The Horn Economic and Social Policy Institute

Assessing Transition to Stability, Fiscal Sustainability and Provision of Peace Dividend in South Sudan

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The Horn Economic and Social Policy Institute (HESPI)

HESPI is an autonomous regional institute that conducts economic and social research, policy analysis and advisory services to assist governments, the private sector and other stakeholders with a special focus on the IGAD sub-region. The Institute's mandate includes conducting commissioned studies and interacting with principal policy makers and change agents to address the challenges the region faces. HESPI's focus also covers institutional capacity building and instilling values for better management of social and broad based sustainable economic growth aimed at prosperous future for the region.

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List of Acronyms and Abbreviations

ARCISS	Agreement on Resolution of Conflict in South Sudan
BOSS	Bank of South Sudan
CPA	Comprehensive Peace Agreement
EAC	East Africa Community
ECSS	Ebony Center for Strategic Studies
FDI	Foreign Direct Investment
FY	Fiscal Year
GDP	Gross Domestic Product
HESPI	Horn Economic & Social Policy Institute
IGAD	Intergovernmental Authority on Development
IMF	International Monetary Fund
JMEC	Joint Monitoring and Evaluation Commission
MoFEP	Ministry of Finance and Economic Planning
NATO	North Atlantic Treaty Organization
NBS	National Bureau of Statistics
NRM	National Resistance Movement
PFM	Public Finance Management
RDB	Rwanda Development Board
RPF	Rwanda Patriotic Front; Regional Protection Force
SPLM/A	Sudan People's Liberation Movement/Army
SSCCSE	Southern Sudan Centre for Census, Statistics and Evaluation
SSP	South Sudanese Pound
TA	Technical Assistance
TGoNU	Transitional Government of National Unity
UN	United Nations
UNMISS	United Nations Mission in South Sudan
USD	United States Dollar
YES	Youth Employment Scheme

Abstract

The study argues that classic definition of a fragile state fits the situation in South Sudan because this country has been unable, since independence, to provide public and social services in sufficient quality, scope and reach. This has made it difficult to provide peace dividend as well as ensuring fiscal sustainability. The study assesses public perceptions on the state of fragility. Its causes and how to accelerate transition to stability. It finds that while 40 percent of the survey respondents blamed parliament for failing to deliver peace dividend and ensure fiscal sustainability, 48 percent of respondents believe that all stakeholders are responsible for accelerating transition from fragility. Overview of the macroeconomic situation in general and the fiscal position of the government in particular reveals that the civil conflict triggered a widening fiscal deficit and macroeconomic instability. In order to transit from fragility to stability, the country should embark on foremost restoring peace and security, maintain fiscal discipline in basic PFM functions, inducing private agents to repatriate assets home, restore communal trust, enhance management of public resources, and strengthen political governance. Survey results and experience from other countries indicate that achieving durable peace and/or accelerating South Sudan out of fragility is not achieved by single institutions and individuals but by a collective responsibility that calls for broad participation of civil society organizations, political parties, academia, governments, and the regional and international community.

Key Words: Fragility, peace dividend, fiscal sustainability, stability;

1. Introduction and Objective

There is neither economy nor state to talk about in South Sudan according to Professor Daniel Bromley (2014; 2016). For one, South Sudan, like some other *typical* African state is considered notional and lacks coherent incentives to bring the government and the citizens together through bargaining or creating of what Bromley calls "relational contract." Bromley (2014, p. 20) goes on to argue that "On the contrary, when governments in developing countries do not rely on general taxation, but instead derive their necessary revenues from: (i) export or import taxes;(ii) surpluses arising from monopoly (state) control of agricultural surpluses; (iii) surpluses arising from trade in consumer goods; (iv) surpluses from state property; or (v) from the export of natural resources such as oil, timber, fish, or minerals; such governments have little need to engage the larger citizenry in the business of governance." The tax bargain, as Bromley argues, must be understood as an essential aspect of governance and development.

In other words, tax bargain is what keeps the governments and their citizens in a continual process of bargaining over control of scarce resource.[1] This bargain makes government accountable to citizens. It also draws citizens to partake in the political process (Hausken, Martin & Plumper, 2004). Seen this way, politicians who derive rents from exports or imports without taxation remain insulated from citizen demands (Herb, 2005).

Despite those stark differences on a state, whether in the African or the western context, let us accept for the sake of argument that South Sudan is, indeed, a state. That existence of notional state is signified by the attainment of independence in 2011. South Sudan is a notional state, which has undergone a serious crisis of governance and leadership, including inability to provide basic services (Lual et al., 2014). Despite inability to perform basic functions of a state, South Sudan is, indeed, in a notional and fragile state (see Garang's Survey Findings, 2016).

The primary objectives of this paper are to draw lessons on: (i) whether South Sudan truly remains to be a fragile state after nearly 6 years of independence (July 9, 2011): (ii) how to escape fragility analyzing the various measures and indicators of fragility, (iii) how to accelerate transition to stability, achieve peace dividend, and realize fiscal sustainability in South Sudan; (iv) what have other countries done to escape fragility, ensure peace dividend and realize fiscal sustainability; and (v) why countries that have been independent for many years find escaping fragility is an uphill task.

2. Status and Trends of Fragility in South Sudan

Weak institutions, low level of human capital development, high poverty, inequality and history of violent conflicts that limit their ability to maintain a stable state and provide basic public services characterize ***fragile states*** (OECD, 2015; Geda, 2011). A European Union Report in 2009 argues that "There is a widespread consensus that state fragility relates to the poor record of state institutions in

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[1] Many studies have examined the role of taxes in giving the incentives to government to be held accountable. However, this could be true if citizens from resources rich areas hold government accountable or put a serious opposition to the efforts of both government and companies unless the first obtain Social License to Operate (SLO). In other words, other scholars argue that the concept of obtaining social license from citizens or communities of resource producing areas can be equated to obtaining consent of the citizens who pay taxes. However, both of these instruments may not work in a non-democratic setting. This is an area that needs further exploration, the argument goes.

providing basic services, due either to a lack of capacity or failure to confer the due priority to fulfill basic state functions.” Continuing with the same topic, Wolf (2006) argues that “Definitions of fragility vary widely, but generally focus on the output dimension. A fragile state then is one characterized by weak institutions that are unable to provide basic public goods; (i) of sufficient quality (e.g., security, water, healthcare, education, social safety net, etc.) (ii) of sufficient reach (across an entire population and/or territory and/or time) and, (iii) of sufficient scope (across the whole range of basic public goods).

South Sudan’s historical and political legacies point to this reality of fragility and it matches with these standard definitions and features both during pre-and post-independence (see summary of perceptions of survey respondents in Table 5). The 2016, fragile states index (former failed states index) indicated that South Sudan is 2nd most fragile state out of 178 countries assessed. (http://library.fundforpeace.org/fsi). **South Sudan** has topped the **Fragile** States **Index** for the second year in succession, as the country continues to be wrecked by internal conflict and fractious politics. The Index is an empirically-based, comprehensive ranking of the pressures experienced by the assessed countries.

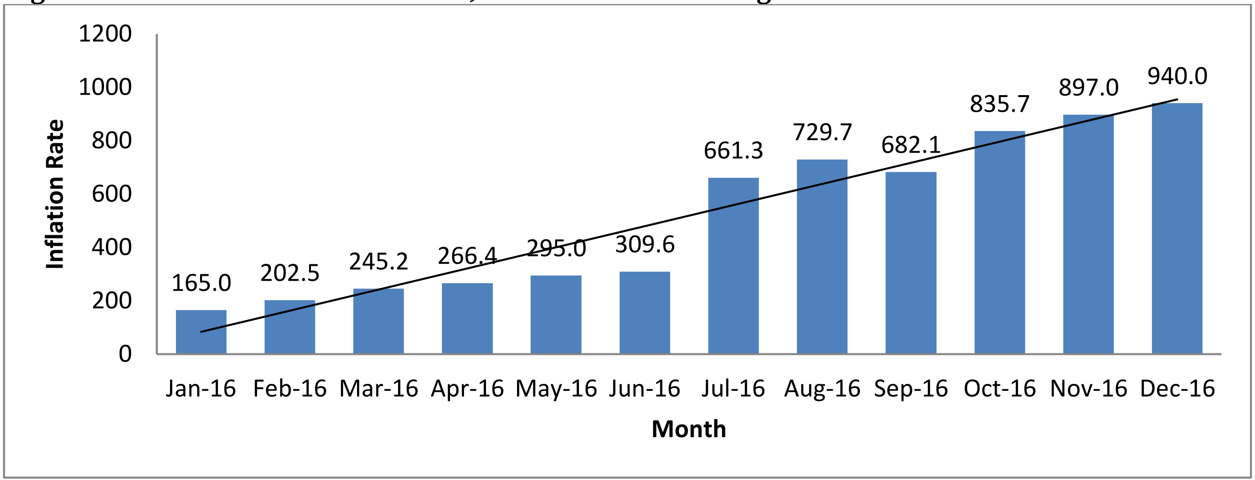
Southern Sudan (a region then) and South Sudan (presently an independent state) has experienced costly destructive wars and socioeconomic stagnation and decline from 1955 to 2016. The country suffered recurrent conflicts with serious economic and social impact. The conflicts hindered efforts to ensure security and realize a peace dividend[2] as military spending rose from US$ 982 million in 2013 to US$ 1.08 billion in 2014. The question of how to escape fragility and deliver peace dividend is increasingly germane owing to recent spikes in conflict in the country.

