses great demands on governments core functions and institutions to provide integrated and multidimensional responses to development challenges. This is particularly relevant to countries affected by fragility and conflict, as the public administration becomes the chief provider of social protection and public goods while co-existing among formal and informal ineffective political power arrangements. These arrangements are products from protracted struggles between the various powers competing for control over resources.

The public administration of any country, developed, developing, or fragile, embodies a large and complex set of issues, procedures and structures related to the management of personnel, institutions and relationships. These issues are exacerbated in developing and fragile settings given their nascent institutions and the pressures deriving from the dependency of socioeconomically disadvantaged groups on the public sector.

The challenges associated with conditions of fragility and violent conflict are daunting and multidimensional. The strengthening of public institutions is at the heart of Sustainable Development Goal 16, as it aims to enable core functions of government as an essential strategy to promote just, peaceful and inclusive societies. It encompasses both technical and political aspects associated with the functioning of the government apparatus and the delivery of public services and goods.

By testing the hypothesis that - *Fragile and conflict-affected governments that prioritise restoring core government functionality in their national budgets are more successful in their transitions towards peace and development* – this study aims to assess whether countries that prioritised CGFs had better peacebuilding and state-building outcomes and to better understand whether, and how, prioritising spending on CGFs can lead to more successful transitions towards peace in FCAS. Quantitative and qualitative data has been collected across five case study countries: South Sudan, Myanmar, Colombia, Pakistan, and Sierra Leone.

In order to test this hypothesis, the research asked four key questions for each of case study countries. The questions and our findings are presented below.

1. What areas are prioritised in government expenditures in FCAS?

- Quantitative analysis of CGF spending over the full period of transition in each country demonstrates the primacy of the security sector in each case, and equally the lack of prioritisation given to the public administration sector.
- The type of transition influences the space for, nature and timing of specific reform, but restoration is never truly ‘starting from scratch’ and destruction through conflict will not necessarily erase the challenges which existed in previous institutions.
- What is common to all the case studies is the strength of the executive and the centralisation of political power, in opposition to devolution and effective local governance.
- Technocratic reforms such as in public revenue and expenditure management, and to a lesser extent public administration, tend to be more resilient even in complex political contexts, ongoing fragility and protracted crises.
- Successful reform is possible when there are reform-minded officials; ‘champions’ within ministries - even where the political leadership is not prioritising a particular reform agenda.
- Similarly, technocratic leadership has supported some of the most successful reform processes.

2. Do spending priorities change before, during and after a violent conflict? Does priority national budget spending shift in particular areas and timeframes during a transition?

- Timing and sequencing of reforms across the core government functions remains a challenging process to unpick.
- For countries facing protracted crisis, notable escalations of violence triggered a prioritisation of the security sector across the transition timeline.
- Commitments resulting from peace agreements or political settlements have considerably influenced spending patterns and government priorities.
- Security sector reform emerges as one of the most urgent priorities in many contexts, but is often highly politicised and requires government and donor alignment for meaningful and more transformative reform to take place.
- Expenditure is not the only indicator of prioritisation, or of improved functionality.

3. Are public expenditures and donor commitments on core government functions conducive and aligned to their restoration needs in fragile and conflict-affected settings?

- Donor commitments in protracted crises face challenges in the context of multiple transitions and cyclical phases of violence.
- Donor priorities have also shifted within particular functions over the course of transitions in protracted crises.
- In some cases, donor prioritisation of CGFs seems to wane after a certain period of time from the formal end to the conflict, or a key moment of transition (even where underlying fragility remains), and in situations of protracted crisis

- There does not appear to be a quantitative relationship between government and donor spending on core government functions over the transition periods we have investigated.
- The extent to which reforms can be donor-driven is closely linked to the financial influence of donors.
- Successful reforms have often come about when donor and domestic priorities align, and the best examples of success occur when there is sustained national ownership and leadership.

4. What implications does this have on the risk of relapse into conflict?

- Quantitative analysis shows little connection between government effectiveness and fragility.
- Lack of reforms or incomplete reforms are more connected to risks of conflict relapse than (increasing or decreasing) levels of expenditure.
- Similarly, and particularly in contexts of protracted crises, reform processes which are not inclusive or only provide benefits to a particular group (unless such efforts are intended as a protection measure) are un conducive to supporting peaceful transitions.

Conclusions

Our findings indicate that the research hypothesis does hold when three key conditions are true:

1. **When CGFs are prioritised by both governments and donors, and there is continued national ownership and leadership** for expenditure in particular areas to support meaningful reform.
2. **When CGFs are prioritised before the formal end of a conflict, and continue to be over a sustained period of time, even in protracted crises to deliver ‘complete’ reform**, rather than initial prioritisation and then a gradually declining interest by both governments and donors.
3. **When expenditure results in reforms which are genuine and equitable, benefitting society at large** rather than only a particular group or set of groups within it, or when expenditure on a function is being instrumentalised by the government for its own political agenda.

Since levels of expenditure and increased functionality are difficult to trace, the question of what success looks like remains open. For the purposes of this study, an indicator of success is a reduction in the risk of relapse into conflict. Success in CGF spending also encompasses other aspects such as service delivery, which points to a need to further unpack this idea and adapt it to what it looks like in each country.

Recommendations

In light of these findings, the research puts forward six key recommendations for the donor community:

1. Understand expenditure within the broader political economy to unpack the incentive structure behind potential government support (or not) for specific reforms, and drivers of particular prioritisation.

2. Engage consistently and continuously, even in the most challenging situations.
3. Tackle the challenging reforms early on, not only the short-term fixes.
4. (Re)Conceptualise transitions to develop a more nuanced understanding of the type of transition - or multiple transitions - a country is undergoing.
5. Raise the profile of the debate around CGFs, and promote the framework.
6. Understand what the picture of CGF expenditure and reform looks like in more FCAS contexts.

South Sudan's

*transitions from
and back to conflict*

List of abbreviations

AfDB	African Development Bank
ARCISS	Agreement on the Resolution of the Conflict in the Republic of South Sudan
BOSS	Bank of South Sudan
BSWGs	Budget Sector Working Groups
CANS	Civil Authority for New Sudan
CBTF	Capacity Building Trust Fund
CCSS	Coordinating Council for Southern Sudan
CGFs	Core Government Functions
CPA	Comprehensive Peace Agreement
CSC	Civil Service Commission
DDR	Disarmament, Demobilisation and Reintegration
EJC	Employees Justice Chamber
GONU	Government of National Unity
GOSS	Government of South Sudan
GPAA	Greater Pibor Administrative Area
GRSS	Government of the Republic of South Sudan
HRMIS	Human Resource Management Information System
IC	Interim Constitution
IFMIS	Integrated Financial Management Information System
IGAD	Inter-Governmental Authority on Development
IMAC	Inter-Ministerial Appraisal Committees
JAM	Joint Assessment Mission
JMEC	Joint Monitoring and Evaluation Commission
LGB	Local Government Board
MDAs	Ministries, Departments and Agencies
MOFA	Ministry of Federal Affairs
MOFEP	Ministry of Finance and Economic Planning
MOLPS	Ministry of Labour and Public Service
MOLPSHRD	Ministry of Labour, Public Service and Human Resource Development
MTDF	Multi Donor Trust Fund
NLA	National Legislative Assembly
OoP	Office of the President
PGC	Public Grievances Chamber
PFM	Public Financial Management
PROGRESS	Project for Good Governance in the Republic of South Sudan
QDF	Quarterly Donors Forums
RARCSS	Revitalised Agreement on the Resolution of Conflict in South Sudan
SPLA/M	Sudan People's Liberation Army/Movement
SSDF	South Sudan Defence Forces
SSEPF	South Sudan Economic Partners Forum
SSEPS	South Sudan Electronic Payroll System
SSNPS	South Sudan National Police Service
STAG	Sales Tax Adjustment Grant
STMC	State Transfer Monitoring Committee
TC	Transitional Constitution
UNMISS	United Nations Peacekeeping Mission in South Sudan

21 Introduction

21.1 Context

South Sudan has returned to a prolonged state of crisis in recent years, following a brief period of stability. After decades of civil war, a pathway to independent statehood emerged in the early 2000s, culminating in 2011 on a wave of national and international optimism. The young government subsequently faced a series of political and economic shocks, and armed conflict and ethnicised violence have resumed and escalated across the country since 2013. Whereas there are some recent signs for a lasting resolution of conflict, the transitional government and its partners will face immense challenges in recovering from a largely collapsed state and economy, as well as managing one of the worst humanitarian crises.

21.2 Objective and approach

This report is a part of a cross-country study aimed at comparing experiences of countries transitioning out of conflict and the level to which they are invested in rebuilding core government functions (CGF). The study seeks to test the following hypothesis, formulated by UNDP: *‘fragile and conflict-affected governments that prioritise restoring core government functionality in their national budgets, as well as their spending of humanitarian and development aid, are more successful in their transitions towards peace and development’*.

The study consists of five cases¹⁷⁰, which aim to better understand whether (and how) prioritising spending on core government functions can lead to more successful transitions towards peace in fragile and conflict-affected countries. Specific ‘transition milestones’ were identified around which to frame the analysis for each case study.

The South Sudan case offers a chance to explore a number of counterfactuals to typical narratives on the strengthening of government functions. South Sudan can be broadly characterised as a case of protracted conflict, with a brief period of transition towards peace and development starting in 2005, followed by a resurgence of civil war from 2012 onwards, interspersed by a series of ceasefires and peace agreements drawn up, signed and violated. In this regard, the distinguishing aspects of the direction and nature of South Sudan’s conflict and transitions offer a different perspective on the research hypothesis to other case studies, in that it provides insight into the conditions under which core government functions were strengthened in spite of (or as a result of) extreme duress, even as conflict intensified from 2013 onwards.

This case assesses the development of core government functions in South Sudan from 2005 to 2018. The signing of the Comprehensive Peace Agreement (CPA) in 2005 represents an important landmark, which has framed the development of core government functions for this case and from which a series of subsequent transitions can be traced, up until the signing of the Revitalised Agreement on the Resolution of Conflict in South Sudan (RARCSS) in 2018.

¹⁷⁰Five countries were chosen: Myanmar, Sierra Leone, South Sudan, Pakistan and Colombia

This case study is structured around three key transitions:

South Sudan gaining independence in July 2011, after many decades of civil war with Sudan and within Southern Sudan, and following the six-year transition period governed by the CPA that laid the foundations for the trajectory of most CGFs;

The resumption of civil war in South Sudan in December 2013, after unresolved issues from the pre- and post-CPA period lead to internal crises within the Sudan People's Liberation Army/Movement (SPLA/M), which take on an increasingly ethnicised dimension and become particularly severe in the wake of the 2012 shutdown of oil production and President Salva Kiir's firing of the Cabinet and Vice-President;

The signing and implementation of the Agreement on the Resolution of the Conflict in the Republic of South Sudan (ACRiSS) in August 2015, following several failed ceasefires and peace efforts as conflict intensified and spread across the country, and after resources were rapidly depleted due to the reduction in global oil prices.

These three milestones are relevant turning points for understanding the trends in the development of core government functions since 2005, and for providing input for the design and effectiveness of external assistance in contexts of protracted conflict¹⁷¹. This approach also ensures that the study can consider detailed budget data, allowing for analysis of expenditures on the various CGFs before and after each milestone.

21.3 Methodology and structure

The analysis presented in this research is based on interviews and discussions conducted (both in Juba and remotely) with a range of past and present officials of government agencies and international agencies, as well as technical advisers supporting various core government functions between 2005 and 2018. These are listed in Annex A, and are complemented by an extensive review of available literature on South Sudan, as well as an analysis of government expenditure and aid data.

Official development aid data has been available for South Sudan since 2011, whereas government revenue and spending figures are available as far back as 2008, with detailed data available for review to the team for the 2013-2018 period. The rapid devaluation and increases in inflation experienced by South Sudan, particularly after 2013, necessitate that government revenue and expenditure figures be presented in US dollars throughout this case study. In contrast to the availability of spending data, relatively limited structured analysis is available on the capabilities

¹⁷¹The authors also acknowledge that various other events within the same timeframe (oil shutdown, creation of 28 states, devaluation of the exchange rate, among others) were equally defining in terms of its implications on the political landscape. The implications of these events are discussed in the report.

of South Sudan's core government institutions. This is proxied by detailed interview evidence, obtained from stakeholders with first-hand knowledge of South Sudan's core institutions. As explained later in the paper (see Box 1), it is clear that reported spending totals can easily misrepresent how much is invested in delivering on individual agencies' mandates. As a consequence, the authors strongly caution against drawing conclusions from spending data as helpful indicators with regards to support for core government functions.

The following section (Section 2) presents an analysis of how the wider political economy evolved around the key milestones – notably how decision-making within government was affected by internal and external political and economic factors – as a framework to understanding the narrative around specific core government functions. Section 3 provides a qualitative and quantitative assessment of how each of the six CGFs evolved across the milestones, detailing what reforms were prioritised and why, as well as the role of development partners in this process, as well as an analysis of government budget and aid spend on each CGF. Section 4 summarises key factors and trends affecting the development of CGFs in a situation of protracted conflict.

22 Transitions from and back to conflict in South Sudan

This section provides an overview of the trends and factors that have affected three milestones in South Sudan's recent history, namely the transition first to independence, the resumption of civil war and the subsequent fragile peace agreement. In summarising these political economy factors, this section also describes the headline trends in government revenues and spending, as well as donor commitments and disbursements.

What is today South Sudan has long been inhabited by agro-pastoralists from a wide variety of socially interlinked ethnic groupings, who have been subject to many decades of deliberate physical and economic predation and pacification. Solidarity and competition between ethnic communities was recurrently exploited to grant access to land and natural resources since the 19th century. These communities have started armed resistance in protest to such practices, as well as the perceived underdevelopment of the Southern region in comparison to the North (what is today Sudan), since the early 20th century.

North-South tension intensified following a first civil war, which results in a measure of regional autonomy being granted to the South, when oil was discovered in the borderlands in the late 1970s.

Khartoum's oppression intensified in order to secure oil resources needed to finance economic recovery, with the Sudan People's Liberation Movement (SPLM) forming in response and a second civil war starting in 1983. Whereas the SPLM and its associated army initially had a more unified vision under the leadership of Dr John Garang, and rapidly gained ground in the 1990s, it consisted of rapidly changing alliances which also fought one another over territory, deploying similar tactics to the Khartoum government. Previously supportive linkages between communities notably (in the northern areas of South Sudan) began to suffer from grievances or were destroyed, and ethnic groupings assumed an increasingly militarised character.¹⁷²

Transition to independence (2005 – 2011)

Five decades of civil war between Khartoum and Juba officially ended in 2005 with the signing of the Comprehensive Peace Agreement, which set a course and built momentum for resolving a range of territorial and resource disputes, following an extensive negotiation process supported by the international community. A Government of National Unity (GONU) was formed in Khartoum, alongside the Government of South Sudan (GOSS) in Juba, to which the administration of all state functions in the south were devolved for the six-year interim period up to the outcome of the independence vote. The CPA determined that half of all revenues from oil production in the South (or Southern States) would go to GOSS, as well as of non-oil revenues collected in the South, which corresponds to an increased budget of approximately USD 100,000 to over USD 1 billion in revenue annually¹⁷³.

