

Conflict and State Formation in South Sudan: The Logic of Oil Revenues in Influencing the Dynamics of Elite Bargains

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Abstract

In December 2013, a violent conflict broke out in South Sudan between former Vice-President Riek Machar's rebel-led faction, and President Salva Kiir's loyalists. Immediate explanations have attributed the mutiny to an internal power struggle between two dominant tribes: the Nuer and Dinka. This paper takes a political economy approach to examining the role of oil rents in contributing to the violent outbreak. Evidence appears to be two-fold: oil rents managed to forge an interregnum for constructive institutional building that partially contributed to the reintegration of various militia factions into the SPLA, which partly resulted in the attainment of South Sudan's independence in 2011. On the other hand, the perverse incentives that oil rents created, particularly with matching offers from the Khartoum government, occluded the ability of the top leadership of the SPLM/ SPLA to carry out the much-needed political reforms, thereby undermining the institutional foundation for peace, stability and good governance. The findings in this paper also suggest ways in which organisations like the Konrad-Adenauer-Stiftung (KAS) can contribute towards the ongoing process of peace-building and institutional development in South Sudan.

1. Introduction

Conflict in South Sudan is not a recent phenomenon. Historians date the beginning of the Sudanese national movement in the 1920s with the formation of the anti-British White Brigade founded by two South Sudanese, Ali Abdalatif, a Dinka, and Abdalfadheel El Maz,

a Nuer.⁷⁹ Since then, scientific and anecdotal literature on South Sudan has denoted an unending and mostly violent struggle against the British colonial administration and, later on, its northern-based Arab successors, which buttressed a long-running civil war that has repeatedly taken ethnic turns within South Sudan itself.

South Sudan is a country endowed with significant deposits of natural resources. Given its possession of commercial quantities of oil and natural gas, gold, diamonds, iron ore, copper, among other minerals, the country is undoubtedly among the world's rich nations in terms of mineral wealth. However, in the midst of this great natural resource abundance also exists the world's poorest and most underdeveloped country. More than half of South Sudan's estimated 12 million people live below the poverty line, while the country's GDP as of 2014 was a paltry \$ 13.07 billion.⁸⁰ Thus, the world's newest state remains a juxtaposition of poverty and protracted social violence.

As a fragile state, South Sudan is characterised by a mixture of weak governance infrastructure, little or no service delivery, protracted social unrest and political violence, questions about regime legitimacy, inter-communal strife, food insecurity, economic

79 Mahmood Mamdani (2014). 'South Sudan: No power-sharing without political reform'. Article published in the New Vision newspaper of 18 February 2014.

80 Kamleu, G.B. & Mugisha, F. (2015). South Sudan country profile. Africa economic outlook. AfDB, OECD, UNDP .

despair, disputed border conflicts and targeted attacks.⁸¹ This makes South Sudan fitting of Paul Collier's description of countries in the 21st century but whose populations live in conditions akin to the 14th Century.⁸² There is hence a growing pile of charges against the South Sudan government based on views that it has failed to fulfil what are considered the four main functions of the state, namely: fostering an environment conducive to sustainable and equitable economic growth; establishing and maintaining legitimate, transparent and accountable political institutions; securing the population from violent conflict and controlling its territory; and meeting the basic human needs of the population.⁸³

Perchance, blaming the institutional weaknesses of South Sudan on its current government may be an injustice if the country's economic and political history is not taken into account. The country suffered two centuries of economic and political exploitation under Turko-Egyptian rule, British colonialism and North Sudan administration. The extractive nature of the relationship between the North and South Sudan left an indelible injury on the South from which the country is yet to heal. Through the dogged struggles by the Sudanese Peoples' Liberation Movement (SPLM) led by Dr John Garang (RIP), the SPLM and the Government of Sudan signed the Comprehensive Peace Agreement (CPA) in 2005. The CPA was meant

to put an end to the civil war and usher in a more equitable sharing of oil revenues. Shortly after the CPA was signed, South Sudan became an autonomous government and in 2011 got her independence. However, after just two years of independence, a violent conflict that erupted within the SPLM in the capital Juba and quickly spread out to all the states has cast doubt on the prospects for nation-building in the world's youngest nation.