Unlike other countries in the East Africa region (such as Uganda and Rwanda) that have easily transitioned from relative fragility to stability, South Sudan has been impacted by severe conflict, which has led to calls for neo-trusteeship under the UN (Knopf, 2016; Booth, 2016). The UN and IGAD-Plus partner countries, though divided along state interests, have been assisting South Sudan at varying degrees to escape fragility and achieve stability. Also regional and international institutions have provided support. Among the few regional autonomous Think Tanks which support countries in post-conflict and fragile situations, the Horn Economic and Social Policy Institute (HESPI) has provided series of Technical Assistance (TA) to South Sudan in the areas of institutional building and financial integrity.[3] That is, as a regional policy research and capacity building institute endeavoring to help IGAD member countries, HESPI has, for the last four years, been engaged with South Sudanese policymakers and public finance management experts on various financial management and budget integrity issues.

The country skidded back to conflict in July 2016 which led to mass displacement, exacerbating humanitarian situation, upsetting economic activity and aggravating uncertainty in all markets, including the financial sector. The National Bureau of Statistics (NBS), reports that inflation is soaring at 661 percent on annual basis in the year ended July 2016 (NBS, 2016). It shot up to 730 percent by August 2016, and was estimated to rise to 940 percent in December 2016 (see Figure 1).

[2] The benefits derived from reduced military spending as well as income gains after the conflict concludes.
[3] HESPI conducted series of training workshops in Nairobi, Kampala and Addis Ababa for staff of the Ministry of Finance and Economic Planning, Federal Auditor General/Audit Chamber and the Parliamentary audit committee of South Sudan on PFM and financial integrity.

Figure 1: South Sudan Inflation Rate, Annual Percent Changes



Source: South Sudan National Bureau of Statistics*; November and December 2016 figure are forecasts by Trending Economics.*

In terms of external support, the donor community focused on humanitarian assistance and social needs, while military and defense expenditures have taken center stage in the government's operations. Large defense expenditures led to big government (Garang, 2013)[4] as well as widening fiscal deficit. Lack of fiscal responsibility has been the Achilles' heel of South Sudan performance commencing in 2005. Frequent Audit reports show the existence of such poor fiscal management in South Sudan's financial landscape, and the existence of a situation in which approved budgets or appropriation Acts are ignored (Audit Reports, 2005 – 08; Adeba, 2016). Policy analysts in South Sudan identify as "meek" institutions the health, and education ministries which underspend[5] annual budgets; while the army, public administration and security forces overspend their share, earning them a characterization of "militant" institutions.

South Sudan finds solace in all current efforts geared toward a political settlement and with express objective of achieving political stability. The latter will in turn help the nation in fully restoring security and macroeconomic stability.[6] Hence, once these goals are achieved, other primary targets toward inclusive growth strategy, prudent management of financial resource in line with Parliamentary Acts[7] as well as pushing for proper management, inclusive development and shared prosperity, can also be attained (Garang, 2015).

Fiscal sustainability and provision of prudent services delivery are among the critical issues in South Sudan. With ghost workers prevalent in the public payrolls, armed groups incorporated in the security forces, and army promotions and payroll expanding the government budget has become large. Hence,

[4] Critics assert that the problems in South Sudan are related to three factors: (i) Delusional inclusion model; the government peace making model of appeasement is problematic. This explains why the military becomes big in size, but poor in capacity, quality, and it only absorbs much of scarce national resources, (ii) lack of accountability which permeates all institutions and creates impunity, (iii) Pervasive international community involvement in domestic politics has made such involvement to be regarded as problematic in the South Sudanese politics.
[5] First, these institutions are allocated meager resources in the annual budget. Second, they have difficulties accessing their allocated resources and at the end of each year, they end up technically under spending.
[6] See Communiqué of the Assembly of Heads of State and Government of the IGAD Plus on the Situation in South Sudan, Addis Ababa, on 5 August 2016.
[7] See PFMAA 2011

these expenditures need to be reined in if South Sudan is to achieve fiscal sustainability. Fiscal policy reforms could include controlling budget expenditures, enhancing revenue generation and shifting public spending from the defense forces to real social and economic development. Indicators of fragility such as insecurity, inability to control territorial integrity, incapability to provide broad social services such as education and health (Mayai, 2016), rising national debt[8] and weakening governance institutions, are obvious and rising in South Sudan.

3. The Prevailing Socio-economic and Political Consequences of Fragility

A major impact of war on an economy is the loss of capital, which Paul Collier (1995) argues occurs through four distinct steps. The first is through temporary negative shocks, which force private rational economic agents to dissave. Second, the government and opponents drive each other into war of attrition and the end result is depletion of public wealth. The third and the fourth factors include decay of social capital and transfer of assets abroad. The first two are not easily reversible. The last two call for restoration to trust equilibrium and inducing capital to return. These in the long run can help to turn the economy around.

Owing to prevailing status of fragility in South Sudan, a number of consequences arise. First, insecurity across the country has led to rising loss of innocent lives. Road ambushes and ethnic targeting of travelers, child abductions and communal conflicts have become of increasing incidences. This insecurity and associated frequent loss of lives has cheapened human life. Lack of public goods such as common security has meant that certain communities have taken laws into their own hands. This provision of security by communities has meant interfering with civil liberties of others, and resulted in a huge challenge to state authority.

The impact of military spending has been a source of economic instability. Military spending rose from $982 million in 2013 to $1.08 billion in 2014 and reached $1.37 billion in 2015 which makes South Sudan the biggest military spender in the region. The country has nearly doubled its military spending since 2010 as the civil war has been raging in recent years, and the country has spent more than 60 per cent of its net oil revenue on the military. The war impact on the economy was magnified by the reduction on output exacerbated by the rapid decline in oil prices.

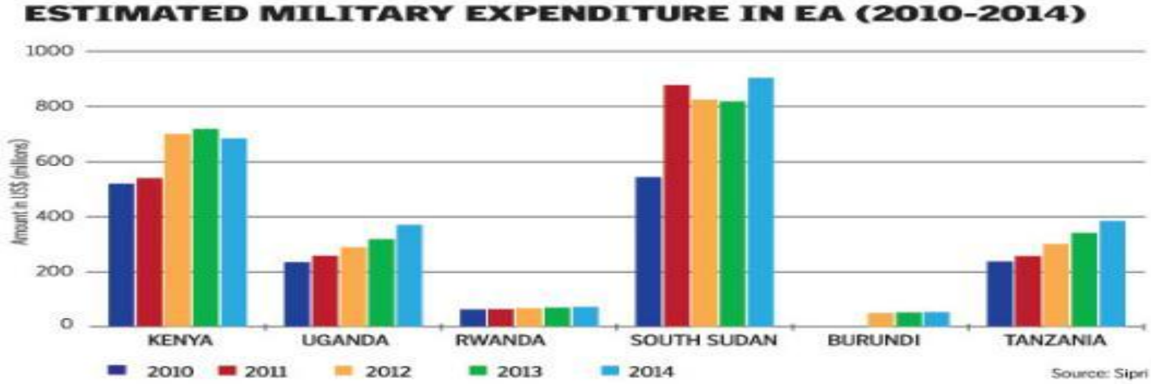
The military expenditures data includes all current and capital expenditures on the armed forces, including peacekeeping forces; the defense ministry and other government agencies engaged in defense projects; and paramilitary forces, if these are judged to be trained and equipped for military operations. Such expenditures include military and civil personnel, including retirement pensions of military and social services for personnel; operations and maintenance; procurement; military research and development; and military aid. Excluded are civil defense and current expenditures for previous military activities, such as for veterans' benefits, demobilization, and conversion.

South Sudan's military expenditure has been increasing against other sectors of the economy of the country and compared to military expenditures of other East African community member countries (Figure 2). The country now ranks as the region's biggest spender, and leading to skewed spending policy that is constraining spending on the key economic and social sectors, and infrastructure. South

[8] See Draft National Budget for 2016/2017.

Sudan was already one of the two countries in the region with the biggest military spending together with Kenya, even if it's GDP less than a fifth of Kenya's GDP. However, since the civil conflict began, South Sudan incurred by far the largest military expenditure in the region.