Simultaneously, GOSS was tasked with developing an integrated administration of the South territory: the SPLA/M had to reform itself and build a new, unified civil service from two

¹⁷²Rolandsen & Kindersley, 2017

¹⁷³Martell, 2018

existing ones: the Coordinating Council for Southern Sudan (CCSS), comprised of educated Northerners and Southerners administering the main urban centres through the Khartoum government structures, and the Civil Authority for New Sudan (CANS), made up of loyal and largely uneducated combatants administering rural areas controlled by SPLA¹⁷⁴. Both services had limited capacity to administer or organise basic services, with the former remaining purposefully resource-constrained by the GONU, while the SPLA prioritised military and separatist efforts over building a civilian administration.

To guide this process, **a Joint Assessment Mission (JAM) was launched in 2004 to develop a comprehensive vision for Sudan's reconstruction and South Sudan's course.** The JAM report outlined ambitious objectives for redressing imbalances between the North and the South, and set out how government and donor resources would complement one another (at a suggested 2:1 ratio) to deliver on these¹⁷⁵. Donor assistance to the South had already grown exponentially in the run up to the CPA, from around USD 30 million in 2000 to over USD 300 million in 2005, and further increased in the transition period. Donors intended to invest in a coordinated manner through a Multi-Donor Trust Fund (MDTF) managed by the World Bank, based on a number of strategic priorities identified through the JAM process.

Senior officials had two strong motivations in how they viewed the transformation of the SPLM/A from a fragmented army into a unified government. Dr John Garang's death shortly after the signing of the CPA put leaders in charge who strongly favoured separatism, and were under pressure to keep the SPLA/M from fracturing. In the first place, those involved in the civil war and independence struggle were to be repaid for years of 'lost salary', in order to secure participation of the various factions and militia in the SPLA in a bid to affirm the South's secession. To support this, the SPLM leadership did not want to retain structures and processes that were 'from Khartoum'. The CCSS was largely disbanded, and proposals for competitive, meritocratic recruitment into the civil service blocked and rejected, as a result of which spending on the wage bill increased exponentially. The presence of Nuer grew to match that of Dinka in GOSS structures and the army, previously largely staffed by the former.¹⁷⁶

Donors invested heavily in providing basic services during this period, assuming that improved services would increase GOSS' legitimacy in support of state- and peacebuilding efforts. Some tension grew between the international community and GOSS, as multilateral assistance could not be mobilised sufficiently quickly; GOSS officials instead contributed less to the Multi Donor Trust Fund (MDTF), sought other modalities and invested more in election and referendum preparations.

The SPLM's narrative and efforts focussed almost entirely on secession in the latter part of the transition period, with many of the political challenges spelled out in the CPA parked until after the referendum, which became a technical objective for both the government and international community to attain. An overwhelming vote for independence was the result of the SPLM's aggressive and both politically and financially expensive consolidation of power in the years prior¹⁷⁷.

¹⁷⁴Fritz, 2017

¹⁷⁵JAM, 2005

¹⁷⁶Chevillon-Guibert, 2013

¹⁷⁷Sefa-Nyarko, 2016

Transition back to conflict (2012-2014)

Net oil revenues had more than doubled during the transition period, to over USD 2.2 billion in 2010, and further increasing oil prices drove the rapid growth of the administration.

Government expenditure was largely on salaries, allowances and issuing contracts for services. South Sudanese interviewees have referred to the rapidly increasing number of government positions being viewed as a 'social welfare mechanism', and anecdotally indicated that the boom in the number of businesses at the time (rising from 2000-odd in 2007 to over 17000 in 2012) was partly driven by numerous government contracts issued which routinely violated sound procurement procedures. Such patronage-based behaviour (clientelism), as well as political repression, featured heavily in efforts to secure the secession referendum, and were - for many - interpreted as being 'formalised' with independence¹⁷⁸.

Efforts were however made to enable the southern government to undertake functions in basic service delivery, including through directly contracting NGOs to provide health services in selected states through the MDTF. The Government of the Republic of South Sudan (GRSS) also managed the education sector payroll. Far larger amounts of external assistance were however implemented in parallel to the government's own efforts (replacing or supplementing government functions), with few formal relationships or collaborative efforts between UN agencies and NGOs with government: as a result, the transfer of skills and capabilities for service delivery to government during this period was limited, and service delivery efforts often patchy and time-limited. Every fourth dollar of aid was spent on food aid at independence, at a level of USD 270 million¹⁷⁹.

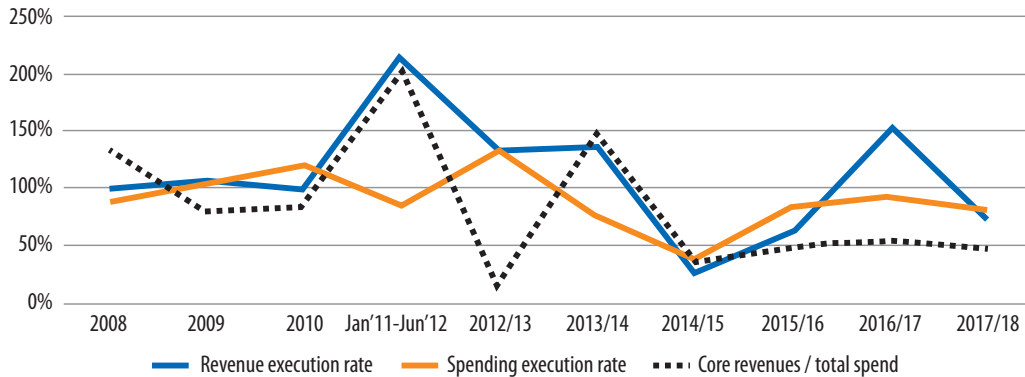
Grievances among ethnic communities left over from the pre-CPA period were not addressed and in some ways exacerbated during this period. While the JAM and CPA implementation processes addressing disparities between the North and Southern Sudan, integrating the SPLA and delivering elections and the referendum, over 260,000 ethnic Southerners returned from the North prior to independence, and also competed for state resources. More structurally, efforts to capture the state and 'dividends' from peace led to a situation in which state institutions were organised in line with a largely clientelist and unstable political settlement, in which some groups benefitted less than others.

Discontentment grew rapidly among the younger, under-employed rural population, partly in the face of decentralised institutions providing less benefit compared to the Juba-based government. Groups who felt they were benefitting less – including many Nuer communities – began reverting to violence to express political discontent: various pastoralist groups began arming themselves, and migrate more internally, as ethnic identities hardened. Efforts at demobilisation, demilitarisation and reintegration were insufficiently funded to counter these developments.

The oil shutdown from early 2012 up to May 2013 intensified these dynamics. Tensions around contested border areas between the North and Southern territories had been insufficiently addressed in the transition period, and clashes continued into 2011. Following disputes with the Government of Sudan on the terms of the oil transport and transit agreements, together with accusations that the Juba and Khartoum were funding the Sudanese Revolutionary Front and

¹⁷⁸Ibid

¹⁷⁹Pantuliano et al, 2010

Figure 1 Revenue and spending execution rates, core revenues as a share of total spend, 2008-18

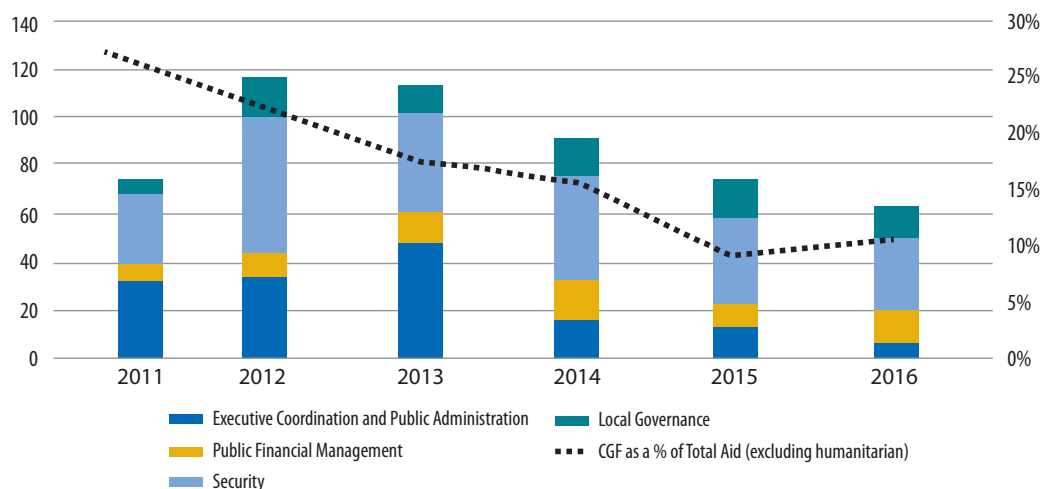
Source: Ministry of Finance and Planning (www.grss-mof.org), authors' own design

rebels in eastern Jonglei respectively, South Sudan shut down production in all of its oil fields in January 2012. The two countries engaged in a brief border war from March to September 2012 concentrated around the town of Heglig.

The shutdown marked the start of persistent worsening of South Sudan's economic situation. As the fragile clientelist system was supported by salary payments and basic operating costs (payments on contracts), government significantly reduced spending on public investment, drew on over USD 1 billion in reserves and engaged in considerable debt financing to sustain most of these existing spending commitments. Sudden decreases in foreign exchange in circulation, as well as government borrowing, led to rapidly increasing price levels after independence – with public sector salaries effectively losing 65% of their real value by end of 2012.¹⁸⁰ Discontentment in the SPLA/M's senior leadership grew over what was seen as economic mismanagement, leading to the President dismissing senior SPLM officials, and subsequently the entire cabinet, being dismissed. Violence erupted in Juba in late 2013 and rapidly spread to the northern states of South Sudan, where ethnicised reprisal and revenge steadily escalated as violence targeting Dinka and Nuer civilians was responded to by armed youths and militia groups.

Disillusionment grew in the donor community during this period, in the face of minimal progress on service delivery indicators since 2005 and no real return on investments to the governance and security sectors. Whereas donors had stepped up efforts to finance local government (which was maintained throughout the eruption of conflict) governance support programmes targeting the centre of government gradually decreased. Interventions – both in service delivery and in governance sectors – were designed in haste to respond to great and urgent

¹⁸⁰ Authors' own calculations based on historic budget figures and annual budgets available at GRSS Ministry of Finance and Planning website (<http://grss-mof.org/>)

Figure 2 Development aid disbursements on CGFs, millions USD, current prices

Source: OECD Stat, accessed November 2018, authors' own design

needs, and therefore had limited scope to integrate an understanding of internal conflict dynamics, rather increasingly delivered short-term interventions through parallel systems.¹⁸¹

Transition to fragile peace and beyond (2014 onwards)

The resumption of conflict changed the face and functioning of government, with those staff members found to have ‘abandoned their posts’ (largely those Nuer that fled Juba during the fighting) screened from the payroll, and other staff brought in. Less was spent on operating the civilian government, in favour of procuring arms and ammunition, while spending on salaries stayed at similar levels. Government revenues rapidly diminished, as oil production was halved after the resumption of conflict, and further as global oil prices fell rapidly in the second half of 2014.

With no reserves left, and net oil revenues halving for three consecutive years, GRSS managed to finance ever-increasing spending levels with sales of oil futures, commercial borrowing as well as oil sales that did not pass through government systems. Reducing levels of foreign exchange, steady government borrowing and diminishing trade levels all contributed to exchange rate depreciation and double-digit month-on-month inflation. Payment delays mounted, the value of civil service salaries collapsed and, in the face of rumours of government bankruptcy, government contractors as well as all government agencies effectively took a run on the Ministry of Finance and Economic Planning (MOFEP) and the Bank of South Sudan (BOSS) in 2015.

¹⁸¹FAFO, 2013 and Rolandsen & Kindersley, 2017

Relations between South Sudanese leaders and the international community steadily worsened during this period. Peace negotiations sponsored by Inter-Governmental Authority on Development (IGAD) and the Troika during 2014 proved largely fruitless, as leaders of the SPLA and opposition factions had limited control over their forces, and new factions in the conflict emerged in quick succession as the conflict wore on. As donors rapidly withdrew support to governance sectors – not wanting to be seen to support the ‘war economy’ – and turned to pressure former allies to resolve the conflict, the SPLM’s leadership felt slighted at how quickly former partners changed stance¹⁸². High levels of humanitarian aid continued to flow to South Sudan, though aid disbursements to core government functions halved over this period as several large support programmes to core institutions closed down and deteriorating security made it difficult for agencies and implementers to operate in South Sudan.

Negotiations on a peace treaty began in earnest in 2015, when government resources were unsustainable and the international community threatened sanctions. These factors, and fear of possible international intervention, led parties to eventually sign the IGAD-brokered ARCISS in August 2015. Salva Kiir signed under pressure, as Dinka leaders in South Sudan criticised the resolution: they felt the agreement was too prescriptive, sacrificed too much control to opposition groups, and there was little confidence that resources could be found to deliver on the agreement.

Ambitious changes were introduced by government in a short space of time to seek to pacify those threatening to rebel in response to ARCISS, as well as to appease the international community. On the one hand, the country’s sub-national units were re-divided to allow greater control for Dinka communities over oil-rich territories, also creating a large number of additional positions in local government, and salaries across the organised forces and civil service were doubled or tripled. Concurrently, efforts were taken in discussion with the IMF to improve South Sudan’s standing with the international community, including through floating the exchange rate and cancelling outstanding government contracts. Each of these efforts further ignited political tensions, further splintered the SPLA, and introduced confusion throughout government.

The ARCISS agreement was abandoned less than a year after its signing, when fighting resumed in Juba shortly after the process of integrating SPLA and opposition groups was starting. With sub-national government in disarray, central government critically under-resourced and the conflict spreading to new areas – including the southern regions of South Sudan – citizens, traders and international actors left South Sudan in 2016. Disputes around land and resources at local level multiplied, and alliances to the SPLA and opposition forces continued to change rapidly. The SPLA’s leadership launched a national dialogue process in 2017, though it was boycotted by opposition as specific political opponents to government were explicitly excluded from the process.

