Conflict Research Programme at the LSE and
World Peace Foundation at The Fletcher School

The Security Arena in South Sudan: A Political Marketplace Study

Alan Boswell, Nanaho Yamanaka, Aditya Sarkar and Alex de Waal

December 2019

Global Panorama, South Sudan Soldiers, July 9, 2011

OVERVIEW

This paper provides a succinct analysis of South Sudan as a political marketplace, focusing on the last fifteen years, from the signing of the Comprehensive Peace Agreement (CPA) in January 2005 up until late 2019. The paper seeks to provide a framework that allows South Sudanese actors—especially those concerned with promoting peace, democracy and justice—to analyze their country's predicament so as to understand the implications of different courses of action, or the likely outcome of allowing events to run their course.

The paper focuses on applying the political marketplace framework (PMF) to the 'security arena' which refers to the diverse array of political actors that have military capability, including those who formally qualify as state security providers as well as insurgents and others, who collude and compete (including through armed violence) for power, profit and position.[1] In particular, the paper traces the effects of volatility and turbulence in the political system on (a) the existence, proliferation, organization and nature of security actors, and (b) the nature of the relationships between smaller and more local security actors, and those that are larger and better able to access external support, the 'dominant' security actors/groups.

The paper also focuses on the role played by external actors, namely the international and regional sponsors of the IGAD peace process. This includes the so-called Troika (consisting of the USA, UK and Norway), and from time to time, Ethiopia, Uganda, Sudan, Kenya and Egypt; they act bilaterally but also sometimes collectively, through the UN, AU, IGAD or EU. As is the case elsewhere in the region, these external actors sponsor, support and arm various groups and factions in the conflict, while also being involved in international efforts to end the conflict. Through their material and financial support, including their decisions to withdraw support, these external actors (and especially the neighboring countries) act as 'financiers' in the conflict. They also try to 'regulate' the political market through various peace-making initiatives. The paper finds that the political market in South Sudan responds swiftly to the decisions and signals of these external actors in their joint capacities as financiers and regulators. External actors are neither omnipotent nor infallible readers of the political market — their (mis)calculations while engaging in peace processes, have profoundly altered the dynamics of the political system in South Sudan. This is analogous to the miscalculations of a national monetary and anti-trust or competition regulator.

In South Sudan, the primary tool used by external actors to shape the political market is not coercion but instead (a) material support for different domestic actors, and (b) the ways in which they have created expectations about

[1] See Hills 2014, for this concept.

future political dispensations and the associated opportunities for accessing centralized rents. These expectations are given shape through the formulae of their peace processes, peace agreements and sanctions. In other words, not only have some external actors supported different factions in the conflict, they have also created expectations among South Sudanese political-military entrepreneurs about the future structure of a rentier state. South Sudanese political actors have arranged themselves or tried to arrange themselves accordingly. In a well-financed market, such future rents may be relatively insignificant; however, in an underfunded[2] political marketplace like South Sudan their value is tangible and real. When armed group leaders anticipate that they will be able to access future rents within a particular political configuration, they strike more stable bargains; as future rents become more likely, there is less short-term bargaining and less volatility.

It bears repeating that the PMF does not claim to be a complete explanation of the politics of South Sudan, let alone the society and culture of South Sudanese. Rather, it is a tool that helps explain the behaviour of South Sudanese political and military elites, and therefore assists those who wish to see their country organized according to a different social and political logic.

This paper was completed in November 2019, at the point at which the (delayed) deadline for the formation of the South Sudanese Government of National Unity was again postponed. Recurrent prevarication over making firm commitments to an ostensibly durable political settlement—maintaining the informal modus of power subject to continual informal bargaining—is characteristic of an unsettled political marketplace, and in this case reflects the habitual tactical calculations of the different South Sudanese actors about their respective bargaining positions. In Sudan there is even a word for it, *tagility*, skill in making use of the politics of delay. That said, the delays in the formation of a government of national unity may have inadvertently created a window of opportunity for policymakers to explore ways of furthering the agendas of peace, justice and democracy. The starting point for those explorations must be the recognition that the R-ARCSS is both an incomplete peace deal and a successful ceasefire document. There are more dangers in trying to make the R-ARCSS 'complete' according to a deadline than in utilizing the recurrent delays to address essential agendas including *inter alia* the resolution of the boundaries of states, national dialogue and mechanisms for transitional justice.

This paper is organized chronologically, around 'critical junctures' in the evolution of the South Sudanese political marketplace. It assumes a working knowledge of the various components of the political marketplace model and of South Sudanese political history; it is meant to be read in conjunction with the framing papers on the political marketplace.[3]

---

[2] There have been periods when the South Sudanese political marketplace has been flush with political finance; these funds have not been well managed.

[3] For the political marketplace generally, see de Waal 2015, and for the framing papers, see de Waal 2018; de Waal and Spatz 2018.

Figure 1: A timeline of critical junctures in the South Sudanese political market

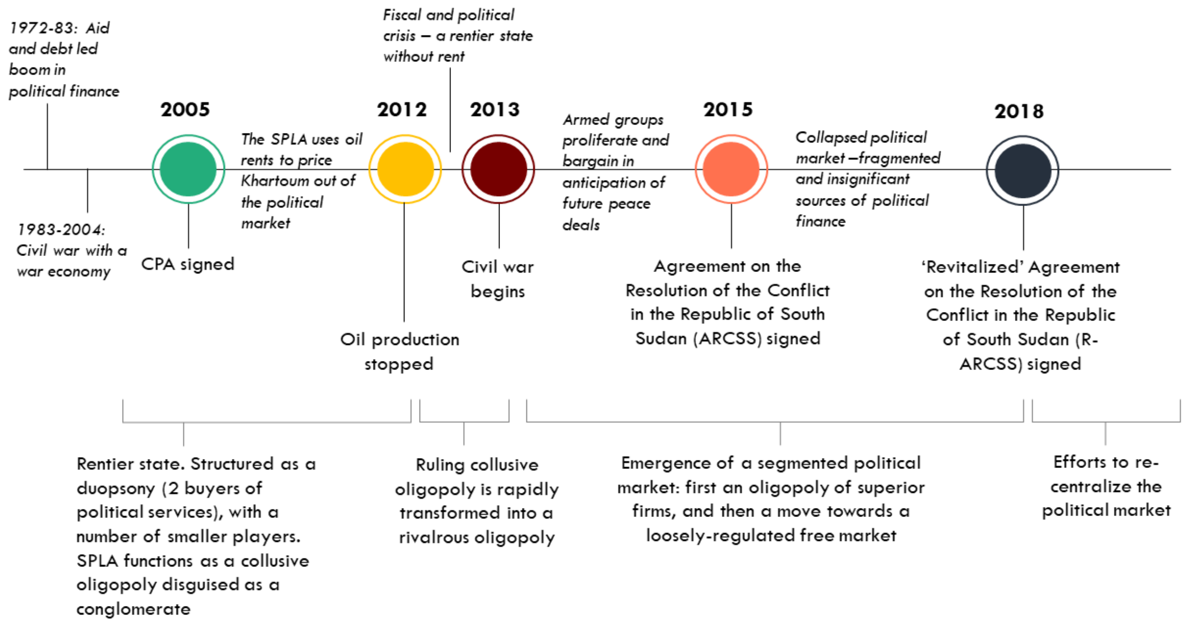


Table 1: South Sudan's Political Economy and Political Marketplace 1970s-2019

Period	Economic Characteristics	Political Finance	Beneficiaries	Regional Context
1972-83	Aid and debt-led boom	State borrowing	Politicians and crony capitalists	Junior within Sudan
1983-2004	War economy	Pillage, military clientship	Military officers and their business partners	Cockpit for regional rivalry
2005-11	Oil and aid boom	Oil, contracting	SPLM/A leaders	Challenge to (northern) Sudan
2012-13	Economic crisis	(Dwindling) payouts from reserves	None	Return to junior status
2013-15	War economy	(Small) pillage and clientship	None	Cockpit for regional rivalry
2015-18	War economy and oil	Oil, pillage and clientship	Military leaders	Cockpit for regional rivalry
2018-19	War economy and oil	Oil, pillage and clientship	Military leaders	Junior status, regional collusion

1. The Evolution of South Sudan's Political Economy

This section provides a brief history of the evolution of the political economy and political market in South Sudan after the signing of the CPA.