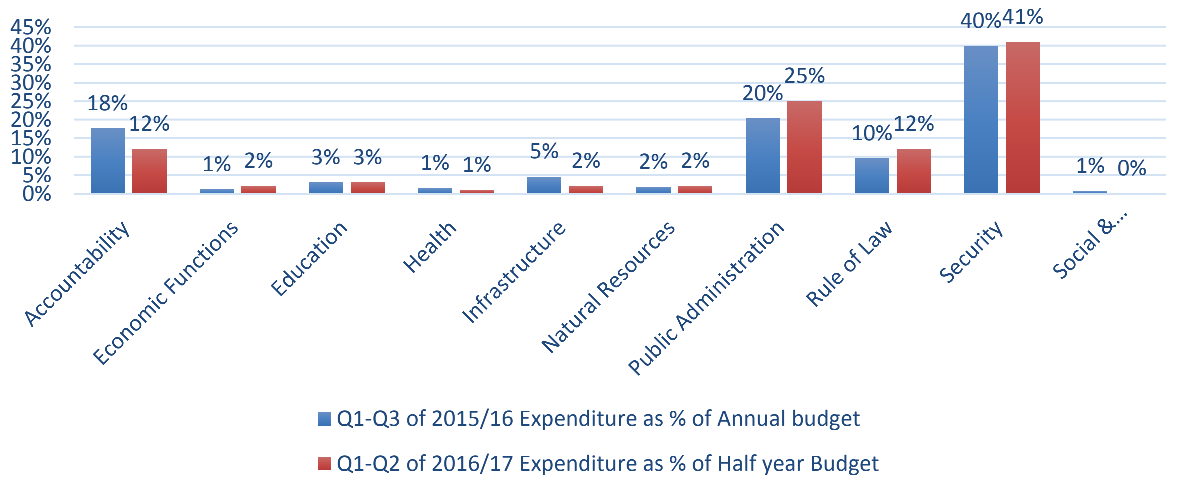
Figure 2: Estimated Military Expenditure in East Africa (2010-2014)



Retrieved from: http://www.www.theeastafrican.co.ke/image/view/-/2697226/medRes/999599/-/ut6fvvz/-/mspend.jpg

The war is diverting resources that could have been used to provide basic services to the suffering population and for development of the country. Looking at the reported expenditure data for Q1-Q3 of 2015/16 and Q1-Q2 of 2016/17 the security sector alone accounts for more than 40% of government expenditure during both periods (Figure 3). On the other hand, expenditure on key sectors needed for long term growth such as on infrastructure, education and health account for 4%, 3% and 1% of total governmentexpenditure respectively.

Figure 3: Sectoral Shares Of Government Expenditure (2015/16-2016/17)

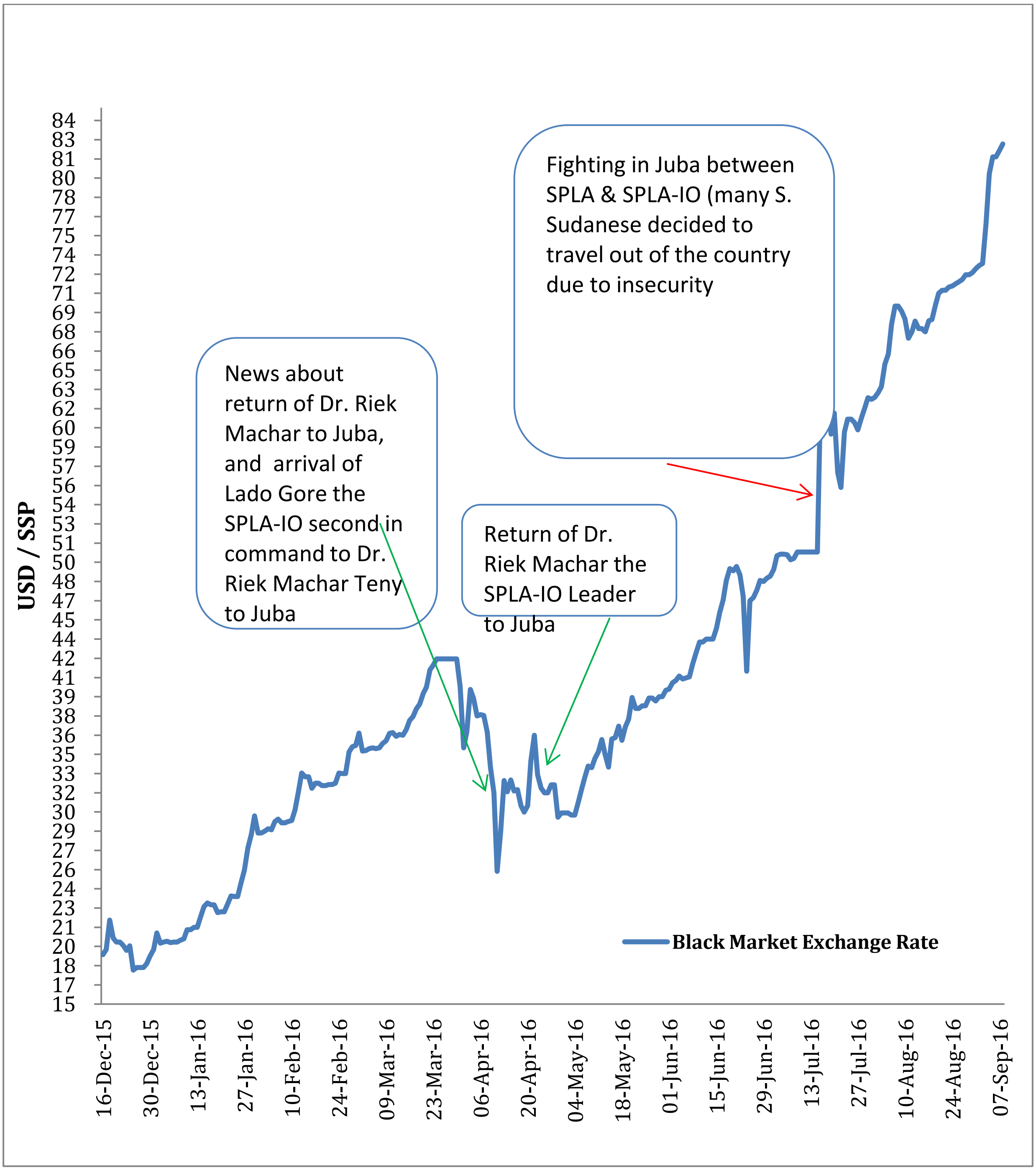


Source: MoFEP (2016, 2017)

The currency markets in the country have also weakened as both local and hard currencies are in short supply. The dollar has sharply risen from 4 South Sudan Pounds (SSP) in December 2013 to 6.77 SSP in 2016 in South Sudan's local markets.

The political conflict has thus exacerbated the weakness of the South Sudanese pound leading to an 80% depreciation of the pound (see Figure 4), and to runaway inflation and pricing most consumers out of market.[9]

Figure 4: Black Market Exchange Rate (Following Managed Floating Exchange Rate), 15 December 2015- 8 September 2016



Source: Bank of South Sudan, 2016

[9] MoFEP. (2016). Budget Speech FY 2016/2017. Fall in the price of oil is also a factor contributing to this gyration.

The conflict has also resulted in inability to raise revenue. This consequently translated into government ineffectiveness and failure to provide basic social services. The resultant consequences are many children out of school owing to insecurity (Briggs, 2017; Government of South Sudan, 2014) or parental inability to pay school fees. State fragility has equally made it difficult for the Government to embark on robust reform agenda, among others in PFM. Furthermore, basic commodities and services are expensive and out of reach for most households, and for a nation without a program of social safety net, economic hardships, daylight robberies, and burglaries are rising. Section 4 below discusses in more detail the macroeconomic stability, with particular attention to fiscal challenges of South Sudan in the context of political instability and fragility.

4. Trends in Fiscal Sustainability

South Sudan's economic performance has been erratic during the five years period since independence. 60% of its GDP and almost 100% of its exports coming from oil production, the trend in the country's economy follows developments in the oil sector, which has been marred by disruptions due to internal conflict, and a significant fall in international oil price over the same period. Facing a subdued oil export proceeds, a climbing public expenditure since the civil conflict began in 2012/13 together with suspension of donor finance due to public finance mismanagement, the government resorted to monetization of the current account and fiscal deficit, which led to hyperinflation and accelerated depreciation of the South Sudan Pound (SSP) against the USD.

The conflict also led to deterioration of the nascent PFM institutions, resulting in non-credible budgets and ad hoc spending decisions, exacerbating the fiscal position of the government. In what follows, the study discusses in more detail how the fiscal deficit and its financing has been evolving in the past five years and highlights some pathways to bring the fiscal deficit to a sustainable trajectory.

