

REPORT ON TENTH SESSION OF HIGH-LEVEL BREAKFAST DISCUSSION AND STRATEGIC THINKING ON THE PEACE PROCESS IN SOUTH SUDAN



PRUDENT MANAGEMENT OF REVENUES FOR FINANCING
PEACE AND DEVELOPMENTAL ACTIVITIES IN SOUTH SUDAN
IN ACCORDANCE WITH PRINCIPLES OF TRANSPARENCY
AND ACCOUNTABILITY

I - THE FUNCTION AND ATTENDANCE

The Center for Strategic and Policy Studies (CSPS) organized the tenth **HIGH-LEVEL BREAKFAST DISCUSSION AND STRATEGIC THINKING ON PEACE PROCESS IN SOUTH SUDAN** at Pyramid Continental Hotel in Juba on Friday, 28th July 2019. The event brought together 41 renowned government policy makers and practitioners, financial managers in political parties, civil society leaders, private sector leaders, academic experts, research fellows, diplomatic corps and NGOs leaders who are linked directly or indirectly to peace process in South Sudan. The participants arrived at the venue at prime morning time and took breakfast in the main Restaurant (07:35h – 08:35h am) before converging in the Conference Room for the discussion (08:35h to 10:45h am).

II – THE OBJECTIVES AND DISCUSSION

Session Ten of the series of Breakfast Discussion was specifically conceptualized to guide the discussants in constructive deliberations on prudent management of revenues for financing the implementation of **2018 Revitalized Agreement on the Resolution of the Conflict in the Republic of South Sudan (R-ARCSS)** and developmental activities in accordance with principles of transparency and accountability. The following were the expected outputs:

- 1). Understanding categorically the criticality of prudent management of revenues of South Sudan, which accrue from the available resources for financing peace and developmental activities during the transitional period and beyond.
- 2). Learning and emulating the relevant good experiences from some selected post-conflict countries that have managed their revenues prudently for promotion of their respective national well-being and state-building.
- 3). Appreciating transparency and accountability in the collection and management of revenues of South Sudan at the public and the private sectors for securing the common good of the citizens in accordance with the law.
- 4). Utilizing the revenues for spending on priority areas of peace and development with priority accorded to the recovery of the devastated livelihoods, including putting into place the needed physical infrastructure across South Sudan.
- 5). Disbursing the income from revenues for financing the reforms in public service institutions, including in the judiciary and law enforcement agencies of South Sudan, so as to uplift the standards of good governance and civilization in urban or rural areas.

Amb. Steven Wundu explained the assumption behind the topics of the discussion and how this is significant for developmental growth as the core objective of the managers of revenues. According to him, this has been affected by lack of managerial prudence in Africa where transparency and accountability are avoided mostly with spree of impunity. He traced the origins of revenue management by visualizing an example of a simple village that needed access to the river in the middle of thick forest. The people there had to come together to contribute bulls, cows, goats, chicken, grains, vegetables, fruits, and other items. These had to be used to assist in the services required for clearing and maintaining the road for the common good of all and in an inclusive manner where every member will not be denied the benefits, collectively or individually.

However, these contributions had to be managed by a committee formed with the consent of the owners of the wealth (i.e., the inhabitants of the village) for this purpose. The constituted village committee is what we call government today, and the methodology of collection of the contributions is what is called taxation. The income, including royalties and equities, is what is called revenues. The utilization of the revenues for physical or metaphysical purposes is what is called community development. But what creates conflict is when the individual interests of the revenues managers overstep that of the public good, particularly when the collected contributions are not made known transparently to the real owners of the resources. This became problematic with its in-built conflict in the constitution and laws that are designed to regulate the revenue managers. It gets even worst when the revenues are used as source of political power and vice versa in a vicious cycle while the creators of wealth are made irrelevant by the cloned administrative units, which are supposed to manage the revenues for common good. Also the frustrations gets in when the real owners of the revenues are only given peanuts in order to keep them around to sustain the high-table and revenues mangers who usually make a lot of loud noises on the minimal work they have done for the public interest, including the contributions by external development partners. The discontented public usually opts for the dissent, including use of violence or war when power and resources are distributed unjustly in disregard to fair and inclusive sharing with all the contributing citizens.