A summary of the different phases and their key features is presented on the previous page.

During the long civil war (1983-2004), southern Sudan's political economy was based on plunder and military clientship. The Government of Sudan (GoS), which was in deep economic crisis in the 1980s and '90s, fought its counterinsurgency using militia, which repaid themselves through pillage, and through military-commercial partnerships in which army officers cut deals with merchants whereby the latter would profit from army operations, for example by trading in scarce goods in besieged towns, selling stolen livestock, or felling timber. The Sudan People's Liberation Movement and Army (SPLM/A) relied heavily on sponsorship from neighbouring states, notably Ethiopia, Uganda and Eritrea, and some of its commanders also benefited from the war economy.

The outbreak of the war in 1983 halted the development of southern Sudan's oil fields. They remained neglected until the late 1990s, when Chinese oil companies took over the concessions and built the necessary infrastructure, running the risks of operating in a war zone. Sudan exported its first oil in 1999. Over the following five years the GoS's revenue expanded tenfold.

A major element in the incentive for the SPLA to negotiate a peace agreement with the GoS was the prospect of gaining a share in Sudan's oil revenues and the related fear that, should the south fail to make peace, the GoS would be able to expand its military capacity and neutralize the neighbouring countries through oil diplomacy. The Comprehensive Peace Agreement (CPA) was signed in January 2005. The principal stated goal of the CPA was to 'make unity attractive' but it contained a provision for a referendum on self-determination after six years.

After the death of John Garang in July 2005, Salva Kiir and the majority of the SPLM/A followed a strategy aimed at securing independence at the end of the interim period scheduled for 2011. Although the formal determinant of whether South Sudan remained as part of Sudan or became independent was the majority of votes in the referendum, both parties worked on the assumption that the most powerful player would determine that result. Both also assumed that the relevant power formula would be control over territory and populations by armed units, and the allegiance of members of southern Sudan's political and military elite, and that such allegiance would be determined in part by money. In other words, whoever paid most to southern Sudanese commanders (who controlled territory) and politicians (who controlled the seat of government in Juba), would get to decide whether or not the referendum was held and whether it was a credible vote. What therefore emerged was a rivalrous duopoly where both Khartoum and Juba poured their political budgets into a zero-sum arms-and-patronage race.[4] The SPLM/A succeeded in pricing the GoS out of the southern Sudanese political marketplace, and southern Sudan came to resemble something closer to a centralized, functional authoritarian kleptocracy. As the NCP consolidated its hold on northern Sudan, especially when it saw off the electoral challenge of the opposition including the SPLM in 2010, the northern

[4] See de Waal 2019a.

Sudanese marketplace could be described in the same terms.

From the signing of the CPA up to early 2012, southern Sudan/South Sudan[5] was organized as a rentier state, financed overwhelmingly by oil, with international aid and military patronage from Khartoum acting as secondary sources of funds. This led to the creation of a wage-earning class centered around state funds (mostly soldiers and some civil servants), as well as crony capitalists clustered around state contracting, and also attracted businesspeople ready to take the risks of investing in import-export trade, hotels and retail, with a chance of very high short-term returns. In Sudan as a whole, the political market was organized as a hybrid system containing a well-regulated duopsony (that is, a market with only two purchasers of services) and an unregulated market in Darfur.[6] In southern Sudan, the SPLM/A appeared to be operating as a conglomerate. This, however, was a disguise: beneath the cooperation imposed by external conditions—the shared goal of national independence—both the security sector and the ruling party were structured as oligopolies. The oligopolists were political rivals who decided to collude by force of circumstance, using oil rents to dominate the marketplace and price out the competition from Khartoum.

The political production function of the GoSS and SPLM/A was, at its core, to turn oil revenues into political payoffs. At independence in July 2011, the new Government of the Republic of South Sudan (GoRSS) did not change this production function. Its revenues increased: it was no longer paying half of the income from oil to Khartoum, and it now could manage its state finances independently from Sudan. However, the leaders of South Sudan had not resolved the question of how to handle their victory. Some were content to take President Omar al-Bashir and the Khartoum leadership at their word and put an end to the arms-and-patronage competition. This would have entailed abandoning some long-held allies in northern Sudan and on the contested border.

After the shutdown of oil production, South Sudan was transformed into a rentier state without rent.

Others saw that the Juba-Khartoum rivalry would continue into the future, and that South Sudan should take advantage of its newly sovereign status, its financial reserves, and the acrimony within post-secession northern Sudan, to press home its advantage and become the senior partner in the relationship with the former oppressor. Those seeking confrontation won the upper hand, in part because in the parallel debate in Khartoum, hardliners were also winning.

If South Sudan were to enter military confrontation with Sudan, and its oil were to continue being pumped to market through the existing pipeline to Port Sudan, the GoS would of course be expected to confiscate the oil and use it for its war effort. On the basis of a dispute with Khartoum over the terms of payment for the pipeline, escalated by Sudanese theft of South Sudanese oil, South Sudan therefore shut down its oil production in January 2012.

After the shutdown of oil production, South Sudan was transformed into a rentier state without rent. Its cash reserves were not sufficient. At the same time, political elites and armed groups expected rents (at similar or expanded levels) to return shortly. In this cash-

[5] We follow convention in using 'southern Sudan' before independence and 'South Sudan' thereafter.

[6] de Waal 2019a.

deprived marketplace, the centralized rent allocation system was no longer able to manage rivalries within the governing oligopoly. Combined with political mismanagement by President Salva Kiir, this led to a political crisis. The collusive oligopoly was rapidly transformed into a rivalrous oligopoly. During the first eleven months of 2013, the key actors struggled to keep the political competition out of the security arena, fearful that if the political contestation spread to the army, the army would split along ethnic lines (which are also patronage lines) and civil war would ensue. They succeeded in this until 13 December, when the first shots were fired in Juba, and, as feared, the SPLA split apart.