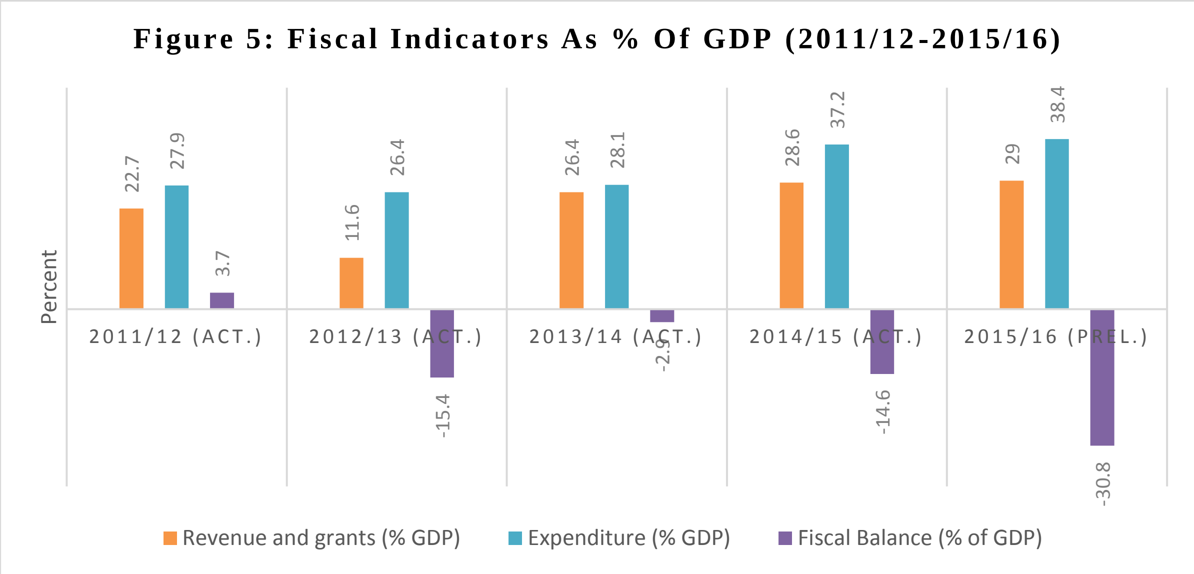
As Table 1 below shows real GDP growth pattern follows the trend in oil production over the 2011/12-2015/16 period. Real GDP declined by about 26.7% in 2012/13 when oil production slipped to 18.3 million barrels from 70.5 million barrel in the preceding years. Real GDP was then boosted in 2013/14 as oil production recovered significantly. Degeneration into conflict and low oil price and oil production led to negative real GDP growth in 2014/15. 2015/16 South Sudan's oil export price declined from an average of US$98 per barrel in 2013/14 to about US$33 per barrel in 2015/16. The conflict also triggered closure of some oil fields and reduction in investment in the oil sector.

Table 1: Output and price indicators

Indicators	2011/12 (Act.)	2012/13 (Act.)	2013/14 (Act.)	2014/15 (Act.)	2015/16 (Prel.)
Real GDP growth (%)	-25.1	-26.7	39.3	-12.8	-6.9
Oil production (millions of barrels per year)	70.5	18.3	66.8	57.8	53.1
South Sudan's oil price (US dollars per barrel)	96.4	97.6	97.8	62.4	34.7

Source: IMF (2014, 2017)

Being heavily oil dependent country, the sharp decline in oil production and oil prices together with rising security related spending resulted in soaring fiscal and current account deficit. Figure 5 below depicts the trend in government revenue, expenditure and fiscal balance over the last five years. The fiscal deficit has been widening during 2012/13-2015/16. Revenue and grants fell short of financing government expenditures, most notably in 2015/16.



Source: IMF (2014, 2017)

Facing a widening fiscal deficit and limited access to external financing, the government increased its domestic borrowing and monetization of the fiscal deficit, causing increasing inflation and depreciation of the currency. As Table 2 below shows, growth in broad money has shown a significantly increasing trend since 2013/14 consistent with the monetization of the fiscal deficit. As of March 2016, government debt amounted to 28 billion SSP (MoFEP, 2016). The government owes nearly half of this debt to BOSS. This shows that the government largely depend on borrowing from its central bank to finance the fiscal and current account deficit. The other country's, external debt which has modest until 2015/16, jumped to 28.6% of GDP from 5.5% of GDP the previous year[10].

In a situation where agricultural production and oil production has been low, monetization of the deficit has exacerbated the inflationary situation and depreciation of the domestic currency. The annual inflation rate spiked by 730% the year through August 2016, putting the country technically in a hyperinflation. Also, the south Sudanese currency depreciated in the parallel market from its value of 18.5 per USD in December 2015 to 80 per USD in September 2016 (World Bank, 2016).

[10] A country's debt exceeding 40% of GDP is considered by the IMF as unsustainable. Using debt to export ratio as an alternative indicator, the IMF also defines debt sustainability on a policy dependent basis. Accordingly, once it categorizes countries as weak, medium and strong policy performers, it assigns a debt-to-export threshold of 100, 150 and 200 respectively to have debt sustainability. Having an economy dependent on oil export, the second criteria fits better to analyze South Sudan's debt sustainability. Accordingly, being a weak policy performer, the country has a debt-to-export ratio of well above 100 threshold over the last five years. Hence, its debt is not sustainable.

Table 2: Current Account Balance, Fiscal Balance and Deficit Financing (2011/12-2015/16)

Indicators	2011/12 (Act.)	2012/13 (Act.)	2013/14 (Act.)	2014/15 (Act.)	2015/16 (Prel.)
Fiscal Balance as % of GDP (including statistical discrepancy and payment of domestic arrears)	3.7	-15.4	-2.9	-14.6	-30.8
Current account (% GDP)	9.5	-18.0	2.3	-4.2	-3.7
Net foreign assets of the central bank (in months of import, end of period)	4.8	0.9	1.0	1.4	0.4
Broad money Growth	-	-15.3	20.5	36.9	219.1
External debt (% of GDP)	-	6.4	4.2	5.5	28.6

Source: IMF (2014, 2017)

The substantial depreciation of the South Sudanese currency put pressure on the government to service its dollar denominated debt. It also increased the fiscal deficit problem by boosting recurrent expenditures and capital expenditure, as salaries in some ministries and capital imports are financed using U.S. dollars.

South Sudan's fiscal deficit problem is compounded by the weak capacity in its public finance management (PFM). In the aftermath of independence, there was no substitute for the PFM system instituted in the Comprehensive Peace Agreement. For this reason, decisions on the use of oil revenue to finance public expenditure were largely ad hoc. With donor support, various PFM institution building measures were being implemented before being derailed by the civil conflict. This resulted in deteriorating PFM, where budgets and spending decisions have been ad hoc, and expenditure arrears have been accumulated. This led most of the development partners to suspend aid to the country.

Facing a dwindling access to external finance from the donor community, the government passed a budget in 2016/17 reflecting strong measures on fiscal consolidation, a limit on central bank borrowing and fiscal transparency. The budget aims to reduce fiscal deficit from 31% in 2015/16 to 8.5% by increasing sales and excise taxes, introducing new taxes and spending limits across the board. The fiscal consolidation implied in the 2016/17 budget would reduce the deficit to about 5.6% of GDP from 30.8% of GDP in 2015/16. It would also reduce broad money growth to about 40% from more than 200% in 2015/16 (IMF, 2017). If implemented, this would go a long way in reducing inflation and exchange rate volatility. By demonstrating commitment for fiscal discipline, the government could return to accessing external finance. However, successful implementation of the budget largely depends on political stability on the ground as raging civil conflict would derail the government's effort to implement these stabilization measures.

To summarize, the civil conflict in South Sudan has taken its toll on the fiscal position of the economy. It caused a fall in revenue by slowing down oil production and weakening capacity in tax administration. On the expenditure side, it has caused soaring security related expenditures and routine overspending by different government ministries. The inadequate public finance mismanagement and the resulting macroeconomic instability compounded the fiscal deficit. According to conventional definition of debt sustainability, South Sudan's external debt is not sustainable. Reversing the downward fiscal spiral in South Sudan requires prioritizing a credible roadmap for sustainable peace. In the medium term, restoration of peace would allow increased oil production and improved tax administration, reinstituting fiscal discipline in basic PFM activities, scaling down security related expenditures and improved access to external finance. Success in these areas would allow the government to embark on a more deep rooted economic reform in PFM, investment in infrastructure, education and public health, which by reinforcing peace and stability would put the economy on a sustainable fiscal trajectory.

5. Review of Experiences of Accelerated Transition

5.1. Post conflict recovery in Rwanda and Uganda

The following section documents experiences of post conflict recovery by two of south Sudan's neighbors—Rwanda and Uganda and the lessons for South Sudan in its transition to peace and stability.