According to him, an enduring peace is a prerequisite for sustainable developmental revenues management with essential returns to larger public. The privatization of the treasury for the benefits of some few politicians and the connected officials could be detrimental to socio-economic thriving in public domains. He cited the cases of Rwanda, Uganda and Ghana as relevant and worth emulating for South Sudan. The strong political leadership in these countries took it as a priority to change the negatively established mindsets of revenues managers so as to safeguard the public good above any parochial interest. The top leadership in these countries have put into practice what they preached about the prudence for revenues. They have set the tone by adhering to institutionalism, transparency, oversight and accountability with statistical charts displayed in websites for public scrutiny. They have ensured that the managers of their revenues are empowered technically, paid well and provided standard facilities to enable them discharge their duty professionally with honesty as the custodians of national wealth for the good of the citizens.

He regarded the loosed talks about lack of capacity (be it human an institutional) in South Sudan as a farce that is used by those who want to justify incompetence and extract the resources without accountability. The markets of South Sudan are full of marginalized professionals with diversity of readily empowered capacities and skills. What is lacking is the political will to recognize and utilize the existing national advantages for a promising future for the citizens. That is why prudence management of revenues should be pursued with extensive collective efforts and oversight. This has to be conducted with participatory athletic spirit, similar to Athenian Olympics where the touch is taken faster from

the starting point to the finishing destination through rigorous team work. For him, those involved in mismanagement of the revenues and have failed to deliver public goods and services to South Sudanese should be made to feel guilty via social or legal shaming.

He expressed his happiness with spirit and letter that has been provided by Chapter IV of the R-ARCSS. Also South Sudan doesn't lack laws and human capacity to do well in economic sector. The problem is the negative mindsets, which is fond of resistance to the implementation of laws and correct utilization of available resources in the country, human and material. The other problem is the intervention of the international community who have been shouldering the responsibility of the leaders of South Sudan as they failed to take care of welfare of their own citizens. This offloading has made these leaders to relax and continue to misuse the wealth of the country, giving them incentives to promote senseless violence without immediate consequences (e.g., buying arms and luxury).



He cited the case of China where the Audit Chamber is empowered accordingly to prosecute the culprits to death if they are proven beyond reasonable doubt to have abused public wealth. This is unlike South Sudan where the law enforcement institutions have been paralyzed as their authority is defied and disrupted by the high political or military class and also by tribal solidarity. It has even become worst when the very officers who are supposed to keep law and order have turned out to be the burglars against the common national interests. He lamented how the reports of the National Audit Chamber on the Letters of Credits (LC) and other financial scandals were shelved in the parliament or trashed by the government in order to protect the perpetrators. He linked this behavior to loss of original traditional values where the culture of theft was a stigmatized taboo, unlike the contemporary deviation where the known public thieves are celebrated by their families or communities as heroes. This encourages the good people to become corrupt since this negative practice is normalized without any sense of shame or punishment.

According to **Amb. Wundu**, the Audit Chamber has the utmost responsibility across the country (at the national, states and local levels of government) as far as public resources are concerned. However, for practicality and planning purposes the Audit Chamber lost any meaningful count with the local reality after the previous 10 states were rendered defunct by the establishment of 28 states and later 32 states by Order of the President of the Republic. Also he was concerned by the manner through which the budgeting and financing of the National Audit Chamber are conducted in South Sudan. This leaves a lot to be desired. The executive, and particularly the ministry of finance, cannot be expected to cooperate with the National Audit Chamber when it is the one responsible for settling its bills of operations and salaries of the employees. The ideal conduct, as it is seen in other countries with good audit records, should have been to place the National Audit Chamber under direct responsibility and oversight by the National Legislative Assembly. He put it categorically that any revenue in South Sudan, including from the oil and gold extractions, must be placed under the responsibility of National Revenue Authority. He commended the hard work that the National Audit Chamber has been doing despite the financial difficulties that have been put on its way to block the performance. He advised that the National Legislative Assembly should be the body responsible for financing the Nations Audit Chamber rather than leaving this key institution to beg from the ministry of finance.

He warned about the diminishing of the civil service in South Sudan due to poor salaries and emoluments where many skilled officials left to look for greener pastures elsewhere in private or NGOs sectors. If this continues for longer, South Sudan will become a republic of NGOs governed by the private sector practically. The signs are already on the walls, especially when the state governors and county commissioners have become fond of calling upon the NGOs and private sector to come to their help when faced with crises. He cautioned against outright privatization of the economy without setting priorities by the government and putting in place public safeguards of revenues of the country by the parliament in the wake of limitation of the available resource envelope. He concluded by emphasizing that the government should always prioritize its competing priorities through realistic planning and objective policies, which must be informed by scientific research. He advised Japan and the rest of international partners not to disburse cash directly to government coffers but to deliver in kind what they intend to offer as a grant to South Sudan under contractual obligations by reputable international organizations. This is for precautionary safeguards until such a time when the public leaders of South Sudan have adhered fully to the prudent management of the revenues for financing peace and development in the interest of the welfare of the people, and in accordance with principles of transparency and accountability.