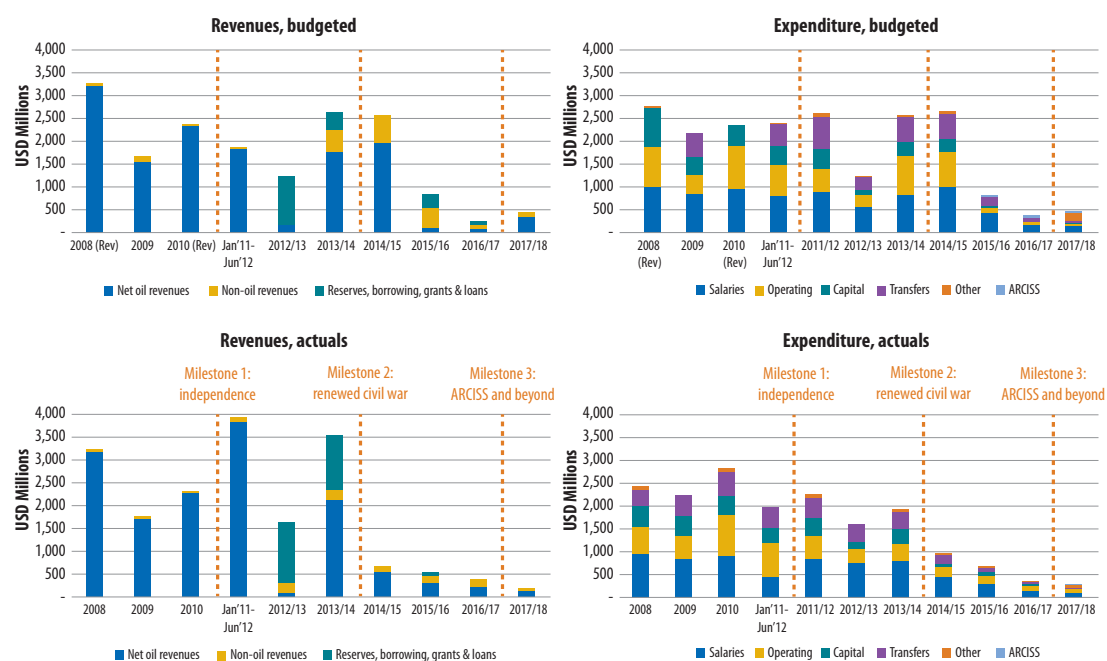
Despite the renewed agreement signed in 2018 not being remarkably different from the 2015 agreement, current signs of slow improvement offer some hope for a more lasting transition back to peace. Though few changes were introduced to the agreement’s sections covering arrangements for humanitarian aid, resource management, justice and accountability, SPLA and opposition groups’ leaderships seem more comfortable with the proposed composition of the transitional government, and the transitional security arrangements. SPLA has gained a stronger

¹⁸²Martell, 2018

military position in the past year, and a growing sense of fatigue of war has been noted among both the SPLA and opposition forces.

Inflation is falling and the exchange rate is stabilising, as traders and some international support efforts are resuming operations in South Sudan. That said, the implementation of specific provisions of the latest peace agreement – including the integration of the national army and security organs, the rehabilitation of the oil fields and national elections – are likely to be key determinants in ensuring how effective the agreement is.

Figure 3 Budgeted and actual government revenues and expenditures, 2008-18, USD millions, current prices



Source: Ministry of Finance and Planning (www.grss-mof.org), authors' own design.

The following sections describe the evolution of each of the six core government functions across the three transition milestones, drawing on interview findings, relevant literature as well as a review of the available data. Each section indicates major developments in contrast to observed spending patterns, and seeks to explain these.

23.1 Executive coordination

The Transitional Constitution (2011) mandates that the National Council of Ministers, composed of the President, the Vice President and Ministers, shall be the highest executive authority in the Republic (page 43, Transitional Constitution, 2011). It further states that “without prejudice to the powers conferred upon the President by this Constitution, decisions of the Council of Ministers shall prevail over all other executive decisions.” The right to appointment and removal rests with the Office of the President. The National Legislature is comprised of the National Legislative Assembly (NLA) and the Council of States. The NLA is mandated to (among other things) approve plans, programmes and policies of the National Government, approve budgets and can cast a vote of no-confidence against any Minister.

However, in practice, decision-making and coordination of government policy in South Sudan has largely remained an SPLM/A, Office of the President (OoP) function. For instance, the Police Service, Prisons and Wildlife Service Act, unlike the Civil Services Act, are under the Ministry of Interior and mandates the President to approve salaries for the police and prison service, upon recommendation by the Minister. One interviewee recounted (on the subject of decision-making) that ‘the Council is only a collection of Ministers but not actually the Government’ and added that ‘a decision is already made by the Speaker and the President in the morning before the Parliament convenes and it serves as a rubber-stamp institution’. The Ministry of Cabinet Affairs has, from the outset, played a ceremonial role mainly responsible for management of allowances and emoluments for cabinet members, with no accountability for functioning of Ministries.

Unlike other CGFs, it is challenging to make a distinction in how executive coordination has evolved across different ‘transition phases’ since South Sudan has not seen a change in leadership since 2005. In other words, underlying incentives that have driven policy making have remained the same (explained in chapter 2) although this has manifested itself in different ways depending on access to resources and the costs of reaching a compromise with development partners vis-à-vis appeasing internal (and regional) networks of support.

Between 2005-12, donor support was provided to some core institutions through the MDTF, Capacity Building Trust Fund (CBTF) and CORE I. Through the MDTF, an electronic archiving system was established in the Cabinet Office and 17 out of 19 GOSS ministry buildings, the NLA and State Governors’ offices were renovated and provided with basic supplies. The CBTF provided support to accountability institutions for basic capacity building in administration within the NLA and Ministry of Information. CORE I provided embedded TA support to the Ministry of

Cabinet Affairs and OoP along with support to central finance agencies. Donor-funded efforts to support centre of government have remained largely ineffective¹⁸³ in affecting the process of prioritisation by centre of the Government priorities.

Despite the top-down approach to decision making, the Cabinet and Parliament have approved and supported reforms across different sectors since independence. This reform effort has been made possible by a combination of committed technocrats pursuing it and finding a champion in a reform-minded Minister or Presidential Advisor. In some cases, the Parliament has voted in majority as it was left with little choice; For instance, in the case of re-alignment of exchange rate in 2015, lifting of fuel subsidies in 2018 and passing of the National Revenue Authority Bill in 2016 after signing of the ARCSS (after lack of movement for a long time). Few others such as ratification of South Sudan's accession to the East African Community have received support across the board.

At the other end of the spectrum, decisions made out of the Office of the President on the creation of 28 states and restructuring of the Cabinet in 2013 have directly contradicted the ARCSS and the Transitional Constitution (TC). In the case of 28 states, less than two-thirds of parliament members voted to approve constitutional amendments although a 'victory' was claimed on the basis that the numbers added up when the NLA and Council of States votes were tallied. However, the TC requires that the two houses sit separately when voting on constitutional amendments.¹⁸⁴ On the latter, amidst increasing disagreements and friction among SPLM leaders, Riek Machar, Rebecca Garang (among others) surfaced as stiff opposition to the President in the 2015 presidential race. Kiir responded by dismissing his entire cabinet in July 2013 including Riek Machar as Vice President, and increased security powers setting the stage for increased violence in December¹⁸⁵.

The Council of Ministers have continued to meet in the aftermath of fighting in 2013, although over 40% of members depart after the conflict, and through renewed violence from 2016 onwards. Salva Kiir, however, has continued to maintain his position as de-facto Minister of Finance, Foreign Affairs, Defence. One of the reasons why the executive leadership and the Government did not completely collapse in the aftermath of violence and even when the fiscal situation deteriorated beyond all control was the continued access (of the leadership) to resources, outside formal channels¹⁸⁶. Commercial loan agreements have been usually made out of the OoP with little involvement from MOFEP. Ronaldsen and Kinsley note that even when austerity measures were introduced by the Ministry of Finance during the oil shutdown in 2012-13, 'no cuts were made to the systems and military budgets that shored up Kiir's government.'¹⁸⁷

Since 2016, the focus of the executive has remained on balancing power dynamics and negotiating the peace agreement. There has been limited capacity for cabinet functions to develop since 2015 given rapid changes in positions due to first the formation and later slow dissolution of the Transitional Government of National Unity followed by its reformation, in the span of three years. Development partners have pulled back all support to strengthen the executive after 2014. USAID

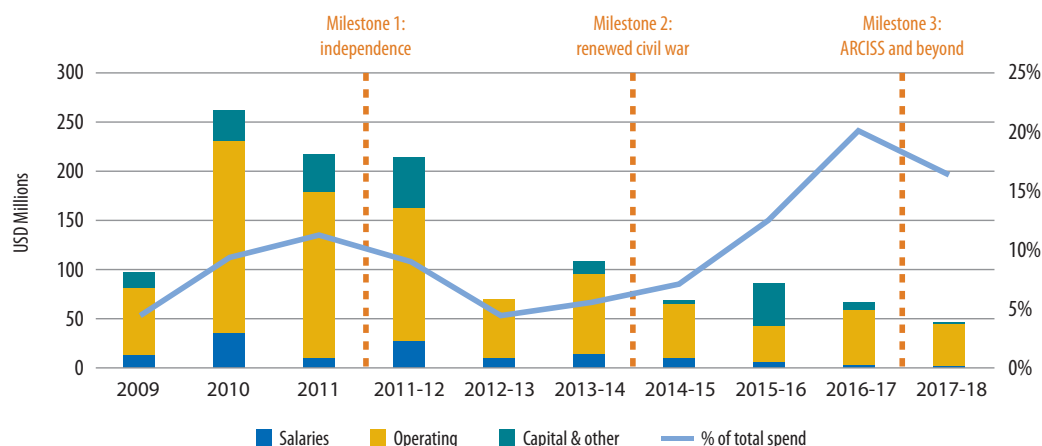
¹⁸³Fritz, 2017

¹⁸⁴<https://radiotamazuj.org/en/news/article/less-than-2-3-of-s-sudan-parliament-members-vote-to-approve-28-states-proposal>

¹⁸⁵Ronaldsen and Kinderley, 2017

¹⁸⁶Based on interviews

¹⁸⁷Ibid

Figure 4 Total spend on CGF 1 and as % of budget, 2009-18, millions USD, current prices

Source: Ministry of Finance and Planning (www.grss-mof.org), authors' own design.

Spend on CGF 1 comprises all expenditure on the Office of the President and Ministry of Cabinet Affairs as well as the Office of the (First) Vice President and Ministry of Presidential Affairs in relevant years. Budget execution rate computes absolute spend on the CGF as a percentage of the sum of the relevant agencies' budgets.

funded Project for Good Governance in the Republic of South Sudan (PROGRESS) which was aimed at strengthening executive policy and decision making processes was meant to run from 2013- 2018 but was suspended in 2014 after one year of operations, except for some support for specific committees of the NLA.

From Figure 4, it can be observed that spending on executive coordination was at its highest just before and after independence, ranging between USD 200-250 million. The majority of this spending was comprised of operating expenses of the Ministry of Cabinet Affairs, Office of the President, Office of the Vice President and the Ministry of Presidential Affairs. In the lack of further disaggregated data, it is not possible to ascertain the nature of this spending. This increased spending, therefore, cannot be correlated to an investment in strengthening of executive coordination as a core government function. Since 2012/13, spending has dropped to less than USD 100m. This decline can be attributed to the overall decrease in levels of spending than changing priorities of the executive leadership.

23.2 Public financial management

Development of the public finance functions in Southern Sudan prior to independence began from a very low base. Whereas some trained, experienced accounting staff transferred from the CCSS to the GOSS, public financial management (PFM) was largely considered a Sudanese practice, and over 100 young, largely untrained and mostly Dinka employees were appointed to the new MOFEP in 2006. The SPLM's Secretariat for Finance and Economic Planning meanwhile only had experience developing and managing budgets a fraction of the size of the resources now flowing into the GOSS. Revenue collections was still largely administered by Khartoum

government structures, and no aid resources were being managed by any Southern institution. As indicated in the JAM report, basic infrastructure for managing finances were not in place (ranging from communications, roads, banking services and expertise in financial management).

With limited legislation in place, initial PFM reform efforts reflected prevailing attitudes to government. Early budgets up to 2011 were largely incremental, lump-sum budgeting exercises, with limited accountability over expenditure. Budgets were supplemented after the fact to match reported spending figures. This is reflected in spending figures on this CGF: the majority of spend on public finance agencies in the transition phase was on government contracts: as MOFEP was liable to pay against contracts issued by any one of the spending agencies, its budget was consistently exceeded by an average of 100% each year.

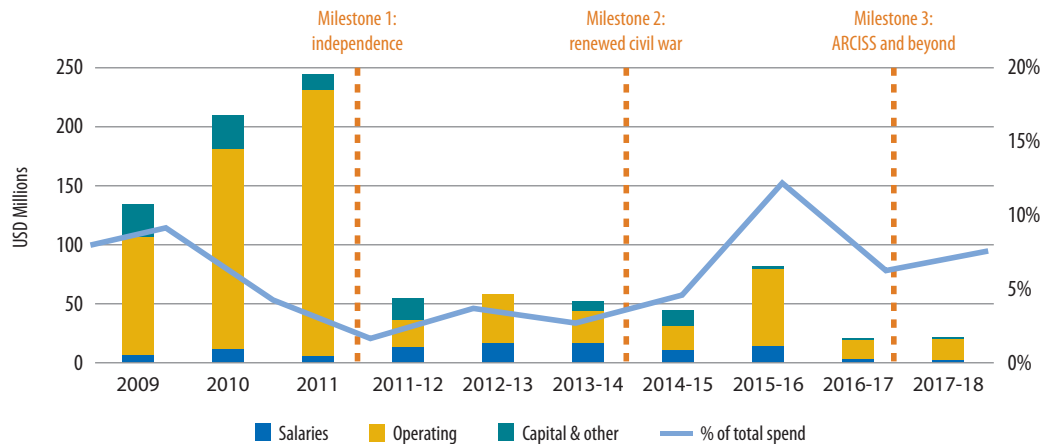
Significant effort was made prior to independence to leapfrog some of the capacity and system constraints in PFM, to start strengthening functions based on recommendations of the JAM process. Core fiduciary functions – audit, accounting and procurement – were contracted out to international firms until such time that capacity for these in government was sufficiently developed. The accounting function was directly contracted out through MOFEP, in order to retain confidentiality and autonomy of Government accounts, whereas other functions were contracted through co-financed MDTF projects. Such efforts, in key formative years of the new state, were in large part misaligned and ineffective¹⁸⁸, partly due to limited government capacity to formulate and manage support requirements, and as such did not lead to improved control of GOSS expenditures, as reflected in levels of overspending against the budget.¹⁸⁹

The MDTF intended to recruit an agent to support government's day-to-day procurement needs. The Bank's slow procurement procedures however meant the agent started over a year late, in 2007 – leaving government and the MDTF with little procurement capacity at a critical time, and allowed decentralised procurement procedures to take hold. The agent was also understaffed to manage the number and complexity of contracts for a government with close to USD 1bn in annual revenues, and faced significant resistance to reform within government: as a result, this support was not able to establish centralised control over government procurement. Interviewees noted that all support efforts lacked a sufficiently prominent and well-resourced capacity development component, which left the over 200 new staff members hired in 2008-10 with very limited capacity.