The section draws lessons from the cases of recovery in Rwanda and Uganda, two post-conflict countries in East Africa that have re-emerged from conflict and extended fragility.

Uganda went through rough periods of coups and a number of unstable governments, until a stable one was realized in 1986. The discordant periods include Amin's era and a series of short-lived governments such as those of Gen. Okello. This gave impetus to the National Resistance Movement (NRM), which came to power in 1986, and began to govern broadly and move the country in a different direction.

When the NRM took over the country, the government provided improved security, granted greater press freedoms, ended abuses of human rights, and introduced economic reforms with assistance from the International Monetary Fund (IMF) and World Bank. The government also pushed through reforms in education, public sector and technology. As a result of the sound policies and economic reforms adopted by the new government, Uganda achieved sustained high economic growth and considerable poverty reduction in the two decades since stability was attained.

The current leadership in Rwanda came to power after dethroning a repressive regime, and tried to rebuild the nation after conflict shattered the national economy. Gaining independence in 1962, Rwanda was characterized by political instability and ethnic divisions, culminating in the Genocide in 1994. The Rwanda Patriotic Front (RPF) came to power in 1994 and by 2000 President Paul Kagame assumed the helm of leadership. His government made a number of far-reaching reforms including increased women representation in the government and parliament, heavy investment in technology, prioritizing educational initiatives such as the case of One Laptop per child (Best, Fajebe & Smyth, 2009). The regime invested in science, technology, engineering and mathematics, and attracted foreign direct investment (Rusuhuzwa & Baricako, 2009). Other notable developments include Rwanda Vision 2020 and Rwanda Special Economic Zones to foster effective coordination of economic growth and development through Rwanda Development Board.

By most statistical measures, Rwanda appears to have transitioned from fragility. It has registered impressive record in economic growth, improved governance, reduced corruption and broadened human and social development in a short time. Real gross domestic product (GDP) growth, for example, averaged 8 percent between 2001 and 2015 (World Bank country overview, 2016).

5.2. Lessons learned from other country experiences

Drawing from the examples of Rwanda and Uganda, the following lessons are applicable and could be learned:

In Uganda, the government was selective in implementing some programs sponsored by international financial institutions, and instead gave priority to its programs such as funding education. Most donor projects were demand-driven in Uganda; and the government implemented only projects that were deemed to be aligned with the country's development programs. The donors, more often than not, complied with the government's coordination and direction of external assistance.

Embracing virtues of good governance and displaying political will: Early on, the Rwanda and Uganda governments and their respective national leaders embraced values that are complementary to accountability and rule of law. The Rwandan government allowed high ranking officials to be tried in courts for illicit activities and abuse as an assured sign of political commitment against corruption.

Creating the nation in the image of a victor: NRM and RPF were both victorious in the battlefields. In this context, the leadership succeeded with authoritarian governance and without pandering to international pressure or strong local opposition.

Proper utilization of resources: Each regime saw to it that human resources or capital is exploited in such a way to advance the national agenda, including job creation and security. Uganda, for example, staffed government institutions, including the Ministry of Finance and the Central Bank, with right skills and expertise. These countries reaped huge benefits from a skilled workforce.

Advancing women representation: The Rwanda and Uganda governments advanced equitable regional development and representation, appointed more women to positions of power and influence that allowed them to make decisions that are pro-family, and to improve material standards of living. Such pursuits of enhancing education, augmenting social services, promoting gender equality and offering public goods have potential to reduce fragility.

Contrary to the reforms undertaken on Rwanda and Uganda, the problem in post-independence South Sudan is twofold. There is undue influence of the international community in pressuring the weak national government to implement policies that are not properly vetted or prioritized nationally. The NRM and RPF benefited from the international community financially, but they designed their policies implementation.

Judging by the above lessons, various SPLM-led governments have not benefited from the experiences of successful transitions from fragility by the two governments in the region. SPLM-led governments have not delivered on good economic and political governance, genuine inclusion, accountability, proper utilization of resources and skill placement.

The government of South Sudan has a second opportunity to turn things around with a recent Agreement on Resolution of Conflict in South Sudan (ARCISS). It should be forthright in pushing through with reform agenda in the economic and security sectors. Also, national healing and reconciliation should receive a priority for the first time since independence. However, none of these things has yet been done and the country is currently in a different environment. The government has lost credibility on governance matters, such as service delivery, accountability, and security provision during the 2005 – 2013 era due to lack of a clear vision and direction (Awolich, Abraham & Diing, Zacharia Akol, 2013; Johnson, 2014). Still, ARCISS provides a new lease on life for the SPLM to lay out a coherent vision despite the ongoing economic and political crisis. This was the case in Rwanda in the 1990s when the RPF came to power after the genocide.

Yet even after the RPF came to power, it still had to deal with many challenges and violent issues including across the border in Congo. Although the RPF confronted a destroyed country because of its unambiguous mission to unite the people and embark on the agenda of development, the Rwanda government was able to steer the nation and deliver on the promise of a brighter future. Reconciliation and healing were the bedrock of Rwanda's recovery which supported the successful transition.

One can argue that South Sudan should have adopted this strategy immediately after independence. The SPLM-led government should have undertaken a number of remedial actions to heal the nation and ensure fiscal sustainability. South Sudan could promote the achievement of peace and development, if the following actions are implemented:

- The Transitional Government of National Unity (TGoNU) ought to set the tone on accountability and transparency for the sake of service delivery.[11]
- Government should value specialized skills and assign a role for technocrats in critical institutions and ministries
- Government should seek technical support from countries in the East Africa Community (EAC) which helped Rwanda to pool technically trained personnel. South Sudan received the opportunity from Uganda and Kenya but no sufficient skill transfer has taken place between EAC and South Sudan.
- Government should generate more resources for social and economic development projects, attract foreign direct investment, rebuild adequate infrastructure, strengthen openness to trade, and put in place growth strategies and proper risk management (Anyanywu, 2013; Mayom 2016). South Sudan can start receiving foreign investment once the determinants are in place, which will in turn facilitate revenue mobilization and local employment.

6. The Perception Survey and Key Findings

6.1. Data collection and methodology

The data collection for this paper come from two main sources. The secondary data were obtained from different sources, including National Bureau of Statistics (NBS), and Ministry of Finance and Economic Planning (MoFEP). These secondary data make up much of supporting evidence throughout the paper, especially in complementing existing literature. In addition to secondary data, a survey questionnaire was administered to selected respondents in Juba. As the seat of the Government, Juba is perceived as an appropriate site for collecting primary data for the study. The primary data came from 170 respondents.

The perception survey used both simple random and purposeful sampling methods to administer the questionnaire to respondents in 5 major sites,[12] comprising two national universities (Upper Nile

[11] The President has already heeded the call for the National Dialogue.

[12] Owing to time and cost factor, we chose simple random sampling. Yes, it would have been great to use qualitative data collection mechanism such as Focus group Discussions, and Key Informant interviews but due to the time constraint, they were left out.

University and University of Juba) and one private university in Juba (Catholic University of South Sudan), Government Ministries and the Juba town Market.

The survey relied on assistance of five enumerators for the data collection. Each enumerator was selected randomly to determine their designated data collection site. While at the site, each enumerator conducted the survey by employing "pick and skip" methodology. If the enumerator has spoken to a respondent or group of them, he/she would skip one and apply such alternate sampling method.

The survey sought opinions from as many stakeholders as possible. Above all, the government as the implementer of ARCISS, and the students as one of the more informed members in the society. Also, those in the market or general public are also important in registering their views on what can be done to achieve fiscal sustainability and peace dividend, or simply who to hold accountable for the problems facing the country.

In general, variables of analysis include a whole set of questions on age, education, occupation, peace dividend, fiscal sustainability, and transition to stability (Appendix A). On the other hand, Appendix B provides the code, illustrating how each variable is measured in the survey. As pointed out earlier, the sample size is 170 respondents. Table 3 gives a summary of respondents profile by age, gender, region, education and whether a respondent has ever lived outside South Sudan before. In terms of gender, males comprised about 76 percent of the respondents. As for age, 67 percent is below the age of 30 years.

Classifying by region, the survey results indicate that about 49, 25 and 26 percent of the respondents identify themselves as hailing from Bhar el Ghazal, Equatoria and Upper Nile, respectively. Clearly, Bhar el Ghazal is overrepresented. For educational attainment, 44 percent of the respondents have a bachelor's degree. Also, close to 60 percent of the sample identify themselves as students or matriculating in the three universities sampled. Finally, about 51 percent of the population has ever lived outside South Sudan.