This paper does not attempt to explain the historical causes of the civil war. Rather, it seeks to examine the role of oil revenues in shaping the dynamics of elite bargains. Specifically, the paper attempts to highlight how oil revenues, on the one hand, temporarily fostered the coalescing, from numerous factions, of the Sudanese People's Liberation Army (SPLA) as a single organisation, and, on the other hand, obstructed the possibility of undertaking internal political reforms within the SPLA that largely accounted for the outbreak of violence.

The central argument of the paper is that, although oil provided the incentives among warring military elites to coalesce into a single organisation and thereby enhance their strength to demand an independent South Sudan, oil revenues at the same time created perverse incentives that forestalled the implementation of principled reconciliation and the much-needed political reforms, effectively undermining any possibility of creating institutions for good governance.

The paper begins by describing the background and providing a contextual understanding of the violent conflict that broke out on 15 December 2013. Building on the violence theory by North, Wallis, Weingast and Webb (henceforth

81 Maphosa, S.B. (2012). Natural resources and conflict: unlocking the economic dimension of peace-building in Africa. Policy Brief, Africa Institute of South Africa. Briefing, No.74.

82 Collier, P. (2007). *The bottom billion: Why the poorest countries are failing and what can be done about it*. Oxford: Oxford University Press, p.40

83 See Rice, S.E. & Patrick, S., 2008. *Index of state weakness in the developing world*. Washington, DC: The Brookings Institute, p.3.

NWWW), we show how the incentives for rent extraction and distribution stimulated the dispersion of violence capacity among various military elites within South Sudan, which inhibited the possibility of undertaking political reform. We then demonstrate that even in the presence or availability of rents (which North and others point out as the glue that holds fragile political settlements together), higher levels of weak social capital, characterised by deep social mistrust among leading elites, can significantly undermine the capacity of rents to hold warring elites together, thus undermining the possibility of achieving political stability. The paper concludes with a discussion of the way forward for organisations like the Konrad-Adenauer-Stiftung (KAS) in supporting constructive efforts to ensure peace, stability and good governance in South Sudan.

2. The 2013 Red December

On the night of 15 December 2013, fighting broke out within the SPLA between forces loyal to President Salva Kiir and those loyal to former vice-president, Riek Machar.⁸⁴ The following day, President Salva Kiir, clad in a military uniform, addressed the nation and announced that there had been an attempted military coup d'état. He accused his former vice-president, Riek Machar, of being behind the attempted coup.⁸⁵ In turn, Machar, speaking from his hiding place, denied that he had been behind the insurrection or that there had been an attempted coup d'état at all, stating: 'There was no coup.'⁸⁶ What took place

in Juba was a misunderstanding between presidential guards within their division.⁸⁷ It was not a coup attempt. I have no connection with or knowledge of any coup attempt.' Although initially confined to Juba, the fighting subsequently spread to the states of Jonglei, Unity and Upper Nile. Rebel soldiers took control of the towns of Bor and Bentiu, and parts of Malakal, which they held for some time before troops loyal to the president brought them back under government control.

Eleven alleged coup plotters were arrested in their homes, but Riek Machar escaped from Juba, and, amid reports over the next few days of targeted killings of Nuer in Juba by men in uniform loyal to the president, the commanders of the 8th and 4th army divisions of the SPLA in Jonglei and Unity states announced their defection to Riek Machar and seized control of the state capitals of Bor and Bentiu. In telephone interviews from secure places Riek Machar denied that he had been involved in a coup but then urged the army to overthrow Salva Kiir and announced his plans to march on Juba.⁸⁸

The targeted killings in Juba were followed by revenge killings of Dinka by Nuer in Akobo and Bor in Jonglei state. The coup was said to have begun with a fight between Nuer and Dinka soldiers in the presidential guard following a meeting of the SPLM's National Liberation Council (NLC), which Riek Machar and the alleged plotters had boycotted, and in which Salva Kiir had denounced Riek Machar in strident terms.