Other support efforts were more effective, and lessons were learnt to improve public financial management functions despite continuing challenges. Appointments of project accounting and external audit agents had more time to mature and were more suitably scaled. MOFEP tightened its oversight of the accounting agent in 2007, and assumed operations of treasury functions itself in 2008. A FreeBalance-based financial management information system

¹⁸⁸Government contracted KPMG in 2006 to record transactions, reconcile cash books and bank statements, and to draft monthly financial statements as well as annual accounts. Whereas this support was intended to help improve oversight and management of public finances, the contract greatly benefited the sole-sourced agent and did not prioritise developing these functions to be handed over to government – this constrained rather than enabled greater government

¹⁸⁹OECD, 2009

Figure 5 Total spend on CGF 2 and as % of budget, 2009-18, millions USD, current prices

Source: Ministry of Finance and Planning (www.grss-mof.org), authors' own design.

Spend on CGF 2 comprises all expenditure on the Ministry of Finance and (Economic) Planning, the Audit Chamber and the South Sudan Revenue Authority, excluding payments made on transfers of oil revenues to Sudan as well as transfers made to sub-national government. Budget execution rate computes absolute spend on the CGF as a percentage of the sum of the relevant agencies' budgets.

(IFMIS) was procured and deployed in 2007-8 – while limited to basic accountability tools, it was rolled out from the central finance ministry to a few agencies and all states in a short space of time. Senior officials in MOFEP meanwhile worked with the World Bank to design follow-up support arrangements, in order to ensure that follow-up MDTF-funded programmes were more effective: they felt the government had wasted the approximately USD 4m spent on the accounting agent.¹⁹⁰

Steady improvements were seen in public finance functions following these early missteps. A range of longer-term, more coordinated support programmes were launched or restructured in the latter stages of the transition process, carrying on into the first years of government, which were specifically designed to have more explicit embedded advisory and capacity development components in their terms of reference (see Table 1 below). Overall donor spending on support to PFM increased from less than USD 5m annually prior to independence to around USD 15m spent in 2014.

All government spending was moved onto the IFMIS, making more detailed and regular expenditure reporting possible. The level of detail contained in budget documentation increased substantially from 2009 to 2014, reflecting budget preparation improvements, and agencies received more regularised and detailed reports on budget execution. Central government was able to more clearly track public resources going down to and being spent outside of Juba. On the revenue side, the 2009 Taxation Act laid the foundations for MOFEP to assume the mandate for tax collections in the South, and basic tax administration functions – such as registering taxpayers and starting to receive regular returns – were introduced.

¹⁹⁰Ibid

Table 1 Overview of donor support programmes to PFM in South Sudan

Funder, project title	Timeframe and areas of support	Financial volume
World Bank: LICUS TF	2009-11: capacity building and institutional development for fiduciary and aid management systems (north and south)	USD 4.5 million
World Bank: Core Fiduciary Systems	2006-13: providing fiduciary assurance for use of MDTF funds, including support to the Audit Chamber	USD 11.15 million
Multiple bilaterals: Capacity Building Trust Fund, phases I and II	2005-14: support gov't to manage human, organizational and financial resources	USD 13.63 million
USAID: Core institutional structures (CORE), phases I and II	2005-15: improve PFM policies, legislation and procedures, strengthen policies and capacities of the Bank of South Sudan, build government capacity to manage oil resources	USD 93 and ca 90 million
IMF technical assistance	2012-16: support to macro-fiscal and monetary management and coordination at the Bank of South Sudan, MOFEP	ca USD 5.6 million
United National Development Programme	2012-2018: assistance to PFM, notably revenue mobilization, at state levels, and at the central level for planning and budgeting	ca USD 18 million
EU TA to sub-national payroll and PFM (EU-TAPP)	2014-16: building capacity on PFM at state and local level	ca USD 10 million
DFID, Budget Strengthening Initiative	2010-18: strengthening capacities and systems for budget planning and preparation, fiscal transfers	ca USD 6.5 million
Norway (Norad & Norwegian MOFA)	2011-17: supporting petroleum revenue management, macroeconomic analysis and strategic fiscal policy making	ca USD 5 million
African Development Bank	2015-2021: supporting management of natural and non-oil resources, budgeting and debt management capacities	ca USD 15 million

Based on Fritz (2017), amended by authors

Long-term public finance officials nevertheless reflect critically on the pre-independence period, noting key challenges and weaknesses not addressed during this time that grew into structural problems following independence:

- The lack of public finance and audit legislation meant procedures changed frequently, and offered limited spending and procurement controls. As MOFEP senior officials did not have access to the up-to-date cash position and cashflow forecasts, the Ministry could not challenge spending commitments on contracts made by line agencies, which started an accumulation of spending arrears that would be carried into South Sudan's independence.
- The development of audit capabilities was not prioritised by government. Whereas technical assistance was provided to the Audit Chamber as well as line agencies' internal audit departments from 2008 onwards through the MDTF, audits had few practical consequences across government, and no audited government financial statements have been reviewed and published since 2008.
- Key sources of government revenue were administered by the GONU rather than GOSS – including oil, sales tax and customs revenues – leaving government with underdeveloped capacity to administer revenues and foreign exchange reserves up to independence.

The 2012 oil shutdown therefore was a significant challenge for MOFEP, though some improvements in the public finance functions emerged from it. Faced with a sudden drop in government resources, the Ministry prioritised the development of non-oil revenue collection and administration. The Taxation Act was rapidly expanded to cover the governments new mandates, customs functions were integrated into MOFEP and new staff were recruited and deployed to administer the sales tax and customs revenues. Similarly, the new Public Financial Management and Accountability Act was approved in 2012, with accountability and reserves management provisions prioritised.¹⁹¹ Technical assistance programmes supporting MOFEP at this time peaked, with around 40 advisers to the Ministry. Continuous support helped maintain gains in budget planning, preparation and reporting made up to independence, as well as managing austerity measures in 2012.

Following the transition back into conflict in late 2013, public finance functions were tested to their limits, and suffered as a consequence. The combination of diminishing revenues in the face of increasingly high spending commitments (war-time procurements in addition to the USD values of existing contracts and the large government wage bill), alongside lower levels of support as the security situation worsened, meant recent or ongoing reforms were halted or reversed. Notably, gradual improvements in spending control were undone, and efforts to introduce a structured budget process and performance monitoring against spent were abandoned.

A few factors precipitated the retreat in public finance capabilities. Firstly, the integrity of the IFMIS as well as the taxpayer registry suffered following the reduction and withdrawal of technical support, as Ministry staff was not qualified to programme or trouble-shoot systems for expenditure and revenue recording and management, budget preparation or for managing taxpayer information. Consequently, lag times for producing accurate, credible, reconciled data and reports increased substantially, and oversight of overspending and revenue leakages lessened (see Box 1). In addition, staff in key departments were rotated and new staff recruited just as external support was reducing in 2014/15.

External advisers have noted that specific types of support provided by development partners during this period contributed to weakening functions. Notably, African Development Bank (AfDB) funded efforts to increase budgeting and accounting capacity in 2015 were largely misaligned: staff were offered fully-funded masters courses or short-term training courses abroad in subjects not directly relevant to their work, resulting in the loss of talented officials in key departments, permanently or during critical surges in workload.

Extensive effort was however made to retain and strengthen core public finance functions. Dedicated technocrats in the Ministry of Finance, committed to improving their circumstances and those of their countrymen, and unable to officially leave their jobs for fear of reprisal, worked alongside external advisers to realign support efforts to adapting and consolidating core functions. As a result, national and state-level budgets are still being produced through a budget process involving all government spending agencies, and review by Cabinet as well as the National Legislative Assembly. The majority of government payments are still recorded on the IFMIS, and bank reconciliations are still being conducted.

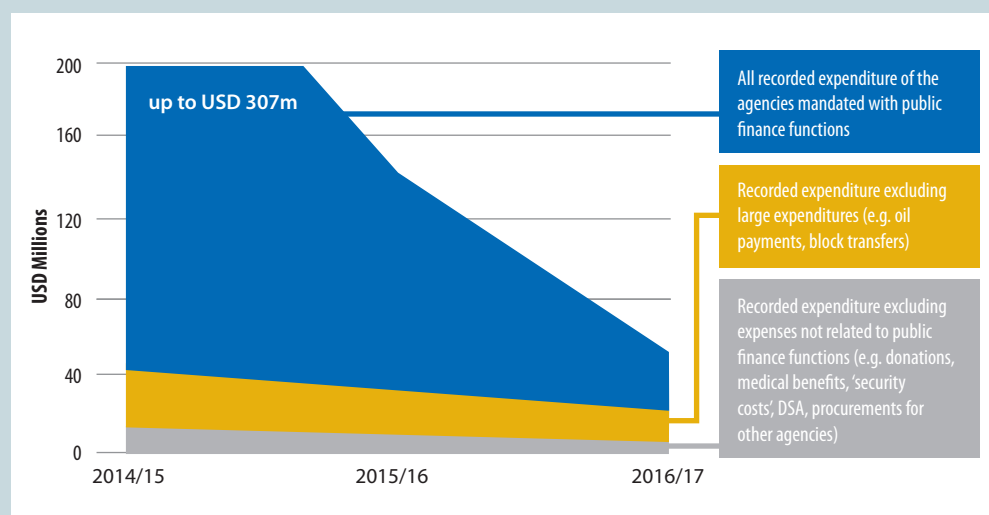
¹⁹¹World Bank, 2012a and 2012b

Box 1: Interpreting expenditure data & approximating 'true spending' on core government functions

Expenditure data for South Sudan suggests that significant and increasing amounts of public resources are spent on individual core government functions, in the face of still weak capabilities across the period analysed in this study. Sufficiently detailed spending data was made available for this research from 2014/15 onwards, to help form a clearer picture as to what degree the spending totals represent a real investment of government resources in strengthening and maintaining core functions.

From reviewing the data, it is clear that reported spending totals can easily mischaracterise how much is invested in delivering on individual agencies' mandates. For South Sudan, the breakdown in spending controls during this period noted by interviewees is clearly reflected in the expenditure data of four key agencies (the Office of the President, the Ministry of Finance, the Ministry of Defence and the National Security Services). As a consequence, **the authors strongly caution against drawing conclusions from spending data as helpful indicators with regards to support to core government functions.**

Taking MOFP as an example, spending totals include large spending items – such as oil payments and transfers to states and counties – which are budget lines managed by the Ministry but not spent on the Ministry itself. Moreover, a wide range and increasing number of smaller expenditures were made from 2014/15 onwards which are clearly not part of the Ministry's public finance mandate, including on medical benefits for MOFEP and other government staff, donations, allowances and voluntary contributions, as well as spend on other agencies' operations and large lump-sum amounts spent on 'security', 'peace', 'food rations' or 'relocating IDPs'. Such expenditures comprise anywhere between



50 and 65% of total spend on operating costs in this period. Stripping these expenditures out indicates that less than 20% of total spending reported against the Ministry is indeed spending that directly contributes to fulfilling its mandates (staff salaries, training, supplies and utilities etc), as shown in the figure above.

The data sheds further light on the support to core functions if understood in light of narratives from interviews and readings. Expenditure figures in SSP show a steady increase in spending on the public finance function over this period, continuing from before. Yet a closer look at the data indicates that the number of individual expenditures – both in absolute terms and per vendor – increased dramatically in 2015-16, whereas the value of these expenditures decreased, and reversals increased. Numbers of expenditures decreased again in 2016-17.

Interviews described a rapid weakening of spending controls during this period: in light of public knowledge of the rapidly diminishing government revenues, mostly allocated to resource the renewed civil war, and rapidly rising price levels, government agencies, officials and contractors effectively ran on state resources following the appointment of a new Minister of Finance in 2015, explicitly brought in to help fund the war effort. Expressed in US dollars, the value of spending at current prices shows a rapid decline overall, though spending on the 'true' public finance functions comparatively fluctuated a lot less over this period (between USD 10 and 23 million).

Forms of support to these areas were more effectively tailored to the situation as the crisis worsened from 2014 onwards. Through combinations of remote and in-country advisory support through to early 2018, tools for reporting, budget preparation and some parts of expenditure management were simplified and automated to overcome some of the challenges noted above, and to allow these functions to be handed over to Ministry staff. Such changes also enabled MOFEP to become more responsive to the need to engage the IMF more regularly at a technical level.

There is scope for significant advances in public finance capacity in South Sudan in the short term. Following a period of severe deterioration, most public finance functions have a stronger foundation to build on as the country transitions out of conflict, and the transitional government has agreed to bold policy reforms to stabilise the nation's macro-fiscal position – during 2016/17 central bank borrowing was stopped, all outstanding contracts were cancelled and fuel subsidies were ended in order to regain control on revenue outflows and on spending. Ministry officials are also intending to act on IMF recommendations for further improving PFM, including by introducing a cash allocation planning mechanism, and some development assistance is resuming following commitments made in line with ARCISS. Notably, the African Development Bank and UNDP have currently resumed support to the non-oil revenue sectors at national and state level respectively, following the enactment of the revenue authority.

23.3 Government employment and public administration

The Interim Constitution (IC) of 2005 mandates the Ministry of Labour, Public Service and Human Resource Development (MOLPSHRD) with key regulation, oversight and management functions for South Sudan's civil service including recruitment and promotion within professional grades, establishment control and training for civil servants.

The IC also mandates that a similar set-up be maintained in states and counties. Although, in practice, the functions of finance and public service are managed by the same institution in many states. Other central level MDAs responsible for oversight and advisory functions include the Civil Service Commission (CSC), the Employees Justice Chamber (EJC) and the Public Grievances Chamber (PGC). However, impartial regulatory bodies of this nature have had limited power in South Sudan.

Although the SPLM's strategic framework notes the need to build a robust and competent public service and every attempt was made to build one by the Ministry of Labour and Public Service (MOLPS), the idea of expansion of the organised forces and the civilian payrolls by absorbing SPLA forces was also anchored in the framework from the very beginning¹⁹². A key consequence of this policy, between 2005 and 2011 was the aggressive staffing of the GOSS structures: spend on salaries increased from USD 35 million in 2005 to close to USD 900 million by end of 2010. This expansion was exacerbated by the lack of a pension system for retiring civil servants. The creation of a pension system was discussed during the early JAM workshops but the Government decided against it. It would have been politically sensitive and given lack of revenue constraints, it was more convenient to put the matter on hold before independence. The magnitude of expansion of the public sector is highlighted in Figure 6.