Table 3: Respondents' profile

Group	Respondent	As % of the Total
By Gender		
Male	129	75.9
Female	41	24.1
Total	170	100.0
By Age		
Age ≤30	113	66.9
Age ≤42	43	25.4
Age ≤54	10	5.9
Age ≤66	3	1.8
Total	169	100.0
By Region		
Bahr el Ghazal	82	48.5
Equatoria	43	25.4
Upper Nile	43	26.0
Total	169	100.0
By Education Level		
No Education	3	7.8
Primary Education	9	5.3
Secondary Education	29	17.1
Diploma or Certificate	47	27.7
Bachelor degree	74	43.5
Master's Degree	7	4.1
Graduate degree	1	0.6
Total	170	100.0
By Occupation		
Student	100	59.2
Government Employee	38	22.5
Private Sector Employee	16	9.5
Not working	15	8.9
Total	169	100.0
By Whether the Respondent Has Ever Lived Abroad		
Yes	85	50.6
No	83	49.4
Total	168	100.0

Source: Garang's Survey Data, 2016

On the education achievement, the highest education attained is a graduate degree and the lowest is no education. On age distribution, the youngest respondent was 18 and the oldest was 66 years old. The average age of a respondent in this sample was 30 years old and had a diploma or certificate (Table 4).

Table 4: Summary statistics by age and education level

Variable	Observation	Mean	Standard. Deviation	Minimum	Maximum
Age	169	29.9	8.4	18	66
Education	170	4.2	1.1	1	7

Source: Survey Questionnaire, 2016

Note: While coding the data, for education, 1 is for no education, 2 primary education, 3 secondary education, 4 diploma, 5 bachelor degree, 6 master's and 7 post-graduate degree.

6.2. Findings from the Survey

This section highlights major survey findings. On the question of state fragility, about 74.7 percent of the 170 respondents believe that South Sudan is a fragile state. On the other hand, only 7.7 percent think that South Sudan is not a fragile state while about 17.7 percent are not sure (see Table 5).

Table 5: State of fragility and delivery of peace dividend

Category	Respondent	Percent
A. Is South Sudan a fragile state		
Yes	127	74.7
No	13	7.7
Not Sure	30	17.7
Total	**170**	**100**
B. Has peace dividend been delivered since 2011 independence		
Yes	25	14.7
No	133	78.2
Not Sure	12	7.1
Total	**170**	**100**

Source: Garang' s Survey Data, 2016

The survey also addressed the issue of peace divided or in the sense that whether it has been delivered in South Sudan. Close to 80 percent of the sample concludes that peace dividend has not been delivered in South Sudan since 2011 (see Table 5).

For convenience, peace dividend was explained to each respondent as benefits accruing from reduction in military spending and the resultant growth proceeds or improvements in service delivery arising from income gains. Such anecdotal evidence comes from the fact that the military budget has been on the rise and little by way of services is provided.

Table 6: Party responsible for non-delivery of peace dividend and fiscal sustainability

Party Responsible	Respondent	Percent
The Parliament	63	40.1
The Executive	34	21.7
The Judiciary	8	5.1
The Security sector, including the army	29	18.5
Others	23	14.7
Total	157	100

Source: Garang' s Survey Data, 2016

When asked about who is responsible for and lack of fiscal sustainability and non-delivery of peace dividend in South Sudan, most respondents put blame on the Parliament (see Table 6).

Table 7: Policy options to ensure fiscal sustainability in South Sudan

Policy Measures	Respondent	Percent
Higher revenue generation & expenditure control	38	22.6
Managing national debts and arrears	18	10.7
Effecting national pension scheme and	4	2.4
social safety net	12	7.1
Adhering to national appropriations acts	96	57.1
All of the above policy measures		
Total	157	100

Source: Garang's Survey Data, 2016

Respondents blame parliament on non-delivery of peace dividend and fiscal sustainability for two plausible reasons. First, 40% of respondents believe that parliament has not been performing its oversight function, and failed to hold the executive accountable. Second, this parliament has credibility problem, and the public perceives it only as "rubber stamp" for the executive, and gets blamed for this reason.

On the policy options that can be adopted to ensure fiscal sustainability, a majority of respondents (56 percent) think that generating higher revenue, controlling expenditure, managing national debt, establishing national pension scheme and social safety net, and adhering to Appropriations Acts are essential in this endeavor (see Table 7).

Furthermore, respondents think that a peace dividend can be hastened by resources re-allocations, shifting resources from military to civilian production, and restoring trust equilibrium. In other words, 42 percent of the respondents think that all of the above factors are important in ensuring peace dividend.

Apart from the perception of the survey respondents, the status of these policy measures from on-the-ground analysis is dismal. In particular, war has eroded much of the social capital to the extent that trust level is at all-time low in South Sudan. An inclination to execute war means that considerable resources are allocated to military spending and reduction of such expenditures is not easy.

Table 8: How to hasten peace dividend

Policy Measures	Respondent	Percent
Reallocating resources	22	13.6
Shift resources to civilian production sector	20	12.4
Restoring trust	52	32.1
All of the above	68	42.0
Total	162	100.00

Source: Garang' s Survey Data, 2016

Also, respondents were asked to name which agency has been responsible for accelerating transition. A majority of the respondents (47.6) think that TGoNU or executive branch of government, parliament, judiciary, civil society and UN are all crucial in accelerating transition (Table 9). But as a standalone factor, TGoNU or the executive tends to be given the most responsibility. Accordingly, 23.8 percent of respondents think that government should do more to accelerate transition from fragility in South Sudan.

Table 9: Agency Responsible to Accelerate Transition to Stability in South Sudan

Policy Measures	Respondent	Percent	Male	In %	Female	In %	Total	In %
The TGoNU or Executive	40	23.8	35	87.5	5	12.5	40	100.0
The Parliament	17	10.1	15	88.2	2	11.8	17	100.0
The Judiciary	2	1.2	2	100.0	0	0.0	2	100.0
The Civil Society	9	5.4	7	77.8	2	22.2	9	100.0
The UN or Int'l Community	20	11.9	9	45.0	11	55.0	20	100.0
All of the Above Agencies	80	47.6	60	75.0	20	25.0	80	100.0
Total	157	100	128	76.2	40	23.8	168	100.0

Source: Garang' s Survey Data, 2016

In disaggregating these policy choices by gender, majority of men think that TGoNU is responsible for accelerating transition while majority of women think that UN or International community can do the job (Table 9).

On the other hand, respondents overwhelmingly consider illiteracy, bad politics, lack of justice, policies of exclusion & past grievances and militarization of politics to be major obstacle to accelerating transition (see Table 10). About 81 percent of 166 respondents, for example, contend that poverty and illiteracy are major constraints.

Table 10: Obstacles to Accelerating Transition to Stability in South Sudan

Obstacle	Major Obstacle	In %	Moderate Obstacle	In %	Minor Obstacle	In %	Not Obstacle	In %	Total	In %
Poverty and Illiteracy	134	80.7	16	9.6	9	5.4	9	7.2	166	100.0
Unhealthy Political Competition	80	48.5	59	35.8	16	9.7	10	6.1	165	100.0
Lack of Rule of Law/Justice	107	65.2	27	16.5	18	11.0	12	7.3	164	100.0
Exclusion and Past Grievances (lack of Healing & Reconciliation)	93	56.7	26	15.9	35	21.3	10	6.1	164	100.0
Militarization of Politics	118	71.1	23	13.9	13	7.8	12	7.2	166	100.0

Source: Garang' s Survey Questionnaire, 2016. *Moreover, respondents were only asked on the cause or obstacles but not on the way forward. The data is analyzed by religion (see Table 3).*

6.3. Implications of the Survey Findings

This section covers the findings, in light of the existing literature and the interviews on the issues, of fiscal sustainability, transition to stability and delivery of peace dividend. While the sample size is small and there is a need to be cautious in interpreting these results, one can nevertheless draw important insights from this study. Some of the findings confirm what is already known in the literature or appears logical in South Sudan owing to its present development status.

First, the sample is exceedingly male. Such over-representation by men is normal in South Sudan. Existing literature points to the fact that men outdo women by sheer numbers in labor force or in the labor market and that there are more boys in school than girls. Owing to cultural norms and traditional constraints, any sample drawn from school or workplace is likely to be biased toward men than women in South Sudan.

Second, a majority of the sample or the population has at one time lived abroad because of displacement or attempts by individuals to seek safety or education opportunities outside South Sudan during wartime (1983-2005). One would assume that these individuals who lived outside South Sudan might have learnt or drawn valuable lessons from the host countries.

Third, 72 percent of South Sudan's population is below age 30 (SSCCSE, 2010). Hence, the finding of 66 percent (Table 3) is consistent with this known demographic regularity.

Fourth, government is the main employer and source of aggregate demand in South Sudan (Deng et al., 2012). The majority of the sample are students (59.2 percent), and government employment of 22.5

percent is still higher than employment by private sector at 9.5 percent and those not working at 8.9 percent. There is no known agency that tracks employment or unemployment rates in South Sudan; but the estimated unemployment is evidently higher than what this study indicates.