After the outbreak of civil war, there were two main sources of political finance. The first was oil, from which revenues, despite being far lower than before 2012, were still the most substantial income for the state and politicians. Among other things, this paid for Ugandan military assistance kept the GoRSS in power, The second consisted of security payments and/or in-kind assistance from Khartoum (to SPLA-IO). Secondary sources included some funds obtained from cross border smuggling and dealing in aid. As oil rents declined, the diversion and manipulation of humanitarian aid became more significant, with military-political actors returning to methods of exploiting relief agencies and programmes, that they had utilized in the long civil war of 1983-2005. Overall, political finance was in short supply. As a result, the GoRSS mortgaged future oil production at a discounted rate in order to secure short-term political finance, and signed less-than-favourable terms with Sudan for the same reason. The flows of political finance were asymmetrical from the beginning of the conflict: the GoRSS, as the sovereign government, controlled oil revenues and official aid, which were far greater resources than those possessed by the SPLA-IO. This disparity deepened as the war continued, especially as the GoRSS made military gains. Another challenge facing the market in this period was that the different sources of political finance were not aligned. Sudan and Uganda were sponsoring rival political factions. In 2018, with the R-ARCSS, this shifted as Khartoum recognized that the GoRSS was militarily dominant, with the result that Sudan (facing a fast-deepening financial crisis) sought a deal with the GoRSS over oil exports. In turn this allowed Uganda and Sudan to reach an arrangement about financing and security behind the façade of a formal peace agreement. For much of this period, the political system in South Sudan operated at two levels: an asymmetrical oligopoly with two conglomerates (the GoRSS, which was stronger and gaining, and SPLA-IO, which had a precarious position) existing alongside a poorly regulated free market with proliferation of smaller armed groups, and short-term opportunistic deal-making.

In the current period, the GoRSS has finally succeeded in having its dominant position in the South Sudanese political market recognized by all key regional actors and therefore is trying to re-establish a centralized authoritarian kleptocracy. It is doing this on the Khartoum model with the National Security Services (the NSS) controlling the companies that manage oil contracts and other key businesses. Pres. Kiir is also relying on the NSS and other para-military battalions to 'coup-proof' his regime. The national army (now the South Sudan People's Defence Force) has been deliberately weakened.

The R-ARCSS has served three main functions. First, it has reduced the Sudan-Uganda rivalry. Second, it has delivered a workable ceasefire between the principal protagonists, the GoRSS and the SPLA-IO. Third, the ongoing peace negotiations have provided a political process, protected by the regional and international sponsors of the peace, which can allow South Sudanese to address a wide range of political issues. For many South Sudanese, this de facto political *un*settlement[7] is more advantageous than the alternative of declaring peace, forming a Transitional Government of National Unity (TGNU), and replacing the peace process with domestic politics. For the GoRSS this allows Pres. Kiir to continue cutting informal bargains. For the SPLA-IO, it may be preferable to gamble on a change in circumstances that reconfigures the political marketplace rather than accepting the limitations imposed by the R-ARCSS. For junior political players and civil society actors, the peace process provides a safer opportunity for pressing their agenda than the domestic political processes that will follow the formation of the TGNU.

In the sections that follow, we outline the evolution of the security arena in southern/South Sudan within the context of the overall political marketplace.

2. The Political Marketplace under the CPA

2.1. The Political Firms (SPLA, SAF and SSDF/OAGs)

In 2005, the intent of the CPA signatories was not to deepen Sudan's political marketplace. To the contrary, they saw the fundamental issues of Sudan as lying in the failure of the country's political elites, since independence, to agree on a common national project. Both John Garang and Ali Osman Taha had developed visions of 'New Sudan'—one secular and the other Islamist—they now agreed to align them. They saw the war economy, the corruption, the fragmentation of armed groups, and other elements of the political marketplace as symptoms of the deeper malaise of the country, which would be swept away in the new political settlement. This transformative agenda never had a chance. Garang died in a helicopter crash just 21 days after becoming First Vice President, and Ali Osman—whose rivals in Khartoum accused him of having sold out on their political vision and having abandoned their political tactics of divide-and-rule—lost his real power.

The structure of the southern Sudanese political marketplace in the period following the signing of the CPA in 2005 was as follows. Two major and many subordinate military-political groups or 'political firms' could be identified. These 'major' armed groups were the SPLA,[8] and the Sudan Armed Forces (SAF), while the remaining armed groups can be grouped within the category of South Sudan Defense Force (SSDF) and Other Armed Groups (OAGs). The labels 'major' and 'subordinate', as we describe below, can be attached to these groups as a result of external peace-making efforts.

(1) The SPLA

After the CPA, and especially following the Juba Agreement between Pres. Salva Kiir and the SSDF in January 2006, there was a period of SPLA's organizational restructuring and dramatic expansion. Despite its activities starting from 1983, the formal organizational structure for military divisions were established at the ground level only after 2006, with six

[7] See Posposil 2019 for this concept.
[8] Although the SPLA and the SAF were each military branches of SPLM and the Government of Sudan (GOS) respectively which influence the decision-making of the SSDF and SAF, the analysis will focus on the SPLA and the SAF for simplicity while factoring-in these influences. The National Intelligence and Security Service (NISS) which operated separately from SAF for similar objectives is not included.

divisions and four independent brigades.[9] Regardless of this inchoate development stage, the post-CPA saw the expansion of organized forces from around 40,000 in 2004 to a payroll of 240,000 (although including many ghost soldiers) in 2011,[10] totaling about 80% of the total government employees in southern Sudan.

Such a radical force expansion lacking consolidated organizational structure could have risked undermining the SPLA's combat capabilities. In fact, during the 2005–11 Interim Period, more than 80 percent of defence spending was spent on wages and allowances,[11] indicating the crowding-out of arms procurement and training costs. However, this seeming contradiction is defensible as a rational behaviour in a political marketplace. The principal tenet of the SPLA strategy was not that it would need to fight the SAF in a conventional war, but rather that it could pay for the allegiance of the great majority of the proxy forces that had previously been clients of the GoS, so that the SAF would be unable to pursue its favoured strategy of fighting by proxy militia.

(2) Sudan Armed Forces (SAF)

During the long civil war, the regular units of SAF were a minority of the military units operating on behalf of the GoS in southern Sudan. Most military operations and local security activities were sub-contracted to southern Sudanese militia and paramilitaries, which after the 1997 Khartoum Agreement became formally consolidated into the SSDF. Other forces included Popular Defence Forces of various kinds (Arab militia and mujahideen), foreign units such as the Lord's Resistance Army, and splinter groups from the SPLA utilized on an opportunistic basis. None of them were fully integrated into the SAF: rather they were associated with it on the basis of security pacts between the local political-military leaders and SAF Military Intelligence (MI), which was responsible for the organization, financing and operations of these groups.

By 2005, the SAF relied heavily on the SSDF units for security in southern Sudan. The SSDF units protected key southern towns surrounding the oil fields as well GoS garrisons in southern Sudan, and were critical in making possible the development and operation of the country's emerging oil industry. However, the SAF-MI, which largely assumed responsibility for directing the SSDF, simultaneously worked to limit the SSDF's power, by keeping the units fragmented.[12]

(3) South Sudan Defense Force (SSDF) and Other Armed Groups (OAGs)

The term 'other armed groups' (OAGs) entered Sudan's political lexicon during the negotiations leading to the CPA. The starting point for the GoS negotiating team was that a united Sudan should have just one army (which would be SAF) but that SPLA units could be integrated into that army. The SPLM/A position was that Sudan should have two armies for the interim period, on the grounds that the only guarantee of the faithful implementation of the CPA, especially the provision for self-determination, was an army for southern Sudan. The SSDF and other armed groups and militia were not represented in the negotiations. Their interests were sacrificed.