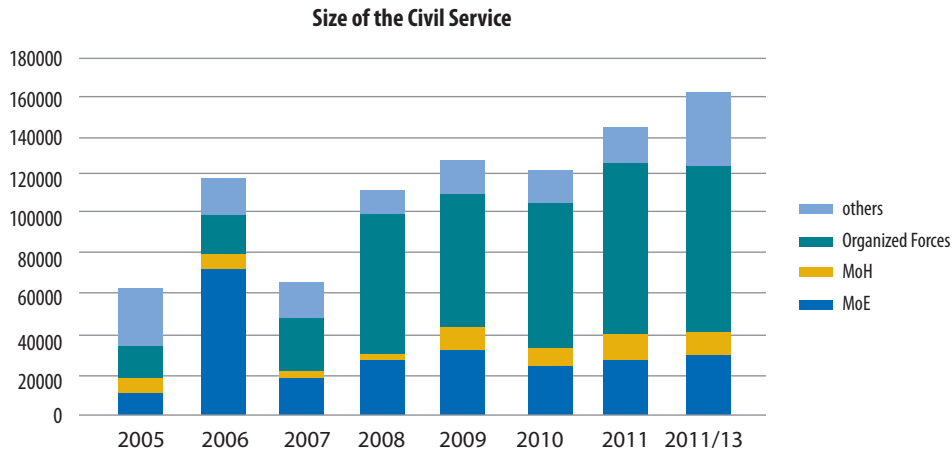
One of the implications of the sudden growth of the total workforce was the increasing numbers of staff on the payroll who did not have necessary education qualifications. Staff from the CANS were absorbed onto the payroll without assigning grades. Merit did not play a role in the merger between the CCSS and CANS. The organised forces and education sector absorbed more staff from the CANS, whereas most of the staff joining the Ministry of Finance and Economic Planning mostly came from the CCSS¹⁹³. For instance, during a pilot exercise to clean the education payroll, it was found that a lot of support staff at the sub-national level were graded higher than teachers in primary and secondary schools, and this still remains the case. Senior ranks of the GOSS rejected most civil service training that required any qualification criteria and instead opted for paid short-term training courses.

Despite lack of broader political support, MOLPSHRD, under the leadership of Minister Awut Deng Acuil spearheaded efforts to streamline recruitment and expenditure on salaries between 2009 and 2013. Key efforts included¹⁹⁴:

¹⁹²(Fritz & Issa, 2015) SPLM's strategic framework notes that "the task of Team 5 (referring to the transition team) will focus on encampment and *screening of SPLA forces as to those who will remain in the SPLA* standing armed forces, those who will go into Joint Integrated Units, those who will go into the Police, Prisons, Firefighters and Wildlife services and those who will undergo *disarmament, demobilisation and reintegration (DDR) into civil service*".

¹⁹³As noted by Fritz (2015) citing a survey of public service that was undertaken in 2005 through a Coordination and Verification Committee

¹⁹⁴(Fritz & Issa, 2015)-reforms included based on interviews and citation

Figure 6 Size of the civil service inclusive of organised forces, 2005-2013

Source: Fritz et al (2015), page 46).

- With the support from DFID in 2008, the capacity building unit in the Ministry pursued the development of a national curriculum training across the civil service although efforts to develop a comprehensive approach to training remained largely unsuccessful. This can be partially attributed to uncoordinated efforts between donors, MOLPSHRD and other line ministries.
- The President declared 2009 as the ‘Year of decentralisation’ and the ‘Year of public service reforms’ although key reforms in the year were limited to developing and adopting relevant legislation- the Local Government Act in 2009 and the Civil Service Act in 2011. The Police Service Act was passed in 2009, the Prison Service Act and Wildlife Services Act were adopted in 2011.
- The South Sudan Electronic Payroll system (SSEPS) aimed at monitoring payroll expenditure was piloted in the education and health sector in 2008 and rolled out, in 2009, to all MDAs including both national and state levels. Financed by the CBTF, it was one of the more notable reforms during this period, allowing MDAs and MOLPSHRD to monitor how many employees are on the payroll and who is paid at what grade. Between 2008 and 2011, there was an attempt within the education, health and police sector to reduce the number of ghost workers¹⁹⁵. This is also reflected in the PEFA scores in Table 2 (see indicator ‘internal controls of changes to personnel records and the payroll’).
- In mid-2012, discussions and work around setting up a Human Resource Management Information System (HRMIS) was initiated, with support from the CBTF (building on initial efforts made by USAID in 2009-10). However, limited progress was made on this front and SSEPS continued to remain the more commonly used mechanism to collect and record all data on civil servants. UNDP supported development of a comprehensive payroll management system for the Police Service although this was never linked to SSEPS.

¹⁹⁵In August 2013, for instance, the Government announced that roughly 10,000 ghost workers has been identified in the police force alone equivalent to 20% of the entire force. <http://sudantribune.com/spip.php?article33958>

Table 2 PEFA Scores on effectiveness of payroll control in South Sudan, 2012

Effectiveness of Payroll Control (PI-18 aggregate score)	C+
Pi-18 (i) Degree of integration and reconciliation between personnel records and payroll data	B
Pi-18 (ii) Timeliness of changes to personnel records and the payroll	B
Pi-18 (iii) Internal controls of changes to personnel records and the payroll	A
Pi-18 (iv) Existence of payroll audits to identify control weaknesses and/or ghost workers	C

Source: PEFA, 2012

- Central ministries introduced a system of ‘nominal roll’¹⁹⁶ aimed towards setting ceilings on hiring in line with budget allocations for each financial year. Through the 2011 Civil Service Act, MDAs were mandated to adopt establishment structures that would outline the number of posts at each grade, for every department within the MDA. Although this only applied to ‘civilian’ ministries, excluding the organised forces and the army. Unlike the civil service law, the police and prisons services provide limited authority to the MoFEP or MOLPSHRD over establishment and hiring.
- In 2011-12, the MOLPSHRD developed two strategy documents, (a) a Strategic Plan (2012-2016) and (b) a Medium-Term Capacity Development Plan for 2011-2013 although this could not be implemented following the sequence of events from 2013.
- In 2013, the Civil Service Pension Act was passed by the President and the Ministry housed a ‘Pensions’ Department. However, the Civil Service Pension Scheme Bill was not passed and contributions were never transferred from the MoFEP to the pension fund for reasons that can be attributed to political costs. The police services had a separate pension fund (into which payments to the tune of 3% of their salaries transfers was made) although it is not clear if this was operational at any stage. At the time of writing this report, however, the Government had just launched payment of pensioners for the first time since independence¹⁹⁷.

Most reform efforts that were pushed through by the Ministry during this period were widely supported by development partners. Donor support was provided by the CBTF, USAID’s CORE program, DFID’s skills for South Sudan project and capacity building through the MDTF. Especially the CBTF focused on supporting public sector capacity and was designed to provide more flexible and demand driven support.

Significant effort was invested, during this period, in building core functions of public administration - establishing payroll control, efforts to remove ghost workers, streamline

¹⁹⁶For each financial year, nominal rolls contain the number of positions in each institution for which funding has been approved, by the Ministry of Public Service, for a given budget. For a position to be filled, it must be vacant, allocated in the budget and be included in the nominal roll (Fritz, 2015).

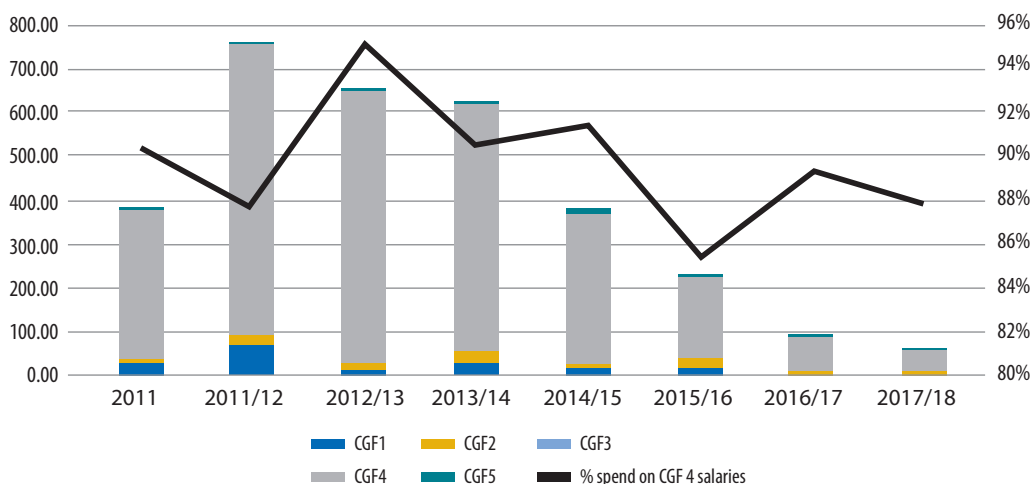
¹⁹⁷<https://radiotamazuj.org/en/news/article/south-sudan-government-starts-payment-of-pensioners>

recruitment based on merit, passing of the pension Act. These reforms, however, failed to introduce any control over the expansion of the organised forces payroll or build capacities to prevent exploitation of the weaknesses of payroll control. Spending on salaries in the security sector has constituted 85-90% of total spending on salaries by all CGFs. Figure 7 indicates spending on wages and salaries in the security sector in comparison to spending on salaries by other CGFs. MOLPSHRD and MOFEP have come under considerable pressure to favour hiring of and payment to members of the SPLA, within organised forces and civilian positions irrespective of their qualification and capabilities. In 2011, Former Minister Awut Deng Acuil proposed to form a committee to screen public servants across the country to streamline the bloated public workforce by matching grades with educational qualifications. The proposal was faced with significant resistance from the Council of Ministers following which she resigned from her post.¹⁹⁸

Most progress was brought to a stand-still after late 2012 starting from the oil shut-down, followed by renewed fighting in 2013 and the deepening fiscal crisis. Where reform efforts were pursued, it had little impact given the broader context. In the wake of the oil production shutdown in 2012, a hiring freeze was declared. The freeze was never formally lifted but hiring gradually resumed once oil production resumed in 2013. Housing allowance were also cut down in April 2012, a move less politically sensitive than reducing basic pay, although it was restored to normal levels after the conflict in January 2014 despite the increasing pressure on resources¹⁹⁹.

In January 2014, after the conflict, the government established a Crisis Management Committee to pay salaries upon physical verification. It was, however, suspended two months later, following

Figure 7 Spending on salaries at the Union level for each CGF, proportion of spending on salaries in the security sector, USD m



Source: Ministry of Finance and Planning (www.grss-mof.org), authors' adaptation. Note that spending does not include salaries transfers to states and counties by MoFEP and by other agencies (including organised forces).

¹⁹⁸<https://paanluelwel.com/2011/10/30/breaking-news-awut-deng-acuil-the-minister-of-labor-resigns-from-kiirs-government/>

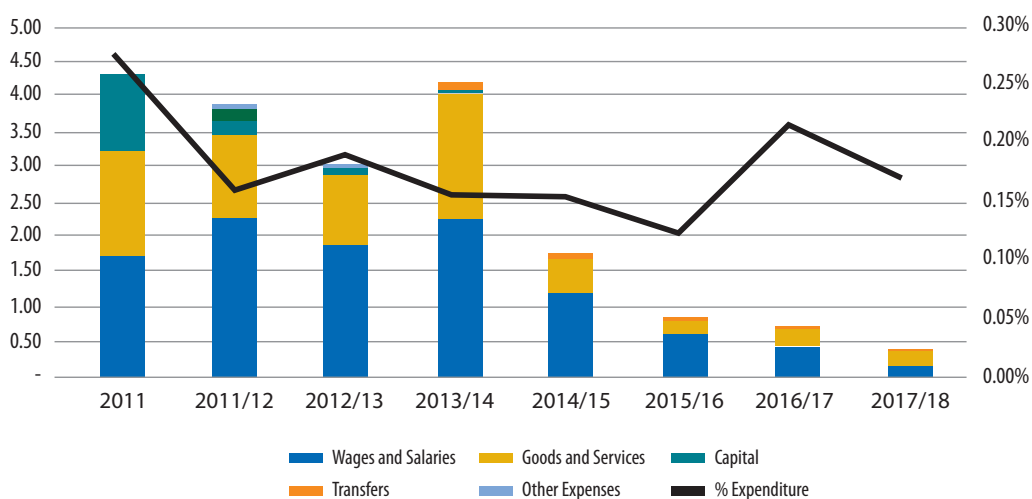
¹⁹⁹Interview notes

criticism around potential corrupt practices, abuse of power and resulting exclusion. Delays in salary payments were rectified a couple of months after payments were reverted to regular channels²⁰⁰. The CBTF was meant to conclude in 2014 but was suspended soon after the conflict. Other donor programmes in the pipeline were put on hold. Despite CBTF pulling out, SSEPS remained functional and in use at least till 2015.

Following on from the rapid erosion of salaries in 2014 and 2015 and alignment of the exchange rate in December 2015, the Council of Ministers announced a two-threefold increase (depending on the grade) in salaries at the central level, putting further pressure on shrinking resources. Soon after, salaries for sub-national level staff were also increased. The creation of 28 states in October 2015 has, so far, been the biggest setback to payroll management in that the MOLPSHRD lost track and control over recruitment and payroll (including civilian) in all states and counties after this decision. A lot of staff in states were asked to 'go back to the states to which their home town now belongs to'. After July 2016, the conflict has spread to most parts of the country making it impossible to retain systems, procedures and monitor even payment of salaries.

Payroll management has been severely affected at central level as well. The World Bank cancelled the Institutional Development and Capacity Building Project after 2016, an IDA credit worth US\$ 40m aimed at developing core human resource management and development along with improved PFM capacities in selected ministries. The austerity period since early 2012, renewed

Figure 8 Total spending on Public Administration and Government Employment, and as a proportion of total spending in USD m



Source: Ministry of Finance and Planning (www.grss-mof.org), authors' adaptation. Spend on 'Public Administration and Government Employment' includes the following MDAs: Ministry of Labour, Public Service and Human Resource Development (MOLPSHRD), the Civil Service Commission and the Employees Justice Chamber. Note: the MOLPSHRD was termed MOLPS in 2011 and 2012. In FY 2014/15, there were two separate MDA lines- (i) Labour and (ii) Public Service & HRD. All of these are summed up to include spend on MOLPSHRD for each year.

²⁰⁰(Fritz & Issa, 2015)

fighting since 2013, and more importantly, the creation of 28 states and the fiscal crisis starting from 2014 has severely undermined any early gains made on managing recruitment, establishing payroll controls and matching grades with qualification even in sectors such as health and education. Development partners are no longer providing support to capacity building, public administration and human resource management.

From Figure 8, spending on public administration as a proportion of total spending has remained at almost the same levels, between 0.16-0.22%, since independence with wages, salaries and operating expenses constituting most of the spending. There is a sharp decline in the real value from FY 2014/15 onwards which can be attributed mainly to the fiscal crisis. Although most reforms were pushed through between 2009 and 2013, this is not reflected in spending patterns since most of these are policy changes which cannot be captured by budget data on salaries and operating expenditure within the Ministries mandated to regulate public administration.

23.4 Security

The security sector in South Sudan influences every other sphere of politics and affects significantly the level of resources available for investment in other sectors including service delivery and infrastructure.²⁰¹ Non-payment or delays in payment of salaries in the security sector in recent years has resulted in a spike in lootings and break-outs of violence across the country²⁰². What happens in the security sector has always been critical to the stability of the country. This can be attributed to the fact that the line between the civilian and military has always been blurred in South Sudan because of how the security sector has evolved in South Sudan. Although both 2013 and 2016 conflicts were largely political, the SPLA was drawn into this situation very easily since senior members of the SPLA hold influential political positions and have traditionally used their positions to maintain patronage networks. This story has its roots, partly, in how integration was pursued and executed between 2005 and 2011.