Fifth, while the sample respondents blame the parliament for fragility and non-delivery of peace dividend, more respondents think that TGoNU or executive can do better job on how to accelerate transition from fragility. This could be a sample bias or a better understanding that parliament has been ineffective and the respondents believe that the dominant Executive branch has more tools to do the job. It is true that passing legislations alone could not accelerate transition but adding enforcement and accountability or oversight function to the mix could have enhanced the transition.

Sixth, a majority of women think that the United Nations (UN) or international community is indispensable to accelerate transition in South Sudan, because UN agencies such as World Food Program (WFP) have been a visible entity in enhancing livelihoods for vulnerable households; United Nations Mission in South Sudan (UNMISS) has also been engaged in protecting civilians. The proposed Regional Protection Force (RPF) also feeds into this belief that transition needs more than the government of South Sudan. This also points to the influence of international humanitarian assistance, which has outperformed the government, which has failed its social contractual obligations.

Finally, respondents point to endemic poverty and illiteracy, lack of justice, militarization of politics, policies of exclusion, and unhealthy political competition as major obstacles to accelerating the transition to stability in South Sudan. These findings are consistent with conventional wisdom and the view point of critics that previously identified these factors as hindrance to stability and development.

7. The Way Forward

7.1. Modalities and Steps in Accelerating Transition and Ensuring Peace Dividend

Developing transition and attaining, peace dividend is contingent on reduced military spending and income gains following a conclusion of the conflict. Hence, the first agenda on ensuring a peace dividend in South Sudan is stop the war. This process of resource transfers was attained at the end of cold war, when military spending by NATO, the US, and Russia who were engaged in arms race went down.

On its part, TGoNU proposed a budget intended to support peace implementation (Table 11).

Table11: Budget Allocation for FY 2016/17 by Sector

Sector	Allocation (SSP million)	As % of total
Accountability	1,500	4.5
Economic Functions	514	1.5
Education	1,400	4.2
Health	588	1.8
Infrastructure	466	1.4
Natural Resources and Rural	751	2.2
Public Administration	4,749	14.2
Rule of Law	3,688	11.0
Security (includes defence and all military budget)	11,045	33.1
Social and Humanitarian Affairs	177	0.5

Sector	Allocation (SSP million)	As % of total
Peace (ARCISS) Expenditure	5,000	15.0
Transfers to the States	1,952	5.8
Contingencies, Interests and Arrears	1,558	4.7
Total Government Spending	33,388	100.0

Source: MoFEP, Draft National Budget FY 2016/2017

Note: This does not include grants or externally funded spending of SSP 2,041 million; and another SSP 39,065 million which does not pass through the Government.

As noted before, the country already is in a fragile state owing on generalized insecurity, its low level of human capital, low capacity to mobilize domestic resources, high dependence on primary products, and underdeveloped infrastructure (Garang, 2015b). To put this in context, investment in education has been low despite low literacy rate of 27 percent. Indeed, the trend in fragility is on the upswing. Inflation is on the rise, thousands of households face rising prices of basic commodities, majority of roads have been rendered impassable due to insecurity and as sketched out in the budget speech, and total indebtedness rose to SSP 35.3 billion by 30 June 2016.

Based on the extended insecurity which has led to severe decay of social capital accelerating transition and ensuring peace dividend entail restoring trust equilibrium, and implementation of the sustainable peace. Also essential is to gain the confidence of the population and inducing private agents to shift portfolios, and engaging in local production and sustained economic activity to enhance tax revenue generation.

Considerable trust has already been lost between ethnic groups due to pervasive and divisive wars. In this context, designing public policy to induce society back to trust equilibrium is called for. Such approach to induce trust equilibrium includes property protection and creating sense of safety for all. This is also likely to induce private agents to reverse capital outflow and repatriate assets. With security and enhanced business confidence, capital outflow abroad is likely to come home.

The state must strengthen socio-economic and political governance. While federalism is now enshrined in the ARCISS, individual 32 states are unable to deliver basic services to people, and the resultant border conflicts have made peace elusive in South Sudan. Essential steps and mean to reduce military spending, boost civilian production and deliver basic social services are yet to be taken or realized. Fighting fiscal unsustainability through ARCISS and freeing up military budget for civilian production is also low on the agenda.

The state must be realistic and holistic in its preferred approach. Scholars have argued that fixing state fragility requires managing consequences, eliminating causes, and watching out for fragility triggers. Since 2005, it could be argued that South Sudan has failed to either manage expectations or eliminate causes of fragility, but kept rewarding rebellions in the name of buying peace through an initiative generally known as “Big Tent” philosophy (see Garang, 2013).

7.2. Required Level of Commitment in the Transition Process

Transitioning from fragility is neither a one-step nor a one agency job. The findings from the foregoing discussions have already indicated that it requires cooperation from all stakeholders including different levels of government, civil society, women, youth, and non-governmental actors. It is equally clear that states that have transitioned successfully have displayed penchant for good governance, equity in resources sharing and delivery of justice, equitable gender political representation, and high level of coordination between different government agencies.

While the stakeholders list is not exhaustive, inclusion of the public policy makers, civil society organizations, political parties, the traditional chiefs are essential for inclusion rationale.

Besides sound policies, social engagement and inclusivity are essential for peace and stability. The youth can be easily mobilized for war and keeping them informed, engaged or incentivized is one avenue of keeping them productive. Mass education and employment opportunities such as youth empowerment schemes are required for stability. Women are usually excluded from the formal economy, including lack of access to finance due to a number of demand and supply constraints (Garang, 2015b). One way to engage them in productive economic activities through providing lending facilities and involving them in the political process is important for their contribution. The elderly are also vulnerable as victims of war and they have power in educating the youth and other members of the society on need for ethnic concord and cooperation.

Other critical stakeholders include, political parties that have the means to champion peace and democratic participation over war. Accelerating transition also requires free press and enabling environment for open public voice to be channeled for good. Leaders must also be accountable and ensure responsive institutions (Africa Union Commission, 2015). Civil society is another important stakeholder to accelerate transition to stability. Through their engagement in press freedoms and civil liberties. Finally, development partners are also critical in supporting the transitional process through the provision of technical and financial support, which is in short supply in conflict situation.

The level of commitment differs from one stakeholder to another. The government, political parties, and donors have the resources, and political access to pursue the transition. The traditional elders and other members of the civic society have to engage heavily in advocacy for peace and stability.

8. Conclusions and Recommendations

Current status; challenges and opportunities

Owing to the raging conflict, fiscal sustainability remains distant in South Sudan. Even when the economy was doing well, proper principles of public financial management were ignored and agencies or institutions spent money without regards to Appropriation Acts. For this reason, the fiscal deficit has been widening. However, the current peace agreement and presence of fragility weigh heavily on fiscal sustainability.

Signing and implementing a peace agreement means absorbing other armed groups and expansion of the army and puts a drain on limited resources, and adversely affects fiscal sustainability.

Implementing a peace agreement means that money has to be spent to reform or carry out tasks such as cantonments or transporting soldiers to designated sites. With the current squeezed resource envelope, fiscal sustainability is affected through running large deficits, by borrowing domestically and/or externally (which is proving difficult). Finally, fragility has also made it difficult to cut military spending as the army sees a need to defend against threats even when a peace agreement is signed.

8.1. Challenges

A number of remaining challenges make it difficult to ensure fiscal sustainability, transition from fragility, and deliver peace dividend. Broadly stated these include but are not limited to dearth of funding, illiteracy, geography, and bad brand name. Unlike the CPA, the ARCISS signed in August 2015 did not gather the external financial support. Hence, lack of funding across the board makes it difficult to implement peace the agreement. The transition could have been accelerated if the citizenry is well informed. But, the ill-informed citizenry could be mobilized for wrong cause by ethnic warriors, who preach political differences and ethnic discord.

Also, sparse population makes it difficult to have towns within the reach of the state. This has implications for trade, security and peace implementation, and contribute to a great extent to perception of an "invisible" government.

South Sudan started with international goodwill. But since the recent two conflicts, such goodwill has been squandered. By running its trust account into deficit, South Sudan is unable to secure enough loans or grants sufficient to run development programs. In other words, poor governance stemming from corruption and tempering with governance structures (see Adeba, 2016) has made it difficult to attract external support.

8.2. Opportunities

A number of opportunities are available to enhance transition, namely: ARCISS-led reform agenda, international stimuli, war fatigue, new multilateralism, youthful population, and abundant endowments. First, ARCISS comes with reform agenda and this should augur well with a push for good governance in South Sudan (Chapters, II, III, and IV, Article 2.5).

Second, the presence of international agencies such as the Joint Monitoring and Evaluation Commission (JMEC) and UNMISS indicate the degree to which South Sudan still receives some external support in terms of humanitarian assistance and advice to implement ARCISS. Third, international pressure can force local stakeholders to carry out meaningful reforms in the economy, and the security sector.