Amb. Steven Wundu recommended for the adoption of digital technology to help in providing accurate records of incomes from the national resources with objective purpose of enhancing transparency and accountability, especially in oil sector and marketing where systematized monitoring is required most to raise yellow or red alerts in case of suspicious transactions. He considered robotic computers as the most practical and impartial technology that South Sudan must adopt for proper revenues collections, management and redistribution in a systematic manner that would boost the economy and the welfare of the people. Also, he recommended that the judiciary must be empowered and made independent with strong teeth to bite anyone or entity that is found guilty of corruption or misappropriation of public resources.

Thereafter, **Hon. Lual Deng** summarized the following main points that emerged from the High-Level Breakfast discussion on revenues of South Sudan in the context of financing peace and development:

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- 1). Managers of revenues in South Sudan are proven beyond reasonable doubt to be not for prudent management of public resources. Several reasons abound in support of this point, among which is the fact that the moment individuals are appointed to such position, a campaign to remove her/him begins in earnest. Hence he/she will start diverting public resources to her/his personal use due to the inherent impunity around the Public Financial Management System (PFMS). Thus, the legal framework governing civil servants should always be reinforced by good practices around accountability with good stewardship of public monies and spelling out of consequence against errant behaviours or stealing.
 - 2). The Government of South Sudan has a weak social contract in that the sources of revenues (oil and non-oil) are not known to the citizens and who are the real owners of the national wealth. Hence, a strong system of social contract between the South Sudanese State and citizens would ensure establishment of a robust system of transparency and accountability in the management of all the available resources in the country. One glaring example of errant behaviour against the social contract is the issue of “conflict of interest.” Even though the law prohibits civil servants from engaging in businesses that constitute conflict of interest, yet this has been seen all over the place, showing civil servants using their positions in government to advance their business dealings.
 - 3). There is built-in conflict in the management of resources, which in turn reinforces the struggle for power and money within the ruling class. Thus, ‘Kleptocracy’ and its proxies would be the most appropriate term to use here to describe what is going on in South Sudan. To make matters worse, there is very little literature on how gold, teak, timber, gum Arabic and other non-oil resources are being stolen and sold in markets in the region. This in and of itself constitute a considerable money laundering from huge revenues. Also the question of who owns what in South Sudan is a very serious one, especially when there is no transparent and credible public registry of companies. These should be addressed urgently.
 - 4). The R-ARCSS is essentially framed around the distribution of power and resources more than anything else. This means that those who control the power in South Sudan also control the resources, a situation that has created a vicious cycle of fragility. The focus of the state is no longer on the delivery of basic services (including security) but rather on how to amass resources in order to maintain power and self-enrichment.
 - 5). Real long-term durable peace and security should be considered as a necessary condition with sufficient financing of developmental activities across South Sudan for the welfare of the citizens within their respective communities or individual capacity.
 - 6). There is no real sense of safeguards of public good and inclusive interests of the citizens within the government policymakers in South Sudan, especially when cross-checked against the cardinal principle of non-exclusivity.

- 7). Public institutions for the management of revenues have been privatized in actual sense while it shouldn't have been so. The government should have the top responsibility for safeguarding public interest with regulation of what is happening in economic sector.
- 8). Institutions responsible for the oversight on transparency and accountability (e.g. Audit Chamber, Anti-corruption Commission, etc.) should have their budget allocated and disbursed directly in time by the Legislature and not by the Executive.
- 9). The civil service in South Sudan, which is the core of a functioning State, is shrinking slowly and could eventually disintegrate if the current trend of low salaries and emoluments of employees continues without adjustment. Non-prudent management of financial resources has exacerbated this, leading to the neglect of the public sector. The NGOs community and private sector is taking advantage of this pathetic situation by paying attractive packages to qualified South Sudanese who are deserting government institutions. In the long run, the government will remain paralyzed and being run by incompetent employees.
- 10). All the above-mentioned gaps in prudent revenues management boil down to lack of leadership in South Sudan, which would have provided charismatic way forward for honest custody of the national resources for common good of the citizens and with people-centered philosophy of developmental actions.
- 11). However, safeguards of the freedom of expression, including the freedom after the expression, should be treated as fundamental element of communication about the revenues in South Sudan. This must be done very frankly and openly without fear or favour, be it behind closed doors or in public for the people to know and judge.