SSDF units were by far the most important of the OAGs but differed from the SAF and the SPLA in that they lacked a central command structure. The SSDF was comprised of a loose alignment of approximately 60 armed units

[9] Rands 2010.
[10] Snowden 2012.
[11] Snowden 2012.
[12] Institute for Security Studies 2004.

which had been recognized on the basis of the Khartoum Agreement of 1997. Some efforts were made to unify the command structure of the SSDF over time: a political wing (the UDSF) was meant to have been established under the Khartoum Agreement, and Lt.-Gen. Paulino Matiep was nominated as overall commander of the SSDF in 2002. In reality, however, given the geographic dispersion of the different organizations (as visible in Map 1 below), and the SAF-MI's involvement in dividing the SSDF command through practices such as contacting and supplying armed units individually, the armed units of the SSDF retained a high degree of autonomy. Under the provisions of the CPA, the SSDF units could either dissolve, integrate, subcontract, or negotiate with the SPLA or the SAF – this, and the specific negotiating tactics they used, are described in greater detail below.

2.2. The CPA and the Reorganization of the Security Arena

The negotiations which led to the signing of the CPA in January 2005 were, in large part, intended to design a rent allocation formula that would satisfy both the GoS/NCP and the SPLM/A. In the backdrop of a rapidly expanding economy, the CPA created a Government of National Unity in Khartoum (NCP plus SPLM with other parties given a minor role), and an autonomous Government of Southern Sudan with the SPLA forming its army.[13] After a 6-year interim period, and as mentioned above, there was to be a vote on self-determination for southern Sudan. The CPA also prohibited the operation of any armed groups outside the SAF and the SPLA, in an effort to compel the other militia, notably the SSDF/OAGs to ally with one of them, dissolve, or face elimination by force of arms. In other words, the CPA laid out basic rules for the market interactions among the SPLA, SAF and SSDF/OAGs, and recognized the SAF and SPLA as 'superior firms' and relegated the units of the SSDF/OAGs to the role of subcontractors.

> *Article 2.5 At the end of the six (6) year Interim Period there shall be an internationally monitored referendum, organized jointly by the GOS and the SPLM/A, for the people of South Sudan to: confirm the unity of the Sudan by voting to adopt the system of government established under the Peace Agreement; or to vote for secession.*
>
> *Article 7. (a) No armed groups allied to either party shall be allowed to operate outside the two (SPLA and SAF) forces*
>
> *Article 7. (b) The Parties agree that those mentioned in 7(a) who have the desire and qualify shall be incorporated into the organized forces of either Party (Army, Police, Prisons and Wildlife forces), while the rest shall be reintegrated into the civil service and civil society institutions*

In effect, the CPA reimagined the political system in Sudan as a collusive duopoly, with two dominant political-military actors cooperating to govern the country and 'make unity attractive'. This arrangement was to be regulated through the efforts of external actors, and through the division of rents provided for in the peace agreement.[14] This system did not actually come into being; Sudan during the interim period was, as mentioned, more akin to two rival kleptocracies in Khartoum and Juba engaged in an arms-and-patronage race.

The bidding war for the southern Sudanese security arena was eventually won by the

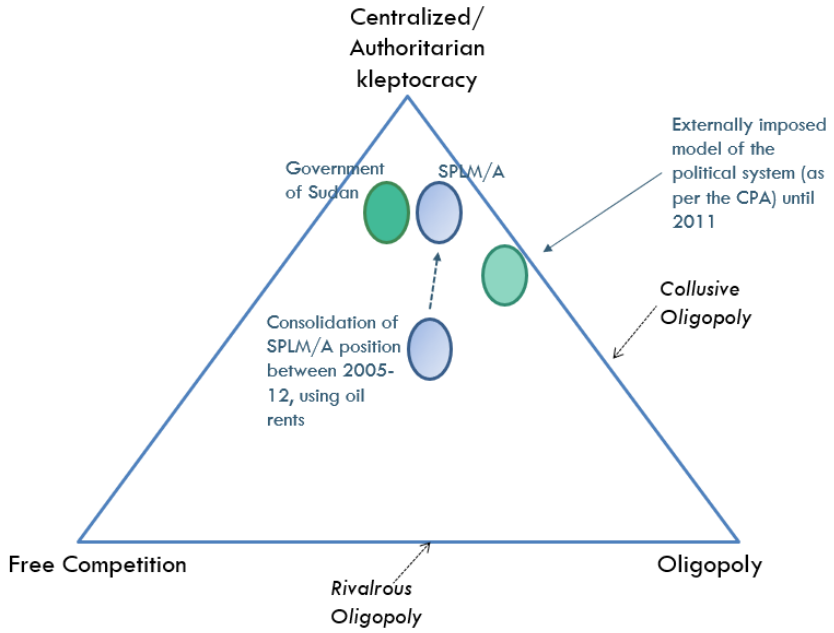
[13] de Waal 2015; de Waal 2014.

[14] It is worth noting that Darfur continued to function as an unregulated free market.

Table 2: 2005-2012: Emergence of two rival kleptocracies funded by oil rents

Level of analysis	Account
Political economy	In this period, southern Sudan/South Sudan was organized as a rentier state, financed overwhelmingly by increasing oil production, with international aid and military patronage from Khartoum acting as secondary sources of funds. A wage-earning class centered around state funds emerged (mostly soldiers and some civil servants), alongside crony capitalists and businesspeople seeking to make their money from state-contracting or from investing in import-export trade, hotels and retail, with a chance of very high short-term returns. After South Sudan became independent in 2011, the GoS lost control of the majority of oil funds, with implications for its ability to influence the marketplace.
Structure of political firms and strategies	The CPA organized the market in Sudan as a duopoly financed by a share in oil rents. This could also be understood as two rival kleptocracies which were locked in an arms-patronage race and which sought to destabilize each other. They did so by supporting armed opposition groups in each other's territorial peripheries. The market in Darfur was unregulated. In southern Sudan, the SPLM/A appeared to be operating as a conglomerate. This was a fictive arrangement, and beneath the cooperation imposed by the CPA formula, both the security sector and the political party were structured as an oligopoly, its members colluding by force of circumstance, using oil rents to dominate the marketplace and price out the competition (especially competition from Khartoum).
Organization of the security arena	The effect of this arrangement in the security arena was that of a well-regulated duopsony (that is, a market with only two purchasers of political services from different militia and armed groups). The bargaining in the security arena was structured by the formula specified in the CPA – with smaller armed groups having to ally with either the SPLA or the GoS, or disband. The SPLM/A outspent al-Bashir in buying the loyalties of different smaller armed groups. Al-Bashir also had to spend on managing factional politics in Khartoum and in Darfur, which were very expensive. However, some groups could hold out for better deals, because of their control over oil fields, or because they could mobilize specific ethnic groups.

Figure 2: Shifts in the southern/South Sudanese political marketplace (2005-12): Two rival kleptocracies engaged in an arms and patronage race



SPLM/A. This outcome was not clear in mid-2005 when Garang died and Kiir took over. At that time, the security arena effectively functioned as a 'duopsony' in this period, that is, it resembled a market situation in which two rival buyers held the controlling power of determining the demand for a product or service (violence, or the means of inflicting violence) from a large number of sellers (smaller militia/armed-political groups).