Fourth, the turning away of Dr. Riek from Khartoum and Addis airports in November 2016 is a clear sign of war fatigue. The numerous proposals to impose sanctions and arms embargo on Juba at the UN is also a sign of that fatigue. Steadily applying regional and international pressure on warring parties can help quicken transition.

Finally, South Sudan is known for its fertile lands, mineral deposits and youthful population. If exploited fully, these abundant factors stand a chance to improve livelihood. Land, for example, is ready for investors (though real venture capitalists are sitting on the fence due to insecurity).

8.3. Strategies

One thing we have learnt from other countries is that it is difficult to escape fragility. One study conducted found that from 2006 to 2007 over 30 countries are still considered as fragile states. Many of those countries are in Africa and according to Collier (2007); they are "falling behind and falling apart" (See Chapter 1, p. 20). Nonetheless, South Sudan can draw lessons from some countries which seemed to have escaped fragility. For the purpose of this study, we picked Uganda, and Rwanda among countries that successfully transitioned from fragility.

There exists considerable difference in the definition and severity of fragility from one country to another due to geography, history, endowments and context. Yet, the paper argues that a number of strategies such as political and economic inclusivity, investing in science and technology, inculcating a culture of transparency & inclusion, and embracing supremacy of the law, can help with the transition in South Sudan. In addition several specific strategies of direct relevance to the country are as follows:

- The idea of a cattle bank introduced by Bromley (2012), is that each family pledges to pay 1 to 2 cows to a program that would enable young men to acquire bride price if they want to get married. This is envisioned to reduce cattle theft by desperate young men. A cattle broker would keep track of the inventory of pledged cattle and make arrangements to supply some cows to a young man. The recipient must sign a contract NOT to join the army but to establish a farm and provide for his family. He must agree to contribute 1 to 2 cows to the bank after several years, and he must bring a neighbor or friend into the program. Followed through and replicated throughout South Sudan, this is one way to introduce positive behavior and reduce violence resulting from cattle raiding.
- A National Youth Service should be instituted. By instilling in the youth early on the spirit of nationalism, patriotism and avoiding violence, the state can reduce youth violence and deter future attraction to war. High school graduates could be required to provide a one year of national service.

Land reform program in the country: South Sudan lands and property rights in general are rudimentary or unprotected. This has implication for investment or business confidence. Some potential borrowers, for example, are not receiving credit from banks today because they do not have collaterals and even when they have land, they have no proper title deeds (Garang, 2015b). Lack of land rights has made it difficult to invest in agriculture in most places. Land reform could also include allocating land plats and seeds to late soldiers on the security services to stimulate agriculture, food security and export earnings.

On the Public Financial Management (PFM) front, priority should be focus on basic PFM functions to mitigate the deteriorating fiscal deficit. These include among others preparing a credible budget, transparent recording of government transactions, complete and timely reporting of budget implementation as well as auditing.

Fragile states like South Sudan require unique macro-economic management to ensure macro-economic stability, state legitimacy and hedge against the intermittent relapse to conflict. In that regard, the country still has the audacity to transition from fragility to stability. This can broadly be done, among other short-run governance and recovery efforts, via aiming for fiscal sustainability measures and delivering on peace dividend through resource reallocation.

Second, the Government has accumulated substantial payment arrears and needs to keep them in check. Hence, avoiding or at least containing public arrears will ease pressure and fiscal sustainability.

In brief, South Sudan is a fragile state as confirmed by the survey findings but it has the potential and means to escape fragility and ensure peace dividend as long as the right policies programs and strategies, are adopted.

The study of Fiscal Sustainability, Transitioning to Stability, and Provision of Peace Dividend in South Sudan provides an entry into the state economic and policy formulation in the country. However, more in depth analysis of key areas of economic management and macroeconomic policy implementation is required. The current study points to significant need for comprehensive assessments and suggest the following core areas be investigated by researchers:

- The economic driver of conflict and instability
- The debt sustainability of South Sudan
- Various aspect of strengthening economic and political governance

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Annex I

Survey Assessing Perceptions on Fiscal Sustainability and Transition to Sustainability

Instructions

This survey is designed to allow you to register your opinions. Circle the response that best represents your opinions or viewpoint vis-à-vis strategies to escape fragility trap.

[Set A: Demographic Assessment]

1. How old are you?

   Write down your age in years

2. What is your gender?

   A. Male
   B. Female

3. Which region do you come from in South Sudan?

   A. Bahr el Ghazal
   B. Equatoria
   C. Upper Nile

4. Indicate by circling the level of your formal education (Choose only one option):

   A. No Education
   B. Primary Education
   C. Secondary Education
   D. Diploma or Certificate in Vocational Training
   E. Bachelor's Degree
   F. Master's Degree
   G. Graduate Degree

5. What is your present occupation? I am currently a (circle one only):

   A. Student
   B. Government Employee
   C. Private Sector or self-employed
   D. Not working

6. Have you ever lived outside South Sudan?

   A. Yes
   B. No.

[Set B: Individual Perceptions about Fragility, Peace Dividend and Fiscal Sustainability]

7. Which of the following best describes your opinion (Choose one option only):

   A. South Sudan is a fragile state (politically unstable country)
   B. South Sudan is not a fragile State
   C. I have no idea

8. Has peace dividend been truly delivered in South Sudan since independence in 2011?
   A. Yes
   B. No
   C. I have no idea

9. If your answer to question # 8 is "NO", which of these institutions do you think has been responsible both for lack of peace dividend and fiscal sustainability?
   A. The Parliament
   B. The Executive
   C. The Judiciary
   D. The Security Sector, including the army
   E. Others

10. Which option would help South Sudan to ensure fiscal sustainability?
   A. Higher revenue generation and expenditure control
   B. Bringing Government arrears and national debts under control
   C. Effecting Pension Scheme to smooth out national social protection obligations
   D. Adhering to National Appropriations Acts
   E. All of the above

11. Which of these actions would hasten realization of peace dividend?
   A. Reversing asset portfolio and accumulating capital to boost investment
   B. Shifting resource from military/security to civilian production sector
   C. Rebuilding trust equilibrium among citizens and raising income in South Sudan
   D. Do all of the above

12. Which of the following has been the major constraint on accelerating transition to stability in South Sudan? (Check any that applies; rank from major to least obstacle)

✓ (Mark it)	Major Obstacle	Moderate Obstacle	Minor Obstacle	Not Obstacle
Poverty and Illiteracy				
Unhealthy Political Competition				
Lack of Rule of Law/Justice				
Exclusion and Past Grievances (lack of Healing & Reconciliation)				
Militarization of Politics				

13. Who do you think should be responsible for accelerating transition in South Sudan?
   A. The Transitional Government of National Unity (TGoNU or the Executive)
   B. The Parliament
   C. The Judiciary
   D. The Civil Society
   E. The UN or the International Community
   F. All of them

Annex II

Measures and Variables from Survey Analysis

Variable	Measures or Coding	Explanations or Remarks
Age	A numerical figure, measured from 1 to N	Indicates the total number of years of each respondent
Gender	Coded as "0" for females and "1" for males	Dummy variable
Region	Coded as "1, 2, 3" for "Bahr el Ghazal, Equatoria and Upper Nile, Respectively	Three regions of South Sudan
Education	Coded as 1=No education; 2=primary education; 3=secondary education; 4=diploma; 5=bachelor's degree; 6=master's and 7=graduate degree	A categorical variable measuring the level of education
Occupation	Coded as 1=student; 2=government employee; 3=private sector employee; 4=not working	Indicates the kind of a job
Lived Abroad	Coded as 1 for "Yes" and 2 for "No"	Assess Whether they have lived outside before
Fragile State	Coded as 1 =Yes; 2=No and 3= not sure	Opinion on South Sudan as a fragile or not fragile state
Peace Dividend	Coded as 1 =Yes; 2=No and 3= not sure	Opinion on whether peace dividend has been delivered
Party Culpable	Coded as 1=parliament; 2=executive;3=judiciary; 4=security;5=others	responsible party for lack of peace dividend
Fiscal Sustainability	Coded as 1=generating higher revenue; 2=controlling arears;3=pension scheme;4=respecting budgets; 5=all of them	Policies to ensure fiscal sustainability in South Sudan
Realizing Dividend	Coded as 1=reversing asset portfolio; 2=shifting resources to civilian sector; 3=rebuilding trust equilibrium; 5= all of the above	Policies geared at realizing peace dividend
Categories	Coded as 1=major obstacle; 2=moderate obstcale; 3= minor obstacle; 4= not obstacle	Poverty & illiteracy, lack of rule of law or injustice, exclusion & past grievances and militarization of politics
Responsible Party	1=TGoNu; 2=parliament;3=judiciary; 4=civil society; 5=UN or international community; 6= all of them	Party responsible for accelerating transition in South Sudan

Source: Author's Construction

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