III– THE PILLARS OF ACTION POINTS AND WAY FORWARD

Session ten of the **HIGH-LEVEL BREAKFAST DISCUSSION AND STRATEGIC THINKING ON THE PEACE PROCESS IN SOUTH SUDAN** was successful in its timing and level of objective deliberations on the topic. The presentation by lead speaker **Amb. Wundu**, the contribution by the participants and the summary by moderator **Hon. Lual Deng** were all geared towards making sense of the required prudent management of revenues of South Sudan for financing peace and development in accordance with principles of transparency and accountability. The outcome of the discussion is summarized into these key pillars:

- 1). Existence of visionary and caring leadership at the highest level with effective transparent oversight for prudent management of revenues in accountable manner, which should prioritize peace and development financing.
- 2). Strongly established institutions with robust mechanisms of enforcement of prudent management of revenues guided by just laws, which safeguard the welfare of the citizens.

- 3). Firm base of hard-working and productive citizens with sustainable purchasing power resulting from fair distribution of resources.
- 4). Adoption of efficient and computerized unified system of revenues management in South Sudan under a cross-cutting authority of National Revenue Authority.
- 5). Empowered civil service with strict bureaucratic authority in technical management of the revenues of South Sudan in accordance with laws and regulations.
- 6). Independence of National Revenue Authority in discharging its mandate without political interference of powerful individuals or entities of the government.

Based on these pillars and building on the recommended way forward by the expert, moderator and the discussants during the High-level engagement on prudent management of revenues of South Sudan in the best interest of peace and development, the following analytical policy action points were identified for consolidation of 2018 R-ARCSS implementation in the interest of peace and development to be enjoyed by the citizens of South Sudan:



S/N	LEADERSHIP	CITIZENS	STAKEHOLDERS	GUARANTORS	PARTNERS
1.	Adhere to the fundamentals of the origins and philosophy of revenues and how this should be managed prudently for the common good with strong purchasing power of the productive indigenous owners of wealth of South Sudan.	Revisit the fundamentals of the origins and philosophy of revenues and how this should be managed for the common good and strong purchasing power with productive ownership of wealth of South Sudan.	Retrace the fundamentals of the origins and philosophy of revenues in South Sudan and how this should be managed for the common good of the citizens with strong purchasing power.	See to it that fundamentals of the origins and philosophy of revenues are respected in South Sudan and managed well for the common good and guarantee of strong purchasing power of the citizens.	Encourage South Sudanese to adhere to fundamentals of the origins and philosophy of revenues and managed these prudently for the common good and guarantee of strong purchasing power.
2.	Prioritize reforms in economic sector at private and public arenas based on timely pragmatic reconstitution of National Revenue Authority, National Audit Chamber and National Anti-corruption Commission with effective deterrent measures.	Demand for radical reforms in economic sector based on reconstitution of independent National Revenue Authority, National Audit Chamber and National Anti-corruption Commission with pragmatic deterrent measures.	Ensure radical reforms in economic sector with reconstitution of National Revenue Authority, National Audit Chamber and National Anti-corruption Commission based on pragmatic deterrent measures.	Press for radical reforms in economic sector with reconstitution of National Revenue Authority, National Audit Chamber and National Anti-corruption Commission based on pragmatic deterrent measures.	Inspire radical reforms in economic sector with reconstitution of National Revenue Authority, National Audit Chamber and National Anti-corruption Commission based on pragmatic deterrent measures.
3.	Reform and transform the old civil service in order to enable it have impartial and strict bureaucratic authority for the technical management of revenues of South Sudan in accordance with just laws and regulations.	Help in reforms for transforming the old civil service in order to enable it to have strong just bureaucratic authority in the technical management of revenues of South Sudan based on just laws and regulations.	Advocate for reforms and transformation of the old civil service in order to enable it to have strong and just bureaucratic authority in the technical management of revenues of South Sudan.	Monitor and advise on the reforms and transformation of the old civil service in order to enable it to have strong and impartial bureaucratic authority in the technical management of revenues of South Sudan.	Support the reforms and transformation of the old civil service in order to enable it to have strong and impartial bureaucratic authority in the technical management of revenues for South Sudanese welfare.