While the forces said to be loyal to Riek Machar were drawn mainly from defecting garrisons in the three

Security Review, 23(4), 352-369.

87 Johnson, D. H. (2014). Briefing: The crisis in South Sudan. *African Affairs*, 113(451), 300-309

88 Ibid.

84 Apuuli, K. P. (2014). Explaining the (il) legality of Uganda's intervention in the current South Sudan conflict. *African Security Review*, 23(4), 352-369.

85 Johnson, D. H. (2014). Briefing: The crisis in South Sudan. *African Affairs*, 113(451), 300-309.

86 Apuuli, K. P. (2014). Explaining the (il) legality of Uganda's intervention in the current South Sudan conflict. *African*

states and some armed civilian Nuer groups from Jonglei, the government received military support from Uganda, as well as the SPLA-North and Justice and Equality Movement (JEM) forces in rebellion against Khartoum in neighbouring Blue Nile and South Kordofan states.

International pressure on both the government and dissidents resulted in an IGAD-brokered cessation of hostilities agreement in Addis Ababa on 23 January, but this proved to be an agreement on paper only, with no immediate provision for monitoring on the ground.⁸⁹

By the beginning of February 2014 nearly 750,000 persons were estimated to have been displaced by the fighting in Juba and the three states; 85,200 were seeking refuge in the compounds of the UN Mission in the Republic of South Sudan (UNMISS); and over 130,000 were estimated to have fled into neighbouring countries, including (North) Sudan.⁹⁰ Estimates of deaths have varied wildly from 1,000 to 100,000.

Some have argued that two parallel conflicts have been developing since 2005 that have now converged: one in the governing party, the SPLM, and one in the army, the SPLA. Both have their origins in the unresolved tensions following the split in the SPLA in the 1990s, and the incomplete reintegration of anti-SPLA forces into the SPLA after 2005, largely animated by perverse incentives.⁹¹

89 Phillip Apuuli, K. (2015). IGAD's mediation in the current South Sudan conflict: Prospects and challenges. *African Security*, 8(2), 120-145.

90 USAID, 'USAID-DCHA South Sudan crisis fact sheet #24'. 4 February 2014, <<http://reliefweb.int/sites/reliefweb.int/files/resources/02.04.14%20-%20USAID-DCHA%20South%20Sudan%20Crisis%20Fact%20Sheet%20%2324.pdf>> (6 February 2014).

91 Johnson, D. H. (2014). Briefing: The crisis in South Sudan. *African Affairs*, 113(451), 300-309.

3. SPLA/M formation and the challenges of building internal cohesion

The South Sudan state formation process has always made progressive steps every time the Nuer and Dinka collaborate, which is why recent arguments that have attributed the recent violence to ethnic divisions, particularly between the Dinka and Nuer, must be called into question.⁹² South Sudan is a multi-ethnic society, no ethnic group constitutes a majority, but the Dinka and the Nuer make up 4.8 million or 57 per cent of South Sudan's population between them.⁹³ With 3.2 million Dinka and 1.6 million Nuer, the Dinka outnumber the Nuer by a factor of two to one. Dinka exist in seven out of 10 south Sudan states, with the majority being found in Northern Bahr-el-Ghazal, Warrap and Lakes states. The Nuer live mainly in Unity, Upper Nile, and Jonglei states. The two ethnic groups share a common culture, have similar languages, mostly share the same spiritual beliefs and practise an agro-pastoralist economy. Finally, the relations between Dinka and Nuer were not just marked by competition and rivalry but also unity and cooperation. It is, for instance, historically evident that the Dinka and Nuer have always come together to fight for a common cause.⁹⁴ Moreover, during the outbreak of the fighting in Juba many of the people targeted by the uniformed units were protected by their neighbours – Dinka protecting Nuer, Dinka and Nuer combining to patrol their neighbourhoods, people from other groups protecting both Nuer and Dinka. The tribalism argument is, therefore, unpersuasive. So how then can we explain this violent outbreak?