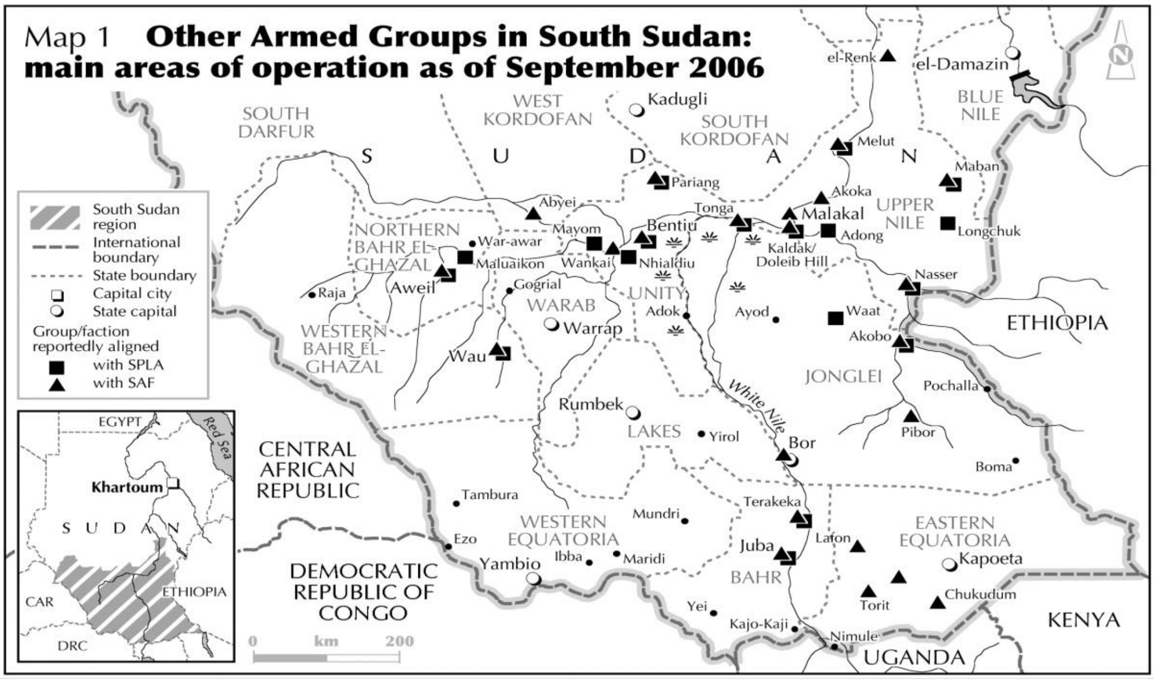
The form that the political market took in South Sudan was not pre-ordained. Up to his death in 2005, Garang had maintained the policy that a collective reconciliation with the SSDF/OAGs would not be pursued. After his death, Kiir formally adopted a policy of reconciliation, the high point of which was the Juba Declaration of 2006. This created the particular form of the political market for military (sub)contracting in southern Sudan. A referendum on self-determination had already provided for under Article 2.5 of the CPA (see above). During the Interim Period, the two superior firms began to contest over the production of power. They anticipated that in any future conflict, control over the revenue from oil, would be secured by whoever had the allegiance of SSDF units that controlled oil-rich areas. They also expected a fierce political market and possibly military contest over the future control of sovereign power in southern Sudan—the political outcome at the end of the interim period. For the SPLM/A, the objective was to ensure the referendum was held and that it controlled the territory and population. For the GoS (NCP and SAF) it was the opposite: to find a way for the referendum not to be held (for example on the pretext of insecurity) or for sufficient southern elites to ensure that the reported result was, at the very minimum, contested. For either to achieve its objectives, it was necessary for the SPLA and the SAF to newly transact, sub-contract, and (if possible) integrate SSDF/OAG sub-units into the structures of their own firms, or (in the case of SAF) enforce its prior relations with SSDF units. There were three reasons for this.

First, southern Sudan was characterized by a multitude of armed political firms distributed across the political arena, each with strong connection to its affiliated territory through kinship or other affinities. The political market position of each individual armed group was based upon the (a) particular geographical locale from which militia members were drawn or which contained economic assets essential for the militia's operations, such as oil fields, and which they would defend fiercely, or (b) the group identity/ethnicity of militia members, or (c) a combination of the above. This made it difficult to replace them with other units that were comparable in other respects.

The genesis of the SSDF units illustrates this. The main units of the SSDF included the remnants of the Nuer-dominated Anyanya II movement that had never been properly integrated within the SPLA; other breakaway factions and renegade commanders of the SPLA; and tribal militias that were formed as local protection groups in response to local conditions including the ill-discipline by SPLA fighters in their locales. Such ethnic/tribal-based attachment and political influence of some SSDF forces in their operating areas made them extremely difficult to substitute with armed groups which may have been similar in other respects.

We refer to this as 'asset specificity', that is, the extent to which physical and human assets are specialized and unique to an armed group or political actor, and non-redeployable in other contexts.

Second, geographically, SSDF units covered key areas that included oil fields. The SSDF's military reach stretched to the Eastern-Upper



Small Arms Survey (2006)

Nile and northern Unity Oil fields. For example, the Nuer forces under Gordon Kong played a critical role in defending the Eastern Upper Nile oil fields.

Last and more fundamentally, some units under the SSDF consisted of a significant number of soldiers that made any forcible military takeover a costly and risky proposition. The force strength of the SPLA was generously estimated at 40,000 fighters in 2004[15], compared to the other armed groups (OAGs) that approximated between 10,000 and 30,000 in 2006, and SAF which numbered 104,800 in 2007.[16]

2.3. Bargaining by Armed Groups during the CPA Interim Period

Based on Sections 3.1 and 32.2, this section analyzes how the SPLA and the SAF competed over creating transactional relations with the 60 units of the SSDF. Three types of relationships/bargains are observed: we refer to these as ‘Integration’, ‘Absorption’, and ‘Negotiating’. Integrated forces are placed under the command of the senior force and rank-harmonized, integrated into the command and control structures, and actually deployed to their assigned locations. When units are absorbed within the senior force, the integration is agreed, but the units remain in the regions where they are already stationed and maintain their own command structure. Lastly, if forces are negotiating, they are yet to agree on the terms but have expressed the intention of being absorbed into either the SPLA or the SAF. In reality, they may be negotiating towards a limited security pact, or simply procrastinating on the negotiation process, rather than aiming for an end-point of integration or absorption. The rationale for procrastination is that circumstances might change so that the party can get a better deal, or as an insurance policy, wanting to keep a measure of autonomy in case things took a turn for the worse.

Based on the above definition, the outcome was as follows:[17]

[15] Snowden 2012.
[16] IISS estimate, 2006.
[17] Young 2006.

Table 3: Relationships between the SPLA, SAF and the SSDF

	Integration	Absorption	Negotiating
SPLA	6	9	6
SAF	0	34	0

Note that some of the 60 SSDF units are not included in this enumeration. Three units were merged before the CPA, the status of one was unknown, and one had not finalized its alignment.

Although the SAF struck deals with more units than the SPLA, the significant variance in troop number among the SSDF units makes it difficult to compare the substantial power balance between SPLA/SAF from simple numbers of SSDF units. Further, it is unclear what kinds of SSDF units had been integrated, absorbed, or negotiated by the SPLA/SAF (it appears that the SAF-absorbed units were mostly smaller ones).

To further examine this point, the table below categorizes 60 SSDF factions by their 'asset-specificity'. In the table, armed organizations in the vicinity of the oil fields (25 km) as well as in Abyei are categorized as having the highest asset-specificity. The table uses the numbering employed in the Annex to the Small Arms Survey (2006).