4.	Employ qualified and competent South Sudanese in strategic offices at public and private sectors where revenues are generated, and accord these officials with necessary tools and sufficient emoluments standards that empower them to discharge their responsibilities transparently and accountably.	Provide qualified and competent South Sudanese to strategic offices at public and private sectors where revenues are generated, and accord these officials with necessary tools and sufficient emoluments that empower them to discharge their responsibilities transparently and accountably.	Promote the employment of competent officials in strategic offices at public and private sectors where revenues are generated, and accord them with necessary tools and sufficient emoluments in transparent and accountable manner.	Ensure that competent South Sudanese are employed in strategic offices at public and private sectors where revenues are generated, and accord them with best tools and sufficient emoluments that incentivize them to do their responsibilities transparently and accountably.	Encourage the employment of competent South Sudanese in strategic offices at public and private sectors where revenues are generated, and accord them with necessary tools and sufficient emoluments to discharge their responsibilities transparently and accountably.
5.	Borrow a leaf from comparative suitable best practices from the countries that have put in place well-established system of prudent revenues management in sustainable manner for development of their people.	Adopt suitable best practices from countries that have put in place effective system of prudent revenues management in sustainable manner for development and welfare of their people.	Recommend suitable best practices from countries that have put in place effective system of prudent revenues management in sustainable manner for welfare of their people.	Share suitable best practices from countries that have put in place effective system of prudent revenues management in sustainable manner for the welfare of their respective people.	Exchange best practices from countries that have put in place effective system of prudent revenues management in sustainable manner for the welfare of their respective people.
6.	Adopt advanced computerized tax system to keep and track accurate records of revenues and transactions that should be conducted officially for utilization of the income for the welfare of the people across South Sudan.	Embrace the adoption of computerized tax system to keep and track accurate records of revenues and the related transactions that should be conducted credibly for the welfare of the people across South Sudan.	Advocate for computerized tax system to keep and track accurate records of revenues and the related transactions that should be conducted credibly for the welfare of the people across South Sudan.	Encourage computerized tax system to keep and track accurate records of revenues and the related transactions that should be conducted credibly for the welfare of the people across South Sudan.	Support application of computerized tax system to keep and track accurate records of revenues and transactions that should be conducted credibly for the welfare of the people across South Sudan.

7.	Collect revenues professionally and utilize the income to spend wisely on priority of peace and development, including the recovery of devastated livelihoods and putting into place the direly needed physical infrastructure (roads, airports, river ports, homes, offices, markets, schools, parks, hospitals, etc...) across South Sudan.	Cooperate in professional utilization of revenues with prioritized spending in the interest of peace, recovery and development of livelihoods; putting into place the direly needed physical infrastructure (roads, airports, river ports, homes, offices, markets, schools, hospitals, etc...) in South Sudan.	Advocate for professional utilization of revenues with prioritized spending in the interest of peace, recovery and development of livelihoods; with direly needed physical infrastructure (roads, homes, offices, markets, schools, hospitals, etc...) across South Sudan.	Push for professional utilization of revenues with prioritized spending in the interest of peace, recovery and development of livelihoods; putting into place the direly needed physical infrastructure (roads, homes, offices, markets, schools, hospitals, etc...) across South Sudan.	Support professional utilization of revenues with prioritized spending in the interest of peace, recovery and development of livelihoods; putting into place the direly needed physical infrastructure (roads, homes, offices, markets, schools, hospitals, etc...) across South Sudan.
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ABOUT THE CENTER

South Sudan Center for Strategic and Policy Studies (CSPS) was established in July 2011 with aims of participating in the development of the country through applied research to enhance the debate on governance, nation and state-building in South Sudan, with the purpose of adding objectivity, critical thinking, nurturing strategic thinking, progressive and well-informed leadership.

ABOUT THE AUTHOR

This report was compiled by Dr. James Okuk, Project coordinator for the High-level Breakfast Discussion and Strategic Thinking on the Peace Process in South Sudan. He is renowned academic and Senior Research Fellow at CSPS.

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ROYAL NORWEGIAN
EMBASSY, SOUTH SUDAN



P.O.BOX 619

Juba, South Sudan

Tel: +211 (0) 920 310 415 | +211 (0) 915 652 847

www.ss-csps.org

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