Salva Kiir bought entire networks of support by awarding senior members of the SPLA and leaders of other factions key positions within the organised forces and civilian ministries. Furthermore, commanders in any militia that fought in the civil war were offered equivalent ranks or promotions in the unified army, with lower-ranking militia members and many unemployed youths rapidly inflating the lower ranks of the SPLM and government. This also significantly increased the Nuer presence within the SPLA/M (both within higher and lower ranks). As reflected in the Preamble of the Juba Declaration of 2006²⁰³, the integration between the Sudan People's Liberation Army (SPLA) and the South Sudan Defence Forces (SSDF) was driven by the desire to build and maintain 'peace, reconciliation and unity among the people of Southern Sudan'

²⁰¹It is a massive undertaking to summarise the complex, fluid and non-linear politics and realities of the security sector in South Sudan, especially to chart out why and how various decisions were taken since 2005 and its implications for larger political decisions and the direction of reform. Delving into these complexities is beyond the scope of this study. Instead, it aims to (i) present spending trends in the security sector against total spending; (ii) place the trends within the broad dynamics that have guided decision making in the security sector; and (iii) trace briefly DDR efforts in South Sudan and explain why initial efforts failed to bear any tangible results.

²⁰²<http://www.sudantribune.com/spip.php?article62931>

<https://www.news24.com/Africa/News/red-cross-warns-unpaid-wages-deepening-s-sudan-crisis-20170821>

²⁰³The Juba Declaration was critical in bringing brought tens of thousands of soldiers into the SPLA.

and to 'usher an era of stability and sustainable development in Southern Sudan'. The intention was never to develop a professional base of armed forces. As one interviewee put it, ***'It was this process that was of utmost priority to the senior leadership during this period and not investments in core government functions. It (building unity) was a well-intentioned idea that went wrong in execution'***.

However, the SPLA never fully achieved unified military command over leaders of different factions or its soldiers despite forming a dominant part of the security sector in South Sudan²⁰⁴. A key reason is how SPLA senior leadership has been perceived by others in power. Despite Salva Kiir being at the helm of affairs since 2005, there has been little respect for central command even within SPLA²⁰⁵. Kiir is considered by many other Commanders in powerful positions as a co-command. Fragmentation both within SPLA and across factions have always existed but became prominent after revenues started declining post 2012 oil shutdown²⁰⁶; Maintaining loyalties and hence, control became a growing challenge. For instance, after the war in Heglig against the Sudan Armed Forces (SAF), 'the national assembly confessed that the government only had control of only 30 per cent of the number of its soldiers on its pay list²⁰⁷. The fighting in 2013 further undermined any attempts to maintain a unified security sector.

Even amidst the economic crisis, senior SPLA leadership has continued to find substitutes to oil revenues- doling out recognised authority over territory has become the new political currency for patronage. The creation of the Greater Pibor Administrative Area (GPAA) and 28 states (now 32) both demonstrate this attempt to appease groups within the SPLA and outside. In the former case, a peace agreement was signed between the GRSS and the Cobra Faction calling for the creation of the GPAA in May 2014, appointing David Yau Yau as the Governor, putting an end to a rebellion that began in 2010²⁰⁸.

The significance of the security sector is also reflected in how crucial an 'apparent agreement' on security arrangements was to signing of the ARCSS in 2015 and the revised agreement in 2018. Even after signing of the agreement in 2015, there were severe delays in implementing the security arrangements. For instance, the former Chairperson of the Joint Monitoring and Evaluation Commission (JMEC), Festus Mogae, reported that the Joint Military Ceasefire Committee- responsible for coordinating activities around cantonment- was not functional "since the government general chairing the body was too busy planning military operations against the Opposition". Close observers noted that the Strategic Defence and Security Review Board responsible for providing a roadmap for the security sector transformation process was barely functional²⁰⁹. Now more than midway through the pre-transitional period after signing of the Revised Agreement in September 2018, little progress has been made on disengagement, cantonment and unification of the armed forces which observers note will be a 'decisive milestone'.²¹⁰

²⁰⁴Schomerus et al, 2016

²⁰⁵(Breitung, Paes, & Van De Vondervoort, 2016)

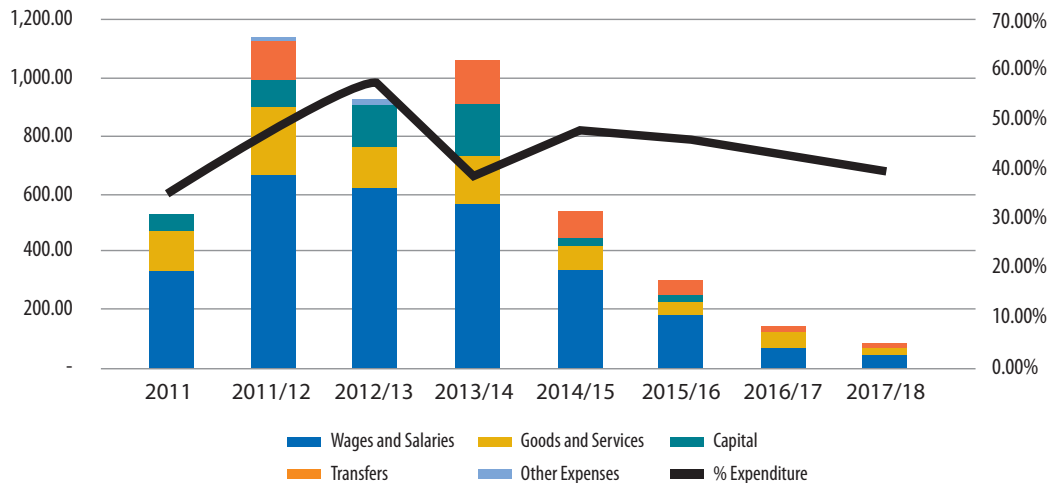
²⁰⁶Literature indicates that a key issue around fragmentation relates to SPLA's failure to fully integrate an influx of untrained soldiers following the Juba Declaration which brought the SSDF into the SPLA.

²⁰⁷(Schomerus & Aalen, 2016)

²⁰⁸See <https://radiotamazuj.org/en/news/article/yau-yau-appointed-to-head-greater-pibor> and <http://www.sudantribune.com/spip.php?article57671>; David Yau Yau was replaced by Baba Bedan Konyi following which Yau Yau joined the SPLM in 2016, as a part of the power sharing agreement.

²⁰⁹(Breitung, Paes, & Van De Vondervoort, 2016)

²¹⁰<https://www.theafrican.co.ke/news/ea/South-Sudan-parties-still-fighting-over-peace-deal/4552908-4952086-1309t9xz/index.html>

Figure 9 Spending in the security sector and as a proportion of total spending, USD m

Total spending in the security sector has constituted an average of 44% of total spending between FY 2011/12-FY 2017/18. It was the highest in FY 2014/15 and FY 2012/13, constituting 47% and 57% of total spending, respectively. Similar to trends across other core government functions, the total value of spending has declined from over one USD billion around independence to less than USD 100m in FY 2017/18. A majority of spending is comprised of wages and salaries whose key purpose has been to maintain networks of support (discussed in detail in chapter 2). These numbers should be carefully interpreted as it may not fully capture spending on the security sector including those outside of the system and/or through other MDAs. More importantly, it is worth noting that given the incentives driving the SPLA and all parties in the current conflict, it is hardly a priority for the government to maintain security and order in the country. In the perceived lack of a central command, every faction is driven by the need to protect its own interests and security (Schomerus and Vries, 2014). At the same time, it is almost impossible to expect that the Government will reduce spending on the security sector any time in the near future given the purpose this serves. ***The levels of spending on the security sector in South Sudan and prioritising it in national budgets, therefore, cannot be interpreted as a marker of government's priority to build a professional security sector as one of its core functions.***

Source: Ministry of Finance and Planning (www.grss.mof.org) authors' adaptation; Spend on the security sector includes the following MDAs: Defence, Wildlife, Fire Brigade, Interior, Police, Prisons, Judiciary, DDR Commission and the National Security Service. This includes transfers to states and counties budgeted for within these MDAs.

DDR and other donor interventions in the security sector

Attempts to initiate and implement a DDR (demobilisation, disarmament and reintegration) programme during the CPA period and after independence has remained largely unsuccessful in South Sudan. This lack of success can be attributed mainly to the contradiction between what the international community tried to implement--a process of downsizing of the SPLA--and the goals

being pursued by the GOSS as a part of its big tent policy. Donors' approach in the period between 2005 and 2011 assumed that the Government was committed to professionalise and re-structure the army.

The government's idea of DDR meant absorption of SPLA officials onto the civilian or organised forces payroll. For various reasons including lack of consensus on what the DDR programme would entail in South Sudan, the programme was officially launched only in 2009. But there was little incentive, given resource constraints, to invest in anything other than public sector jobs. On the demand side as well, the average pay in the public sector (including organised forces and the army) was attractive enough to deter voluntary participation in the DDR. Limited control over recruitment meant that holding a 'public sector job' and bearing arms were not mutually exclusive. Donors committed significant funds to the DDR programme²¹¹ (estimates indicate commitments in excess of US\$130m) but evaluations of the programme indicate that it failed in downsizing the armed forces.

An internal UNDP audit *'confirmed that both procurement and hiring procedures had been violated, while significant assets disappeared'*. There were some other key issues which affected the reach and level of influence: (i) the programme was managed, on the government side, by the DDR Commission, a civilian institution that had limited access to senior SPLA leadership²¹²; and (ii) the funds allocated to the DDR programme both by donors and the Government, although not insignificant, were not sufficient to mobilise a large-scale programme.

In addition to DDR efforts, the international community, between 2006 and 2012, supported security sector reform targeting mainly the SPLA and SSNPS (South Sudan National Police Service). Interventions focused on improving accountability of the armed forces and increasing its operational efficiency. Key players included the UN Peacekeeping Mission in South Sudan (UNMISS), DFID, Norway, USAID and Switzerland. Efforts were aimed at improving transparency of military expenditure, strengthening demand-side actors (civil society), and capacity building aimed at improving operational capabilities of the SPLA. The U.S. State Department supported internal re-structuring of the SPLA²¹³. Whilst all of this enabled the SPLA in achieving independence and 'in fighting against a common enemy', existing literature indicates that international security sector reform interventions overlooked the nuances and complexities of working with the security sector; including the implications of supporting specific factions (capacity building efforts focused more on parts of the SPLA that were better educated), the timing of the DDR programme-mobilised only in 2009, and the inability of reforms to control the expansion of the SPLA and organised forces' payroll.

After independence, there were renewed efforts to design a DDR programme supported mainly by key UN partners-UNMISS, UNDP-and other donors. In September of 2011, a DDR policy document was developed and approved by the Council of Ministers. In reality, the only notable progress was demobilising approximately 500 soldiers in the Mapel demobilisation camp where

²¹¹The DDR programme was managed by UNDP, implemented by IOM, GIZ and others;

²¹²(Breitung, Paes, & Van De Vondervoort, 2016)

²¹³(Breitung, Paes, & Van De Vondervoort, 2016)

they were provided with vocational training. After 2013, all donors cancelled support to the DDR Commission except support from UNICEF towards DDR for children. Within the wider context of renewed conflict and lack of funds (inter-linked), the DDR Commission has not actively carried out any activities relating to its mandate since 2013.

The Revised Agreement signed in 2018 requires that the DDR Commission should be reconstituted one month after signing of the agreement although there has, so far, been little movement on this front. After the civil war resumed in April 2016, fighting spread to most parts of the country making conflict dynamics more complex; especially at the sub-national level, factors affecting the conflict and decision making vary from one context to another. A successful DDR programme will require all factions (not just the SPLA) to buy-in to the idea; otherwise, each faction would perceive DDR as obliging them to relinquish the means to protect themselves from other factions. In addition to political commitment, it will require financial support from both the Government and development partners. Donor interventions will need to approach security sector reforms with more consideration for what is required to maintain stability in the region (than what should be) in the long-term.

23.5 Local Governance

The IGAD led mediation for the CPA did not discuss federalism in much detail.²¹⁴ It established ten states and seventy nine local governments within four tiers of governments: national, autonomous regional government for Southern Sudan, state government and local government. The national and state tiers of government were designed to have three branches- executive, legislature and judiciary. The Local Government Act (2009) further sets out local governments to be comprised of three levels: the country, payam and boma²¹⁵ (and the equivalent in urban areas to be city, municipality and town councils in urban areas). The functions and responsibilities of each level of government were not set out in great detail except in schedules to the Interim Constitution (2005) and the LG Act²¹⁶. These structures were to remain in place regardless of the outcome of the referendum and to continue in independent and sovereign South Sudan until the adoption of a permanent Constitution.

However, the Transitional Constitution (TC) in 2011 featured a departure from the Interim Constitution in how powers would be decentralised to different administrative levels, indicating a first move towards centralisation, from what was initially envisaged. Some key departures included (i) the TCSS provides the President of South Sudan with exceptional powers to remove a state governor or dissolve the state legislature in the event of a state crisis that threatens national security; and (ii) the TCSS centralised previously decentralised services such as the judiciary, public attorneys, police, prisons, wildlife and the fire brigade. It also did not provide for the establishments of a state judiciary as one of the branches of the autonomous government²¹⁷. The

²¹⁴(Schomerus & Aalen, 2016)

²¹⁵Counties are given wide ranging responsibilities for local planning and primary service delivery, however their capacity is highly variable and generally weak.

²¹⁶LSS review documentation, MoFEP.

²¹⁷(Schomerus & Aalen, 2016)

last one, specifically, has resulted in conflicting approaches to developing and maintaining security mechanisms at the sub-national level. These changes to the Transitional Constitution laid the foundation of a unitary state wherein the central government would, ultimately, have a final say on crucial matters relating to local governance.

Between 2005 and 2011, most donors were focused on providing support to setting up core functions in the capital- key counterparts of most large-scale governance projects were central agencies of finance. Some donors had internal discussions on the balance of focus across national and sub-national, but support was pre-dominantly directed towards Juba and this seemed fitting at the time in the period leading up to the referendum. Some support was provided, though, by pooled funds, USAID and UNDP to support state level revenue reforms, legislative drafting capacity and compilation of state assets.

The Transitional Constitution mandates the Local Government Board (LGB), established within the Office of the President, 'to review the local government system and recommend the necessary policy guidelines and action in accordance with the decentralisation policy as enshrined in the Constitution' (page 64, Transitional Constitution, 2011). However for all practical purposes, the LGB has had little power (and capacity) to recommend, to the Office of the President, on matters relating to governance of LGs. Senior officials within the LGB reported that they have barely met with the President and the Presidential representative on decentralisation, since independence, on policy matters relevant to local governance. The absence of their representation in the Cabinet further limits its influence over matters such as approach to fiscal decentralisation, for instance. Local governments, as well, do not seek advice from the LGB especially on political matters, and instead consult directly with the Presidency.