92 Mahmood Mamdani (2014). 'South Sudan: No power-sharing without political reform', Article published in the *New Vision* of 18 February 2014.

93 Ibid.

94 Ibid.

Mamdani (2014) argues that the seeds of the current violent conflict are traceable to the formation of the SPLA/M in 1983. The quest for South Sudanese freedom relied on the broad-base mobilisation by ambitious leaders but which generated two problematic features that sowed the seeds for violent internal struggle for political power: first, parity of community (ethnic) representation in the new structure of power, and second, different views on the direction in which that power would move. And along this path, Mamdani asserts, there have been several bloody splits, of which the December 2013 bloody split was just the third of the several previous bloody splits.

The first bloody split happened in the very early stages of the founding of SPLM (1984-85) and resulted from disagreement over the direction of the struggle. One side, led by Samuel Gai Tut Yang (Nuer) and Akuot Atem Mayen (Dinka), called for an independent South Sudan (a continuation of Anyanya as Anyanya II), while the other side, supported by John Garang (Dinka), Kerubino Kuanyin Bol (Dinka) and William Nyuon Bany (Nuer) called for a 'New Sudan'. Each side drew support from across ethnic boundaries.⁹⁵

The second bloody split came in 1991 when Lam Akol, a senior SPLA commander in Upper Nile, linked up with Riek Machar, another senior commander with a base in Nasir along the Ethiopian border, called for the replacement of Garang as leader of SPLA, claiming that he had tied SPLA too closely to the government of Mengistu Haile Mariam in Ethiopia in exchange for Ethiopian support which he had used to occlude internal reform.⁹⁶ This time, too, the rebel call combined an unyielding

ideological commitment (dedication to an independent South) with demands for internal reform. In spite of the wide support for rebel demands, SPLA ranks were divided on whether or not it was necessary to remove John Garang. When the rebels proved unsuccessful, they formed a break-away faction called SPLM-Nasir under the leadership of Machar.

The disagreement in 1991 led to several splits within SPLA following the Bor massacre that same year in which it is said around 2,000 Dinka civilians were slaughtered by Machar's forces.⁹⁷ Broad-based before the Bor massacre, the Nasir group attenuated into a more or less exclusive Nuer affair after the spilling of blood. The Nasir faction renamed itself the South Sudan Independence Movement (SSIM) in the years that followed and in 1997 signed the Khartoum Peace Agreement (KPA) with the Sudan government. Other groups joined, including the SPLA/M-United of Lam Akol, the Equatoria Defence Force (EDF) and Kerubino Kuanyin Bol's own SPLA/M. The collaboration that followed made it possible for the Sudan government to pump oil from the South Sudan fields in Unity and Upper Nile, but it also turned out to be an interlude.

4. Oil – 'the bread and butter' of South Sudan

South Sudan has the third largest oil reserves in sub-Saharan Africa. As of January 2014, the country had 3.5 billion barrels of proved oil reserves.⁹⁸ After independence in 2011, South Sudan inherited an oil sector which was already limping. This was caused by a number of reasons, for example, the earlier points of contention between northern and southern Sudan,

⁹⁵ Ibid.

⁹⁶ Johnson, D. H. (2014). Briefing: The crisis in South Sudan. *African Affairs*, 113(451), 300-309.

⁹⁷ Mahmood Mamdani (2014). South Sudan: No power-sharing without political reform.