Table 4: Asset-specificity and transaction strategies between SPLA/SAF and the SSDF

	Integration	Absorption	Negotiating
Within 25km range of oil field / Abyei		13, 26, 41, 43, 45	10, 11, 12, 19, 20
Further than 25km range of oil field	5, 6, 7, 8, 9	14 -18, 23, 24, 27, 28, 31-37, 40, 42, 44 - 47, 49, 50 - 58	22

SSDF factions affiliated with the SAF are differentiated by underlining the number. In addition, the following units are not included:

Merged before CPA	1-3
Unknown /unverifiable	4, 21, 25, 29, 38, 39, 48, 59
Leader unclear / recalled	30
Had not aligned yet	60

The SAF absorbed the forces, mainly those located further than the 25km range from the oil fields. Three forces (#41, 43 and 45), discounting the small splinter faction #26, were within the 25km range of oil fields. The SAF's policy to absorb instead of integrate SSDF factions, granting minimal financial assistance and leaving the units to loot, helped reduce the costs of supplying large numbers of soldiers as well as ensuring antagonistic relations with local communities[18].

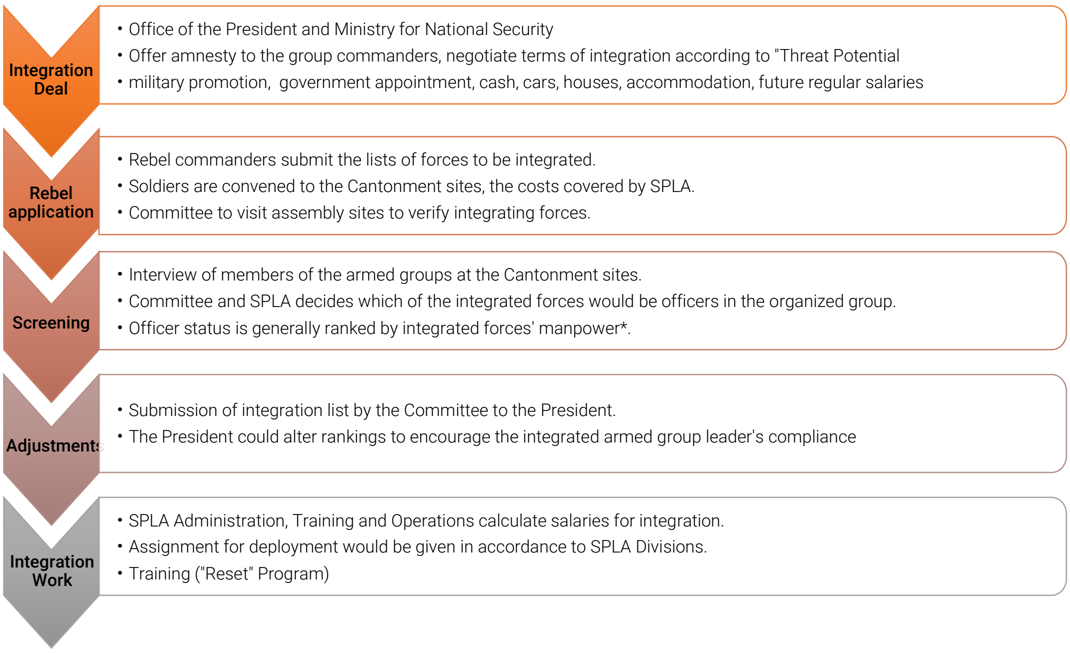
The SPLA's outcomes varied; they integrated, absorbed and negotiated with the SSDF factions. Importantly, armed organizations with the highest asset-specificity were absorbed or negotiated with rather than integrated. For example, five of six armed units that were being negotiated towards concluding the terms of absorption were located within 25km of the oil fields or in the strategically important Abyei area. The exception, #22, was the armed unit of Clement Wani Konga, a Mundari community leader who held control over an area from Terekeka to Juba, a critical ally required to consolidate control over the capital as well as the Mundari populace in the area. It is likely that the six units, due to their strong leverage, were able to procrastinate on the deal without succumbing to intimidation and thereby maintain or even increase their demands on the SPLA.

[18] Young 2006.

In economic theory, when a firm enters into a contract with a supplier, for an input or service, bureaucratic and transaction costs dictate how production is structured. Bureaucratic costs refer to the costs of administering a hierarchical system (i.e. within the firm), whereas transaction costs refer to the costs to the firm of finding a supplier, negotiating with that supplier and policing and enforcing the contract for supply. If an input or a service is highly asset specific, transaction costs increase, because the supplier is able to bid-up prices, and enforcement becomes difficult. An alternative would be for the firm to internalize production – and in the South Sudanese political market, that would mean that either the SAF or the SPLA might try and find alternatives to the political-military roles performed by the SSDF units/OAGs. The southern Sudanese case suggests that this is difficult, if not impossible. The territorial asset specificity of the SSDF units and the OAGs were closely tied to forms of political mobilization including on the basis of identity and ethnicity, which in turn made it nearly impossible for both the SAF and SPLA to simply replace those units with others or its own armed units.

2.4. Thorny Road from Negotiation to Absorption/Integration (SPLA and SSDF)

Once SSDF units expressed their alignment with the SPLA, the negotiation took place. In the beginning, the Office of the President and the Ministry for National Security negotiated the terms of the agreement with the SSDF unit commanders, contingent to their 'threat potential' measured in terms of the commander's ability to secure external funding or mobilize actors.[19] This process remained pending for the six armed units described as 'Negotiating' in Table 1. The terms of integration could include military promotion, government appointments, cash, future regular salaries, etc.[20] In the case of Clement Wani, Garang offered him the position of governor of Central Equatoria State following the CPA, before Clement eventually announced that he was joining his forces with the SPLA/M.[21]



[19] Lacher 2012.
[20] McEvoy and LeBrun 2010.
[21] Young 2006.

The flowchart is organized on the basis of Warner (2016).

When the terms were agreed, the troops were then convened to the cantonment sites where they were assessed by the SPLA. The SPLA decided the commander's status by its manpower, subject to a final adjustment by the president.[22]

This process of rank-harmonization was challenging. SAF had awarded SSDF commanders very high ranks during the war, with associated salaries and perks such as vehicles and personal guards, and those commanders would not accept demotion on switching to the SPLA. The SPLA leadership held the SSDF's former alliance with the national government in Khartoum in contempt, and worried that integrating large numbers of senior officers at their existing ranks would distort the political balance at the expense of existing SPLA commanders.[23] This was a major factor leading to the massive promotion of SPLA commanders to general rank in parallel to the integration and absorption processes. Senior-level commander integration was mostly still unresolved in 2007.[24]

Commanders in the expanded SPLA, regardless of their previous affiliation, had a strong interest in resisting the centralization and institutionalization of the army. Three attempts to introduce a unitary roster of troops were blocked. The reasons included payroll inflation and ghost soldiers, the practice whereby unit commanders underpaid their subordinates (who often comprised their relatives, enlisted on the understanding that they would only claim part of their salary entitlement, on the 'reward and defraud' basis), and the political preference for commanders and local political leaders to keep ethnically homogenous, locally-rooted troops in their localities. As a consequence, the ethnic basis of military mobilization, which had been a persistent feature of the war years, was sustained during the peacetime expansion of the SPLA.