Since 2011, the central government's most visible efforts to support local governments have been through its commitment to transfer financial resources in the form of unconditional transfers, for salaries and operating expenses, and conditional transfers for specific agencies (education, health, organised forces and agriculture). Although with delays, transfers still continue to be disbursed prioritising it as much as salary payments. This is further illustrated in Figure 9 and 10. Even between 2006 and 2011, over SSP 4 billion was transferred to state governments from the Government of Southern Sudan, an average of nearly 20% of the government budget.²¹⁸ The MoFEP also instituted the State Transfer Monitoring Committee (STMC) in 2010/11 to monitor expenditure reports from states and advise accordingly to the Undersecretary of Finance on release of transfers for the following month. It also included representation from the Local Government Board and the Ministry of Labour and Public Service. Its role expanded further between 2012 and 2014 to monitoring payrolls from states, increased representation from supporting donors and implementing partners and included representation from Line Ministries after transfers to service delivery units was initiated in 2013/14.

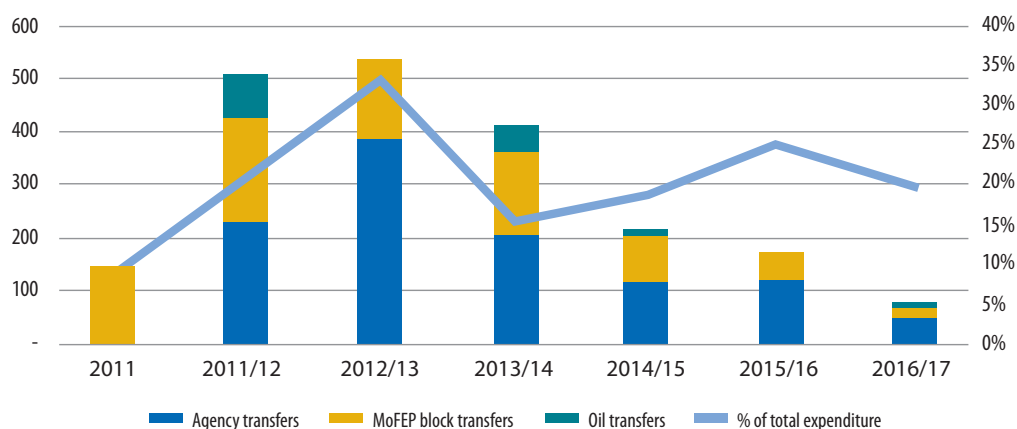
After 2011, donors were keen to support service delivery especially in the health and education sectors. At the same time, the MoFEP was increasingly concerned about increasing fragmentation

²¹⁸The Local Services Support Initiative: an Overview, Republic of South Sudan, May 2015 (<http://grss-mof.org/documents/>). Most of these funds were allocated towards paying salaries of teachers, health workers and the Organised Forces but did not include operating funds for state and county governments.

of donor support to sectors and how it would undermine government systems in the long run. Committed technocrats at MoFEP, along with support from technical advisors and inputs from Line Ministries, developed a Service Delivery Framework and a Plan of Action (between 2010 and 2013) that would ensure that funds earmarked for service delivery would be channelled through modalities that would strengthen government capacities and systems.

In 2013 when government's revenues was expected to increase after oil production resumed, senior officials within MoFEP were conscious to commit to service delivery and infrastructure as priorities, especially in the context of recent concerns (from the international community) on the credibility of government spending. To this end, the Minister of Finance and President (with support from the President's economic advisor) made the most out of potential increase in government's revenues by pledging to increase resources towards service delivery units, states and counties for their efficient operation. This was approved by the Council of Ministers in November 2013²¹⁹. This can be seen in Figure 10 when the share of agency transfers as a proportion of total transfers increased from FY 2012/13 onwards. In FY 2011/12, agency transfers constituted 46% of total transfers increasing to 73% in FY 2012/13. In FY 2015/16 and 2016/17, it constituted 70 and 76%, respectively of total transfers.

Figure 10 Spending on transfers, conditional and unconditional, and as a percent of total spending, USD m



Source: Ministry of Finance and Planning (www.grss-mof.org), authors' adaptation.

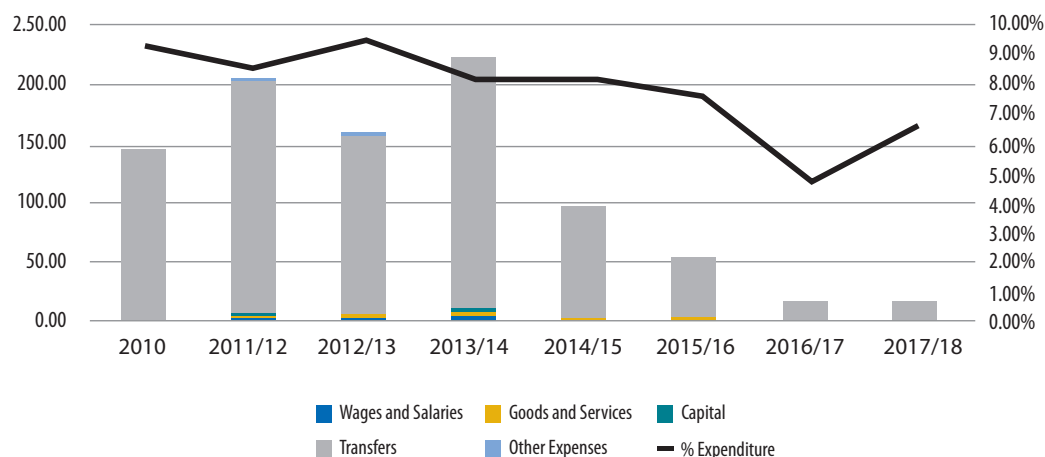
Spend on agency transfers includes (i) all salaries and operating transfers to the following agencies- Water Resources and Irrigation, Education, Health, Agriculture, Wildlife, Employees Justice Chamber, Rule of law comprised of Police, Prisons and Fire Brigade and the security sector; and (ii) transfers to service delivery units in the case of education and health sector. MoFEP block transfers includes (i) salaries and operating transfers to states and counties, (ii) sales tax adjustment grant, (iii) transfers to Abyei and (iv) transfers to state legislatures which was discontinued after FY 2012/13. Oil transfers include transfers to states and communities. Figures for FY 2016/17 are based on budget allocations.

²¹⁹Based on interviews and documents relating to the Local Service Support Initiative (on the website: <http://grss-mof.org/>)

Several other reforms were pursued during this period (from 2013-2015):

- In 2013, MoFEP and LGB, through support from CBTF, developed a Local Government PFM manual which provided standards for budgeting, procurement, financial management, reporting and accountability by the LGs and outlines related roles and responsibilities at each administrative level.
- The horizontal allocation of block transfers to states and counties were in 2012 changed from a system of “equal share” allocations to a system based partly on populations: 60% of the grant pool equally to all states/counties and 40% of the transfer pool allocated in proportion to each state/county population. This reform was undertaken in recognition of varying financing needs of different entities – and the relative importance of population as one explanatory factor on which data was available.
- Another discretionary grant, the Sales Tax Adjustment Grant (STAG) was introduced in 2012/13, to distribute 50% of sales tax collection to states after national and state governments agreed to harmonise their taxation systems. An agreement was reached in 2012 to centralise collection of sales tax by MoFEP and customs officials, on behalf of state governments.
- The MoLPSHRD and Local Government Board issued the *Interim Local Government Human Resource Management Manual* in December 2014 which provides guidance on standard organisational and staffing structures at the county level. This was meant to be fully rolled out to counties with support from donors although this was not achieved after key programmes were suspended in 2015 and 2016.

Figure 11 Spending on local governance and as a proportion of total spending in USD m



Source: Ministry of Finance and Planning (www.grss-mof.org), authors' adaptation. Spend on local governance includes expenditure by the Local Government Board, Ministry of Federal Affairs, Council of States, Fiscal and Financial Allocation and Monitoring Commission and all block transfers from MoFEP to states and counties. 'Transfers' excludes all conditional agency transfers budgeted for by MDAs.

- Efforts to improve payroll management at the county level were initiated in 2013.
- From FY 2014/15 onwards, salaries for education, health and water staff at county levels were separated out to increase transparency in resource allocation and to allow for gradual increased county oversight over their staff.

These efforts and commitments were supported through key donors' initiatives including the CORE II project (2013-15) funded by USAID which focused on PFM technical assistance to states, EU TAPP (Technical Assistance for PFM and Payroll Management at sub-national in South Sudan) and the LGSDP (Local Government Service Delivery Project) funded by the WB.

The level or extent of commitment to transfers were not affected significantly after the break-out of conflict in 2013. It mainly affected HR capacity in the Greater Upper Nile states as staff were displaced and they moved to Juba where possible; Offices were left vacant and GUN states were the first to stop reporting to MoFEP on expenditure. However, other parts of the country were largely unaffected in how they received and spent transfers.

The regularity and total value of transfers was affected more by the fiscal crisis-the falling value of SSP affected the purchasing power of operating transfers. Support through CORE II came to an end in 2015 which made it further challenging for states to report on expenditure. Mechanisms such as the STMC could no longer carry out its original function of taking stock and addressing payroll and PFM related challenges faced by states. MoFEP, responsible for convening STMC meetings, was also faced with more pressing priorities given the fast deteriorating fiscal situation. Despite this, the MoFEP has continued to prioritise all transfers including those to schools (capitation grants) and health care centres. However, the real value of transfers has now decreased rapidly and increasing delays in disbursements have been reported. Figure 9 indicates that the total value of transfers (in USD m) has decreased from FY 2014/15 onwards, although it has remained steady as a proportion of total expenditure. In the education sector, for instance, capitation grants and teacher incentives have complemented donor initiatives in the sector demonstrating commitment even after the creation of 28 states and renewed fighting in 2016.

The creation of 28 (now 32) states and approximately 300 local governments following the Presidential Decree 36/2015 remains the biggest factor in fragmentation of gains made since 2011 in building capacities at the sub-national and clarifying roles and responsibilities at each administrative level. Existing literature and interviews indicate that the decision was driven by the need to reward and appease those within the government who perceived the signing of the ARCISS in August 2015 as a compromise. The move was backed by the Dinka council of elders although it was a direct contradiction of the peace agreement²²⁰ and a violation of the Transitional Constitution which provides the right to alter state boundaries only to the Council of States-one of the two chambers comprising the National Legislature of South Sudan mandated to initiate legislation on the decentralised system of government and pass legislation with two-thirds majority of all representatives (Transitional Constitution, 2011).

²²⁰<https://radiotamazuj.org/en/news/article/dinka-council-of-elders-welcomes-appointment-of-28-state-governors>

The decision was taken unilaterally despite recommendations from the Council of States that recommended otherwise illustrating the level of power centralised within the Office of the President²²¹. The decision motives and implications of the move are summarised by Schomerus and Aalen: *'the re-division of South Sudan's state governments served its purpose, giving rise to localised conflicts over boundaries and authority, and undermining the practical and political powers of regional opposition'*²²². It has also led to further 'securitisation' of civilian positions and a practice of ad-hoc removal and reinstating of governors.²²³

The Local Government Board has had little oversight and power in matters relating to division of assets between counties, let alone determination of the number of counties or settling boundaries disputes. The MoFEP responded to this by re-allocating resources to 28 states within the existing ceiling (due to resource constraints but also because the move was announced in the middle of the Financial Year). The creation of 28 states along with renewed fighting in 2016 have led to a complete disintegration of the functioning of sub-national governments. The MoFEP no longer has any oversight on how resources are spent. Given sensitivities around the number of counties and boundaries, ceilings for county transfers are issued at the state level and it is now the mandate of the state to further determine allocation of resources. The Ministry has continued to issue ceilings and guidelines to states on how to spend transfers although it has not been possible to conduct state budget workshops (due to resource constraints and lack of support from development partners) or monitor spending during the financial year. One interviewee remarked that 'we have now reached a stage where a lot of work with State Ministries of Finance will have to start from the scratch'.

Based on negotiations before the ARCISS, the Council of Ministers approved the establishment of the Ministry of Federal Affairs (MoFA) in October 2017²²⁴, although its mandate and role still remains unclear. The Preamble of the Agreement recognises setting up a federal system as one of the principles that will guide the process of constitution-making²²⁵. However, since its creation, the issue of number of states and counties has dominated every discussion on local governance and federalism leaving little room for discussions around what a federal set-up might look like (if at all) and how (much) power and resources will be devolved to LGs. Many interviewees expressed the view that the current model of doling out counties and political power to maintain support might create stability in the short run, but it is hard to see how this can be sustained when the government is suffering from severe resource constraints as it endeavours to fund human resource deployment and basic administrative set-up in these states and counties.

23.6 Aid management, financing and donor relations

The signing of the CPA shifted donors' priorities to focus on post war re-construction, state-building and peacebuilding priorities. The Multi-Donor Trust Fund was set up to finance priorities identified in the Joint Assessment Mission--an ambitious set of public sector outcomes to be achieved by 2011, estimated to cost US\$1.6bn--by providing 'coordinated, flexible and swift

²²¹<https://radiotamazuj.org/en/news/article/less-than-2-3-of-s-sudan-parliament-members-vote-to-approve-28-states-proposal>

²²²(Schomerus & Aalen, 2016)

²²³Ronaldsen & Kindersley, 2017; <https://radiotamazuj.org/en/news/article/kiir-sacks-aweil-governor-appoints-new-officials>

²²⁴<http://www.sudantribune.com/spip.php?article63650>

²²⁵(Schomerus & Aalen, 2016)

donors responses to finance JAM priority expenditures²²⁶. From the outset, the Government was keen on owning decisions around what to prioritise and the mechanisms. i.e., for priorities to be financed through a framework that is led and mainly managed by the Government.

There has been a notable difference, however, between the level of commitment demonstrated by technical staff within central agencies and senior ranks of the government engaging with the international community. On the latter, donors have had limited tangible influence, since independence, over decisions made by senior ranks in developing or defining how core government functions would evolve despite pledging significant resources. One reason for this has been that net oil revenues to government continued to outstrip development and humanitarian assistance by a large margin²²⁷. In fact, the volume of oil revenues meant that South Sudan immediately became a middle-income country on independence.

On the other hand, senior technocrats within MOFEP invested heavily in ensuring that donor financing is effective and coordinated in developing core functions. The Aid Coordination Unit within MOFEP was at the centre of building relationships with development partners and setting up processes to ensure support would focus on building government's systems and capacities. This included developing an Aid Strategy in 2006 which was approved by the Council of Ministers and endorsed by the Assembly. The Strategy outlined principles and mechanisms for aid coordination which were mostly set up between 2006 and 2008 and improved subsequently, such as Quarterly Donors Forums (QDF), Budget Sector Working Groups (BSWGs) and Inter-Ministerial Appraisal Committees (IMAC). The Aid Strategy was later revised in 2011. Donor books were published annually alongside the budget, between 2008-2013, based on donors' reporting at budget sector working groups and later through the AIMS (Aid Information Management System) between 2011 and 2014²²⁸. Through these mechanisms, the government took a keen initiative to involve both donors and NGOs in government's budgeting and planning processes, encouraging harmonisation and providing regular feedback on compliance²²⁹.