⁹⁸ *The Oil and Gas Journal* (2014).

such as the sharing of oil revenues and border conflict,⁹⁹ limited or non-existing infrastructures like refineries, pipelines, roads, rails and ports to facilitate effective and efficient production, value addition and transportation etc. In fact, since South Sudan is a landlord locked country, she still has to depend on Sudan's ports, refineries and pipelines to conduct oil businesses. Besides, the oil companies have the biggest stakes in the country's oil wealth and there are already complains about the suspect transparency of these companies. For instance, in 2011, the chairman of the Parliamentary Committee on Petroleum and Mining succinctly complained that 'even after independence, we don't know how much oil there is. There is no transparency in the process of oil extraction. It is only the oil companies that know the quantities of oil produced and it's the same companies that provide government with data about oil extraction and production.'¹⁰⁰

Amidst all the challenges faced by South Sudan's oil sector, the country's economy is still purely oil-dependent. To understand the magnitude of this dependence, oil production accounted for 99 per cent of the country's exports, 95 per cent of government revenue and about one-half of the GDP¹⁰¹ in 2014. However, unlike in other African countries such as Botswana where natural resource wealth led to institutional reforms that sparked

socio-economic transformation,¹⁰² South Sudan's oil wealth presents a classic opposing case. Oil in South Sudan has bred corruption as government officials embezzled most of the revenues and deposited them in banks in foreign countries.¹⁰³ Similarly, the government has underinvested in the agriculture and service sectors owing to oil revenues coming in, showing the classic feature of the Dutch disease.¹⁰⁴

Since the outbreak of conflict in 2013, oil revenues have been diverted to finance the war, and there is a real risk that multi-million dollar payments made by companies to secure future projects will also fail to reach the development budget.¹⁰⁵ Worryingly, the country continues to be ensnared in a gigantic debt trap as it borrows money from oil companies to conduct government business. In the 2014/15 financial year, for instance, the government borrowed up to £1 billion from oil companies to finance her budget. About 35 per cent was directed to security and defense, while only 12 per cent of the budget was invested in healthcare, infrastructure and education combined.¹⁰⁶

The oil sector has also had its fair share of the devastation. The most striking blow is the massive withdrawal of investments. As of July 2015, oil production in South Sudan had reduced from 250,000 to 160,000 barrels per day since the conflict began.¹⁰⁷ The slowdown in production was mainly due to loss of investor confidence, property

99 Shankleman, J. (2011). Oil and state building in South Sudan – New country, old industry. *Special Report 282, July*. Washington, DC: United States Institute of Peace.

100 Elke, G. and Christine, A. (2014). Oil Investment and Conflict in Upper Nile State, South Sudan brief 48

101 Kamleu, G.B. & Mugisha, F. (2015). *South Sudan country profile. Africa economic outlook*. AfDB, OECD, UNDP.

102 Acemoglu, D, Robinson, J., Johnson, S. (2001). *An African success story: Botswana*. MIT Press.

103 Wel, P (2012). 'Viewpoint: South Sudan has not lived up to the hype'. BBC world News.

104 Elke, G. & Christine, A. (2014). Oil Investment and Conflict in Upper Nile State, South Sudan brief 48.

105 Ibid.

106 South Sudan National Budget 2014/15

107 GlobalData (2015)

destruction and fear, which is leading to the massive shutdown of oil fields.

5 Reintegration, signing of the CPA and the role of oil revenues in elite bargains

The SPLA never recovered completely from the split in the 1990s, led by Riek Machar, Lam Akol, and others. The split particularly resulted in a proliferation of militia groups with support from the Khartoum government; it also led to the militarisation of local defence as local communities sought to protect themselves from marauding militia groups.¹⁰⁸ Specifically, Jonglei state had been a recruiting ground for anti-SPLA militias by Khartoum, especially among the Murle of Pibor County, who had a history of hostile relations with neighbouring Dinka, Lou Nuer and Anuak. Many Nuer civilian groups also armed themselves, less for fighting the SPLA and more for protecting themselves from their similarly armed neighbours. The so-called 'White Army' of 1991 became notorious for their involvement in the Bor Massacre of that year in collaboration with regular units of Riek Machar's faction of the SPLM. Their name derived from the fact that they were not a uniformed force and were regularly armed.¹⁰⁹ During this time the Khartoum government supported various anti-SPLA factions with arms and money.