Although this analysis has focused on the SPLA's relationship-building with SSDF units during the post-CPA period, in the longer term, the problems with the incomplete absorption/integration process kept the political business relationship between the SPLA and the SSDF units unresolved.[25] The limited implementation of the integration process meant that it had limited success as a long-term stabilization measure, which eventually contributed to its disintegration in 2013.[26] The comparatively strong standing of the SSDF units prevented the SPLA from completing the absorption/integration, demonstrating that outcomes in the political marketplace are driven both by the interests and power of the superior firms, and by those of the sub-contractors.

3. Civil war (2013-18)

3.1. Pre-War

In the period between independence in 2011 and the outbreak of war, South Sudan's political arena was formally structured as an SPLM conglomerate: a dominant party with different factions, some of which were aligned with military units. This disguised the real political arrangement – the component parts of the conglomerate were exercising greater political autonomy and becoming overt rivals. The security arena was formally structured as a single army, with police, wildlife, prisons

[22] Warner 2016.
[23] Young 2007.
[24] Young 2007.
[25] Warner 2016.
[26] Warner 2016.

service and national security as associated security entities, all supposedly under the same institutionalized control. In reality, the security arena was not integrated, although most units had been absorbed within the SPLA conglomerate. As we have seen, in the years after the CPA, Kiir spent massively on expanding the military payroll to make it too expensive for the GoS to rent southern militia.

In the security arena, therefore, the outcome was akin to that of a weakly regulated monopsony, that is, a market with a single buyer for security services.

In the security arena, therefore, the outcome was akin to that of a weakly regulated monopsony, that is, a market with a single buyer for security services. Although Khartoum still existed as an alternative financier for aspirant firms seeking leverage for negotiations vis-à-vis Juba, its role was significantly curtailed, and SPLM/A used violence to deter potential rent-seeking rebellions. As a result, the leverage of subcontractor armed groups against the government had reduced substantially, and most had been absorbed within the SPLA conglomerate.

However, the SPLM/A conglomerate was not stable. The political party remained lightly stitched together from its constituent factions (akin to firms or divisions competing within a commercial conglomerate). Kiir's position, achieved on an emergency basis following the death of Garang, was considered assailable now that the SPLM/A had achieved its strategic goal of national independence. The SPLM/A had not established informal means or norms of mediating competition within the conglomerate.

Leaders of factions within the SPLM began to conspire to challenge Kiir for the leadership, led chiefly by Riek Machar, Kiir's deputy. A core imbalance in the SPLM/A structure fueled this competition. Nuer formed the bulk of fighters in the SPLA, a legacy of Khartoum's earlier heavy subcontracting of Nuer militias to secure oil fields and weaken Garang's Dinka-led SPLA. These had been brought onto the payroll, and their commanders given substantial material reward, during the CPA interim period. This was crucial to achieving independence. But it meant that ethnic Nuer fighters outnumbered others in the SPLA as a whole. To counter this threat and strengthen his own position within the conglomerate, Kiir began mobilizing more recruits from his home region of Bahr el Ghazal. These 'Mathiang Anyoor' and 'Dut Ku Beny' paramilitary forces, as they were known, were not integrated into the formal army, and initially operated under parallel command and control. These mobilizations initially occurred in the escalating standoff between Juba and Khartoum, including the brief border war in April 2012. Many of the Mathiang Anyoor were first recruited using the political logic of defending their land and border. Kiir then began directly financing the groups to keep them active and mobilized as the leadership crisis in the SPLM escalated.[27]

The SPLM's decision to cut off South Sudan's oil production in 2012 substantially weakened Kiir's ability to manage the internal divisions by curtailing the resources available to him. This was compounded by the fact that Kiir created common ground between his rivals – Machar, as well as the group of Garang loyalists who had pushed the GoRSS towards confrontation with Khartoum. In mid-2013, Kiir expelled the

[27] Boswell 2019.

competing forces from the government, removing Machar as vice president and other competitors as government ministers. However, he did not revoke their SPLM party membership and they chose not to leave the party, instead pressing their bid for leadership of the SPLM as the most credible route to state power. The power struggle was initially played out within the party.

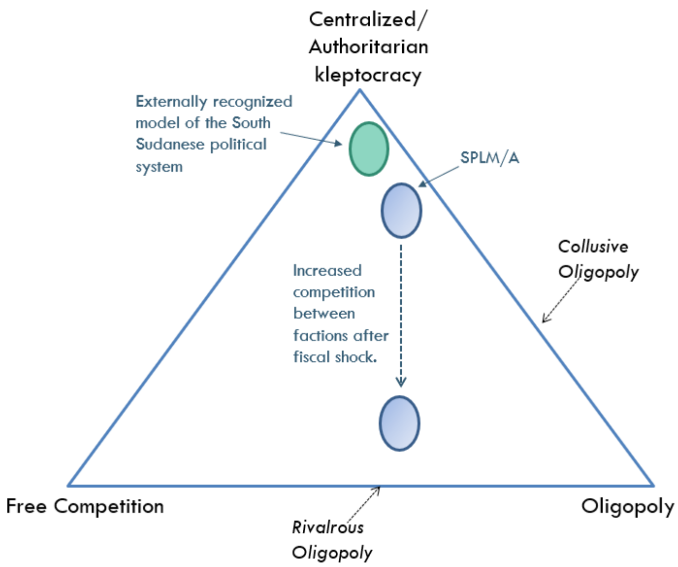
Note that in South Sudan's political system from the CPA signature up to 2013, the army (SPLA) was the senior entity; the party (SPLM) was next most important, and the government was the junior.

In a move that was both offensive and defensive in nature, Kiir quietly deployed the Bahr el Ghazal paramilitary forces to Juba to strengthen his position as the crisis within SPLM escalated throughout 2013, culminating in the National Liberation Council meeting of the SPLM in 2013. The factions allied to Machar, as well as other competing coalitions, boycotted the meeting.

Table 5: 2012-13: Fiscal shock and transformation of the political system

Level of analysis	Account
Political economy	After an initial period of consolidation post-independence, the stopping of oil production in 2011 by the GoRSS caused a fiscal crisis: South Sudan was a rentier system deprived of rent. This was compounded by Kiir's political mismanagement, where he allowed his rivals to form an alliance against him. Most parties, however, anticipated that the flow of political funds would resume shortly.
Structure of political firms and strategies	After independence, the GoRSS had been organized as a fictive conglomerate, which disguised a loosely collusive oligopoly – thrown together in the pursuit of common ends, and because of external pressure. The effect of the fiscal crisis, Kiir's political miscalculations and finally, the achievement of independence (which had long been a strategic goal of the SPLM/A) meant that Kiir's position began to be seen as open to challenge. This situation was exacerbated by the lack of any informal means or norms of mediating competition within the SPLM/A conglomerate.
Organization of the security arena	In the years after the CPA, and immediately after independence, Kiir spent massively on expanding the military payroll to make it too expensive for the GoS to rent southern militia. In the security arena, therefore, the outcome was akin to that of a weakly regulated monopsony, that is, a market with a single buyer for security services. With the onset of fiscal crisis, the parties began to organize themselves into a rivalrous oligopoly, anticipating the imminent return of centralized political rents.