Despite these efforts, there was increasing fragmentation within donors' support to key institutions. USAID, for instance, did not participate in pooled funds from the outset. Whilst the government made 3 year plans, donors planned annually which made it challenging to predict donor commitments²³⁰. The MDTF provided fiduciary assurance to donors but it over-estimated the government's capacity to implement complex programmes requiring them to adhere to World Bank's financial management and procurement practices. As a result, it was very slow in getting off the ground and limited results were achieved through donor financing by 2008 which was already half-way through the timeline for implementing the CPA. Donors started using bilateral channels and by 2010, 70% of aid was channelled bilaterally outside of pooled funds. The MDTF ultimately spent less than a third of the JAM estimate needed to strengthen GOSS, and at USD

²²⁶(Davies, Smith, & Williamson, 2011)

²²⁷Fritz, 2017

²²⁸Starting from 2006, budget sector working groups was used as a forum to capture data donor projections (using spreadsheets). The AIMS was introduced in 2010; access was then limited to MOFEP staff who would input data reported by donors. It was rolled out for donors to input directly in FY 2012/13 and 2013/14. Due to funding constraints and technical issues, the Aid Coordination Unit reverted to collecting data on aid using excel spreadsheets from FY 2014/15 onwards.

²²⁹(Davies, Smith, & Williamson, 2011)

²³⁰Noted by an interviewee

728 million spent between 2005 and 2013, it paled in comparison to the GRSS investments both in the interim period and after independence.

In recognising the increasingly fragmented nature of aid, the aid strategy of 2011 stresses the need for donors to support building of institutional capacity and systems by using government's systems, capacities and institutions.²³¹ It is within this context that South Sudan volunteered to be a pilot country for implementation of the New Deal followed by a decision in April 2013 in Washington DC at the SSEPF (South Sudan Economic Partners Forum) to develop a New Deal Compact. The Compact was specifically aimed at increasing the use of country systems in aid delivery, including through direct budget support and an innovative pooled fund²³². At the SSEPF, it was also agreed that signing of the New Deal Compact was conditional upon implementation of the IMF Staff Monitoring Programme and related fiscal conditions. Other key deliverables that were linked to the Deal included a State Building Contract funded by the EU, investment in local support services. Among other conditions, the signing of the Compact hinged on aligning the official and parallel exchange rate. However, the signing of the Compact and other associated processes fell through in early December due to insufficient buy-in from stakeholders across the board for an exchange rate alignment. The political climate in Juba changed soon after when fighting broke out in December 2013 which significantly changed dynamics between the Government and donors.

After 2013, donors gradually shifted their focus on providing humanitarian assistance. Most donors did not suspend existing 'governance' programmes but pulled back all projects in the pipeline including budget support, local services support and direct support to core government functions²³³. Since then, donors such as the World Bank have adopted a 'stop-go pattern' to implementation of ongoing projects amidst increasing insecurity and a worsening macro-economic situation²³⁴. Donors started working directly with concerned line ministries and less with central agencies of finance. The role of the Aid Coordination Unit in MoFEP shifted significantly from spearheading all aid coordination initiatives to merely setting up meetings between donors and the Minister of Finance, and providing oversight to specific World Bank projects (as opposed to oversight of investments to entire sectors). Figure 12 indicates an increase in the proportion of humanitarian aid post 2013 and a decline in total spending by donors on CGFs especially 2014 onwards.

Between 2013 and 2016, the government, at the most senior level, further alienated donors by demonstrating a lack of commitment to maintain a political settlement and macro-economic stability. For most parts of 2014 and 2015, key senior members of the Government ignored hard messages from the IMF (and from technical staff within MoFEP) to undertake austerity measures and spent a significant portion of its dwindling resources on the security sector. It refused, despite significant pressure from the international community, to re-align its exchange rate until December 2015. A reluctance which was thought to be due to corrupt practices which took advantage of the coexistence

²³¹(Aid Strategy for the Government of the Republic of South Sudan , 2011)

²³²Between July-October, 2013, the MoFEP, along with donors, conducted intense stakeholder meetings including with all states in order to develop state and peace building priorities. This was the first and only time consultations of this nature took place between the central and state governments.

²³³Based on interviews with donors

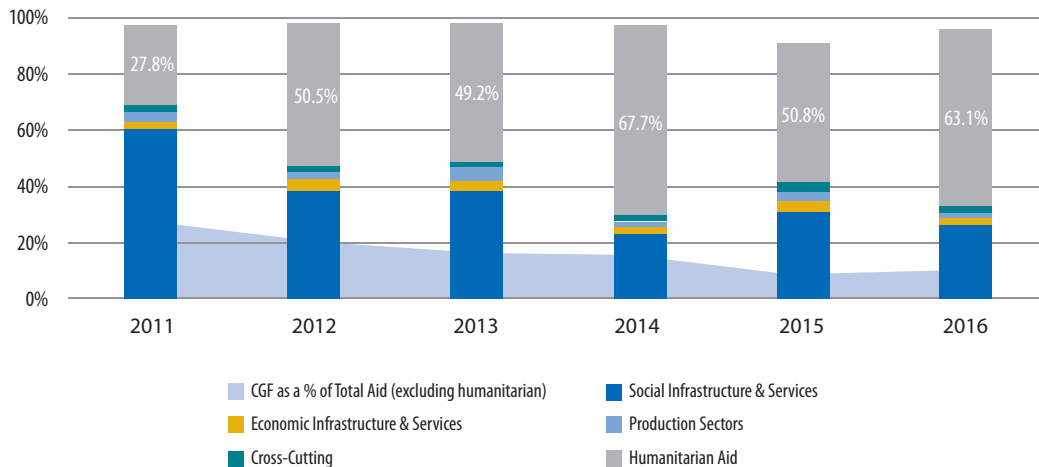
²³⁴Fritz, 2017

of an official exchange rate and a parallel market rate. A select few elites were able to buy cheap US dollars at the official rate and sell them on for considerable profit on the black market²³⁵.

Whereas relations improved briefly in the lead-up to ARCISS, this was nullified by the Presidential Decree announcing the creation of 28 states which was a major setback not least because of the challenges it posed for donors to operate at the sub-national level. One donor remarked that ‘it was the creation of 28 states, more than any other event in the past 3 years, that made the institution seriously think through the government’s commitment to peace and stability and credibility of their operations in the country’.

In addition to larger political decisions, the slow collapse of systems in the latter half of 2016 within central agencies of finance and the hiatus created by the leaving of key international TA did not help to improve relations between donors and technical staff. This breakdown of relations can also be partly attributed to a high turnover of staff within donor agencies resulting in an inclination to generalise the incentives that drive decision making and behaviours within the government. Very few donors (such as the African Development Bank and in some instances, UNDP) have engaged with technical staff within central MDAs since 2017. Even though Fiscal Affairs Department and Article IV missions have continued, the slow-down of and gaps in data on revenue collections and petroleum exports have led to a rapid decline in the understanding of key parameters.

Figure 12 Proportion of aid disbursements to key sectors and disbursements to CGFs as a proportion of total spending²³⁶



Source: OECD, authors' adaptation

²³⁵Sy, A. (2015) 'The implications of South Sudan's decision to float its currency', Brookings. Accessed at: <https://www.brookings.edu/blog/africa-in-focus/2015/12/18/the-implications-of-south-sudans-decision-to-float-its-currency/>

²³⁶The team does not have access to spending by the Aid Coordination Department (which falls within the Macro Directorate of MOFEP). The Ministry of International Affairs is somewhat relevant but is excluded as it includes salary payments (in USD) for embassy staff and hence, does not appropriately capture investments on 'aid management' as a core government function.

Donors have expressed optimism at the significant economic reforms that were undertaken at the IMF's recommendation in 2017 and 2018 despite strong resistance, including the removal of fuel subsidies, increased foreign reserve holdings for commercial banks and ended BOSS borrowing, although not sufficient to re-think a shift away from current focus on humanitarian and service delivery. The declaration of famine in March 2017 and the refugee crisis in Uganda, Kenya and Sudan further divided the focus of the 'beleaguered international community.'²³⁷ The World Bank's unprecedented decision to sign grant and credit agreements with third-party implementing agencies, putting an end to implementation of projects through implementation units (PIUs) housed within ministries, is the latest indication of where donors stand on investing in strengthening core government functions. One other donor remarked that after late 2015, aid disbursements to South Sudan resembled patterns observed during the civil war (pre-CPA period) mainly focusing on humanitarian interventions, health and education service delivery being channelled through NGOs.

²³⁷Ronaldsen & Kindersley, 2017; Other factors contributing to the toxic relationship include government's temporary decision to issue work-permits at the cost of US\$10,000 and issue of access to NGOs to different parts of the country.

24 Conclusions

This section summarises overall trends in how the various core government functions have evolved across the three transition milestones, and what this implies for supporting future transitions towards lasting peace and development in South Sudan.

Concerted efforts were made to invest in core government functions leading up to South Sudan's independence. The CPA and JAM reports outlined the significant state-building challenges facing the nascent administration, and government and donor spending ramped up significantly during the 6-year transition period. Whereas government spending on core functions appears at first glance to have been significant throughout the period under review, and a range of donor programmes was launched in this period targeting all core government functions, capabilities and outcomes for these functions have seen limited improvement up to independence, the first of the three transition milestones.

The evidence presented in this case raises challenging questions regarding the appropriateness of donor efforts for developing effective, sustainable capabilities. Programmes launched in critical early stages of state-building leading up to independence were slow to mobilise, not sufficiently resourced to build capacity in government, and not designed with prevailing internal fragilities and conflict factors in mind. Nevertheless, foundations were laid for a few of the functions – notably public financial management and local government – that would in the long term support a lasting transition to peace.

South Sudan's relapse into conflict in late 2013 – the second transition milestone – bears witness to the fragile nature of the SPLA's consolidation, reflected in weak core government functions. Internal tensions at the level of local communities and ethnic groupings over land, security and resources – originating during the two lengthy civil wars that preceded the CPA – were insufficiently addressed and in part exacerbated during the transition period. Leaders prioritised delivering on the secession movement, by promising dividends to independence, rather than addressing the fractions within the SPLA/M. A largely clientelist political settlement was instituted up to independence through a steady process of state capture, in which access to the state's significant oil resources was competitively distributed. Border issues and resource splits with the Government of Sudan were not adequately addressed during the transition period.

A significant share of spending on core functions throughout the period under analysis – both before and after relapses into conflict – directly supported such state capture. This is demonstrated by the extremely large government payroll, as a result of successive drives to employ large numbers of young, uneducated ex-combatants and returnees, to pay key senior officials large allowances, as well as high recurrent government operating costs as a result of large numbers of government contracts and public sector benefits that drove up spending arrears. Such excessive spending is especially conspicuous in those institutions that are mandated to deliver core government functions, with no clear returns in CGF outcomes.

Successive shocks to the level of resources and support available led to a collapse in government functions, despite the signing of the ARCISS. Various factions in the SPLA/M relied heavily on distributing rents from oil, which supported the limited development of CGFs up to independence. The 2012 oil shutdown and the subsequent drop in oil prices constrained resources needed to maintain the fragile alliances in the SPLA/M. Donors shifted aid commitments and disbursements further towards the provision of humanitarian aid and direct support to basic social service delivery, away from support to governance sectors. Donors unified around the view that international pressure needed to be put on ethnic and military leaders blamed for propagating political violence.

Though government spending on core government functions in the narrowest definition (excluding overspending and unrelated expenditures) did not reduce markedly following these shocks, core functions were put under considerable pressure as a result of these political and economic developments. Rapid exchange rate depreciation, rising inflation and clear signals that resources were constrained led to immense pressures on the government payroll, procurement and spending control and local government arrangements. ARCISS added to these pressures, leading SPLA/M leaders to introduce reforms for which core government functions were not prepared (including exchange rate realignment and the creation of new states).

Specific core government functions appear to have withstood and even continued to develop despite relapse into conflict. Advances in public financial management, local governance, aid management and to some extent public service have led to administrative improvements that can still be seen at the time of writing. These improvements emerged largely as a result of continuous investment of time and (comparatively limited) resources of reform-minded officials, paired with long-term donor-funded technical assistance, notably to the Ministry of Finance and Economic Planning.

Dedicated officials – ranging from Ministers to departmental Directors and line officials – all have a combination of relevant qualifications and prior experience, substantial institutional knowledge and connections within the GRSS, and a clear understanding of how to work with and make use of embedded advisory support and external partners. Improvements in CGFs following 2013 noted in this case study are largely the result of such institutional entrepreneurs having managed to navigate complex governmental politics and effectively utilising moments of crisis to leverage their knowledge, connections and resources.

That said, many aspects of core government functions could not withstand the rapid decline seen from 2014 onwards. Whilst basic tools and practices to support CGFs – such as recording and reporting on government expenditure and delivering resources to local government – were successfully designed to withstand shocks, overall functions were weakened to such an extent that outcomes of core government functions slumped from already low levels. These functions have thus far not been inherently supportive of efforts to transition back into peace.

This case study therefore underlines the limited relevance of government spending and aid data for understanding core government capabilities, and how these are able to support transitions. Across all the core government functions described, positive as well as negative

developments have overwhelmingly been driven by individual capacities and decisions of senior and lower-level government officials, how appropriate these were in light of prevailing political and economic drivers, and the extent to which these were appropriately supported by aid programmes. The level of government and donor resources deployed are related but often misleading indicators.

What next for South Sudan?

There are some positive signs for successful transitions to lasting peace and development in South Sudan. Since the signing of the Revitalised ARCISS in 2018, levels of political violence have reduced, the economy and inflows of government revenues have begun to normalise, and positive developments in core government functions have materialised (e.g. first pension payments). The base capabilities retained in some CGFs – notably in public finance, government employment, local government and aid management – are supporting these improvements, and can usefully be targeted for further support.

Successive positive transitions will, however, need to be matched with efforts to address the tensions between communities across South Sudan. Case in point: the recent resumption of considerable armed conflict in Yei, which risks undermining the peace agreement, and lowers the confidence of the international community in the parties' commitment to peace.

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Annex K List of interviewees

Government

- Ministry of Finance and Planning: senior officials and technical staff
- Local Government Board
- DDR Commission
- Ministry of General Education and Instruction
- Former member of the Cabinet

Donors and technical advisors

- DFID
- World Bank
- UNDP, South Sudan
- Former advisors on the Budget Strengthening Initiative Programme
- Advisor to the Joint Monitoring and Evaluation Commission (JMEC), South Sudan