However, in the run-up to the CPA, some of the dissident leaders, such as Riek Machar, Taban Deng Gai and Lam Akol, returned to the SPLM/A before 2002 and were reincorporated into the party. Several other groups were also reintegrated into the SPLA/M. Most of these Khartoum-backed militias, who were largely recruited from different Nuer groups

in Unity, Upper Nile and Jonglei states were brought back into the SPLA – but incompletely integrated there. Their leaders were promoted, but rank-and-file troops were not absorbed into other units.¹¹⁰ The last group to be reintegrated into the SPLA was eventually absorbed into the SPLA/M in 2006. Analysts have argued that the integration of SSDF presented the biggest challenge to the integrity of the SPLA. Mamdani, for example, points out that, like the SPLA, the SSDF was an umbrella military formation. With the ageing Matieb appointed deputy commander of the SPLA, other former SSDF commanders, such as Peter Yak Gatdet, Gordon Kong Chuol and others, became generals in the SPLA, and turned its front office into a revolving door that made possible interminable cycles of mutiny and 'unprincipled' pardon. The post-bloody split reconciliation process has always turned out to be a sham masked with the absence of a political reform strategy. The SPLA became a coalition of ethnic militias, each loyal to its own set of militia leaders.¹¹¹

Since 2006, and more recently since 2011 (throughout the Interim Period) there were repeated defections to Khartoum and re-defections to the SPLA, and often defectors returned with enhanced ranks. This spurt of events begs the question: Why were there defections and re-defections? What were the incentives that underpinned this behaviour?

NWWW, in their seminal text, *In the Shadow of Violence: Politics, Economics and the Problems of Development*, have argued that in underdeveloped states, violence capacity is often dispersed among leading elites – call them leaders. And in the context of limited access to opportunities, these elites use

108 Johnson, D. H. (2014). Briefing: The crisis in South Sudan. *African Affairs*, 113(451), 300-309.

109 Ibid.

110 Ibid.

111 Mamdani 2014.

their organisations and violence capacity as instruments for extracting rents. However, continued fighting, NWWW observe, is often perceived by contending elites as counterproductive to rent extraction and distribution.¹¹² More often these elites will enter into bargain – call it political settlement – in which they agree to ‘divide’ scarce land, labour, capital and opportunities among themselves and ‘agree to enforce each leader’s privileged access to their resources.’ Therefore, within this context, rents are central to overcoming the problem of violence among competing elites. And, at the same time, violence is considered as the means through which resources are allocated among various individuals and groups of elites. Elite organisations exist with the primary motivation of enhancing their violence capacity in order to: first, safeguard their economic interests; and second, to structure relationships among elites in order to coordinate rent extraction and distribution and also to manage violence with the organisation.¹¹³

In the context of South Sudan, the 1990s split can be said to have been motivated by the disagreement over rents albeit dominant arguments have cited failure of the top leadership to accede to reforms. This is especially so because in the wake of the split, the Nasir faction, led by Riek Machar, entered into the Khartoum Peace Agreement (KAP) with the Khartoum government for military support in exchange for access to the oil fields in the Upper Nile. The split, as we know it, triggered a proliferation of militia factions, all with the primary incentive of access to rents or support, both financial

and military, from the northern government.

During the negotiation of the CPA and the subsequent reintegration of break-away factions into the SPLA, we see an ‘unprincipled’ reintegration that eschewed confronting the political and ideological questions of the 1990s that had resulted in the bloody split. Instead, many militia leaders were elevated to top positions within the SPLA that came with access to certain rents. Riek Machar, Peter Gatdet, Amatieb and others became generals within the SPLA. But with matching rent offers from the Khartoum government, any slight disagreements within the SPLA triggered defections and reintegration into the SPLA by the same offers. Peter Gatdet, for example, became known as a serial defector both before and after 2005. Those who never broke away sometimes felt that preferential treatment had been given to those who did, and that rebels were being rewarded for their rebellion. That character of the army changed even more with the dismissal of some of the more stalwart veteran SPLA officers in 2013.¹¹⁴

Specifically, the reintegration of various militias into the army had profound consequences for the structure of the SPLA, with catastrophic repercussions for the military budget. It resulted in ballooning of the SPLA. Guy Lamb, a senior researcher at South Africa’s Institute of Security Studies, estimated the SPLA’s current strength at approximately 194,000 but warned that it would continue to rise as long as additional South Sudanese soldiers from various external forces were being integrated into it. In fact, owing to the growth of the militia factions, in the mid-2000s, the donor community proposed a solution to the problem

¹¹²North, D. C., Wallis, J. J., Webb, S. B., & Weingast, B. R. (Eds.). (2012). *In the shadow of violence: Politics, economics, and the problems of development*. Cambridge University Press.

¹¹³ Ibid.

¹¹⁴Mamdani 2014.

through the demobilisation and disarmament programme (DDR), a two-year programme that targeted 90,000 ex-combatants at a cost of \$ 55 million but which later could only boast of netting some 12,000 by 2012.¹¹⁵

After being cut down to size, leaders of militias and their groups were absorbed into the army, given amnesty and ranks that came with access to state resources, mainly oil revenues. Regardless of how many times they defected, whether after months or years, the government continued to apply the same medicine to the militia problem and with the same result: more defections, and more integration.¹¹⁶

The disarmament programme involved paying the lowest ranked soldier in the army about \$140 a month, the military standard of living was much higher than that of civilians, most of whom live on less than \$1 a day. Therefore, demobilising soldiers from the military, Mamdani argues, was akin to integrating them into poverty. Understandably many resisted and others regrouped into militias, which would again be followed by a reintegration process. For example, in Jonglei province, David Yau Yau, a leader of the Murle group, was granted a presidential amnesty in 2012, and the rank of general in the army. A few months later, in April 2012, he gave up his post and resumed rebellion. Yau Yau's rebellion attracted both Murle and Nuer youths and, as result, in a 1 September 2012 letter to Deputy Defence Minister, Majak D'Agoot, elders and other Murle community leaders reasoned that the disarmament operation should stop because it was 'the main reason' youth were joining David Yau Yau.¹¹⁷

Thus, the amnesty programme had turned into a massive pay-out of the mainly oil revenue-funded national budget as a way to retain the loyalty of commanders. South African sources estimate that over 50 per cent of the government's budget was going into paying the armed forces before the 15 December, 2013 break out of the fighting. The government's wage bill, they told IRIN, accounted for about 80 per cent of the military budget. Such perverse incentives underpinned the relationship among military elites within the SPLA and oil revenues were used as the means for holding war-mongering military elites together. When oil production stopped two years prior to the outbreak of conflict, the government could no longer sustain the amnesty budget. Internal pressure grew for political reform, forcing a division of camps between those who demanded political reform and those who opposed it. With historical internal factions within the SPLA, a violent conflict was inevitable from this context.¹¹⁸

6. Conclusion and way forward for peace and stability in South Sudan

Classical literature on the linkage between natural resources and institution-building often posits that resources, especially in developing states, tend to weaken the capacity of building strong institutions for good governance.¹¹⁹ This is premised on the argument that resources tend to encourage rent-seeking behaviour, corruption and bribery, which can potentially fuel conflicts and political instability, and thus the famous *resource curse* discourse.¹²⁰ However,

¹¹⁸ Ibid.

¹¹⁹ Humphreys, M., Sachs, J., & Stiglitz, J. E. (Eds.). (2007); Sala-i-Martin, X., & Subramanian, A. (2003); Frankel, J. A. (2010); Ross, M. (2003); Mehlum, H., Moene, K., & Torvik, R. (2006).

¹²⁰ Mehlum, H., Moene, K., & Torvik, R. (2006); Ross, M. (2003).

¹¹⁵ Ibid.

¹¹⁶ Ibid.

¹¹⁷ Ibid.

very rarely has the literature helped us to properly conceptualise how oil rents exactly undermine institutional development. There are cases where oil rents have fuelled sporadic growth and development even in weak states, as was the case in Venezuela in the 1960s and 70s,¹²¹ and in other cases where they have indeed undermined institutions and development, as was the case in the same country from the 1980s onwards.¹²²

Discounting the importance of analysing the underlying context in which oil rents operate to shape institutional trajectories might naively lead us to make the reigning and unhelpful 'resource curse' conclusions, thereby losing the opportunity for a policy response.

This paper has shown that oil rents have shaped the current political crisis in South Sudan in two ways. On the one hand, they have managed to bring warring factions with problematic historical social capital issues – particularly exacerbated after the 1991 SPLA split – under one umbrella organisation. This has eventually galvanised their efforts, leading to the signing of the CPA in 2005 and ultimately the attainment of independence by South Sudan. On the other hand, oil rents, particularly with matching offers from the Khartoum government, can be seen to have inhibited the process of constructive internal dialogue within the SPLA and subsequently created a very strong incentive for militia formation with a view to maximising rents. This has weakened the ability of elites within the SPLA to forge stable political settlements, attenuated state capacity and consequently heightened violence

121 Di John, J. (2009). *From windfall to curse? Oil and industrialization in Venezuela, 1920 to the present*. Penn State Press.

122 Ibid.

in South Sudan. What, then, is the prospect for peace and stability in South Sudan? Particularly, what role can organisations like the KAS play in fostering peace and stability?

Prospects for resolving the current conflict will depend on international actors behaving responsibly, and a number of other factors. We ought to note, however, that some key leaders' track records are not very encouraging and that their involvement in the peace-building process should thus be strategically managed. Riek Machar's track record, for example, is not encouraging. In the 1990s, he collaborated with Khartoum from the start of his rebellion against Garang, while holding to an unrealistic hope that his public advocacy of human rights and democracy would gain him the support of western governments, such as the United States. At the beginning of this conflict he offered to share oil revenues with Khartoum, in a crude attempt to get their support. So far he has been rebuffed.¹²³ In the 1990s, as now, he quickly lost control of troops on the ground. In 1991 he dismissed the loss of civilian life as 'regrettable', while he has excused civilian deaths as something that happens in war. Now, as in the 1990s, he has carried on his armed war against the SPLA long after it has any chance of success, and people within his camp admit that they are trying to find an international 'godfather' to supply them with heavy weapons. Moreover, the scale of civilian deaths will have to be addressed if any peace settlement is to have a chance of producing lasting reconciliation. Yet both sides are culpable and neither leader is willing to take responsibility.¹²⁴

The issues of governance highlighted by this conflict are not just internal

123 Johnson, D. H. (2014). Briefing: The crisis in South Sudan. *African Affairs*, 113(451), 300-309.

124 Ibid.

to the SPLM, and there is potential for opening up space for other voices to be heard and other groups to become involved in resolving the underlying issues that led to the conflict. Already, organisations such as the South Sudan Law Society, the Association for Media Development in South Sudan, local think-tanks such as the Sudd Institute, as well as numerous diaspora groups have been putting forward their analyses and proposals. Such organisations offer critical opportunities for the KAS to support amplified citizen engagement in the peace-building process by strengthening the voice to touch various echelons of society.

Of vital importance to the fate of the recently concluded negotiations in Ethiopia is the inclusion of some of the released detainees as a third voice. They have distanced themselves from Riek Machar and the destruction caused by his forces. They have declared that they will remain separate from Riek Machar's delegation, because they have no forces of their own, though they do share many of their political concerns. If these civilian groups become part of a formula for resolving the conflict, this will make it harder for Riek and his allied commanders to stay aloof and continue their insurgency.

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