Figure 1: 2012-13: Transformation of political system after fiscal shock



To sum up, shutting down of oil production resulted in a major shock to the South Sudanese political market. A rentier system was deprived of rents, and as a result, a process of centralized allocation of oil rents was no longer able to manage rivalries within the governing conglomerate. This crisis was exacerbated by Kiir's political miscalculations. At the same time, the actors anticipated a return of centralized rents and organized themselves as a rivalrous oligopolistic system.

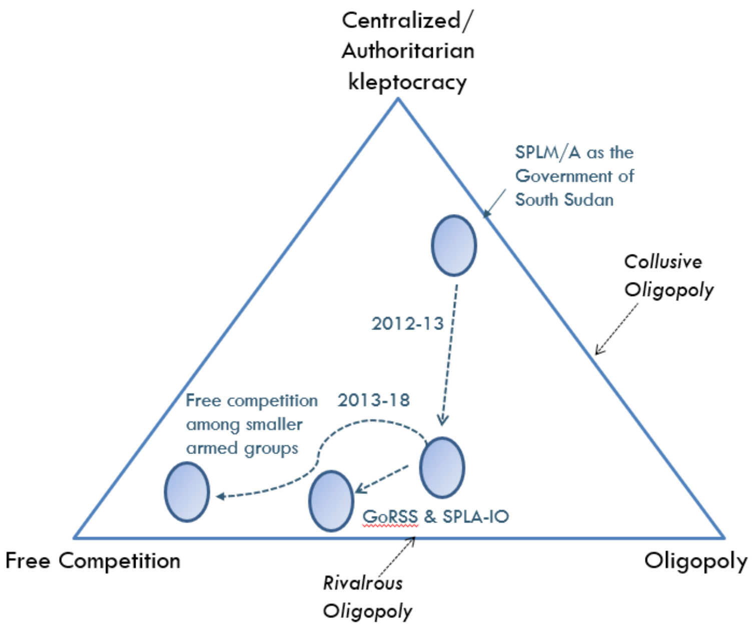
3.2. First Stage of the War to ARCSS (December 2013-August 2015)

In December 2013, forces allied to Kiir's faction launched a campaign of extreme political violence against Nuer, ending the leadership crisis in the SPLM by expelling Kiir's main challengers out of the political centre and into the political periphery. This act finally dissolved any pretence of a dominant conglomerate, and instead a segmented market emerged: at one level, the South Sudanese political market consisted of a rivalrous oligopoly between two conglomerates – one led by Kiir's government in Juba, which formed a partnership with Uganda's President Yoweri Museveni, and the other a competing conglomerate under Riek Machar which obtained finance from the government in Khartoum. The latter was to become the SPLA-In Opposition (SPLA-IO)—a name chosen to indicate that its leaders were

Table 6: 2013-15: Civil war and a bankrupt, segmented political market

Level of analysis	Account
Political economy	There were two main sources of rent/political finance in this period. The first was oil which still provided the most substantial income for the state and politicians, even though revenues were much lower than before. The second consisted of security payments and/or in-kind assistance from Khartoum (to SPLA-IO) and military assistance from Uganda to the GoRSS in return for payments. Minor sources included some funds obtained from cross border smuggling and dealing in aid. Overall, political finance was in short supply, and the sources of political finance were not aligned - Sudan and Uganda were sponsoring rival political factions.
Structure of political firms and strategies	In a market where political finance was in short supply, political firms organized themselves so as to best take advantage of the anticipated return of centralized rents. A segmented market emerged in South Sudan during this period. On one hand, a rivalrous oligopoly emerged between two conglomerates – one led by Kiir's government in Juba, which formed a joint partnership with Uganda's President Yoweri Museveni, and the other a competing conglomerate under Riek Machar which obtained some finance from the government in Khartoum. At another level, South Sudan resembled a poorly regulated free market with proliferation of smaller armed groups, and short-term opportunistic deal-making. Neither conglomerate had access to enough finance to form stable bargains with smaller armed groups, and other strategies began to come to the fore: extremely conspicuous forms of violence (often ethnically targeted), strengthening of identity-based political mobilization, etc.
Organization of the security arena	Although smaller armed groups proliferated, the security arena operated as a poorly funded duopsony - the two conglomerates remained the major buyers of military services from smaller armed groups, even though they were reduced to bargaining on the basis of anticipated future rents. The GoRSS gained steadily in the conflict as its sources of political financing were more stable. External peacemakers continued to treat the SPLA-IO as an equal to the government, ignoring/misreading the political dynamics in South Sudan which resulted in collapse of peace initiatives such as the ARCSS.

Figure 4: Civil War (2013-18) – a segmented, bankrupt market



still laying claim to the legitimacy bestowed by the name SPLA. This can also be understood as a duopsony because the market was still split between two superior firms, the Juba-Kampala partnership and Khartoum-financed SPLA-IO, which acted as buyers of services from smaller armed groups. A second level of the political market could be observed among smaller armed groups, as this period witnessed the emergence of a poorly regulated 'free market' characterized by (a) a proliferation of new armed groups (sub-contractors), and (b) weak(er) contract types (compared to the prior period), and more frequent rounds of bargaining.

The smaller armed groups proliferated due to both an uptick in supply due to the dissolved relationships within the SPLM/A, lowered barriers to entry into the market for new armed actors, and a substantial increase in demand.

However, not all armed groups were in equal demand. Firms with the asset-specificity sought by Khartoum performed better as the GoS did not weigh groups equally and preferred financing in zones of influence, which were determined through a combination of historical links, presence of strategic assets, and proximate distance. In some cases, supply outstripped demand, despite the market competition – the beginnings of a market trend. Emerging armed groups in Equatoria and outside Wau, for instance, struggled to align themselves with one of the conglomerates. Many actually failed to operationalize – existing in name only. Other smaller groups did manage to commence operations, but struck weak deals which involved little to no resource compensation. The weak contracts between Riek Machar's IO core superior firm and the IO's aligned subcontractors were both a cause and effect

Armed Organization Numbers

	Pre ARCSS	ARCSS	ARCSS collapse	revitalization
Number of organizations	22	36	42	43

of the negligible resource flows to these contractors. Riek Machar supplied groups which were closely aligned with him (and which he trusted) with the limited resources which he was able to obtain from Khartoum. As a result, he had limited control over other armed groups.

Two main forces kept the market grouped into two main conglomerates. First, the market functioned as a duopsony in which each conglomerate was still reasonably regulated internally, and the two conglomerates remained the major buyers of military services from smaller armed groups. As a result, the security environment remained risky for subcontractors who sought to compete outside either conglomerate.

Secondly, the external peace process created an expectation that future rents would be channeled through a centralized state, as had been the case in the past. In this sense, the peace process acted as a form of regulation on the political market. The peace process was launched within days of the outbreak of violence, by IGAD foreign ministers supported by the AU, UN and western governments. The mediators' immediate objective was to restore the status quo ante existing the day before the outbreak of the war, that is, wind back the clock to the time in which the dispute was purely political and contained within the political mechanisms of the SPLM. The mediators then grafted on to this the standard template for an ethno-territorial armed conflict, namely a division of power, territory and resources based on an assumption that the war is a 'mutually hurting stalemate' in which the disposition of forces and territory at the time of appraisal is not going to change. This led to an odd situation of the mediators simultaneously advocating for reconciliation within the SPLM (reconstituting the dominant party) and also for a model based on power sharing and territorial separation.

South Sudanese actors watched the peace process for clues on market direction much as bonds traders closely scrutinize all hints from the Federal Reserve and (in earlier days) monopolist companies were wary of the Federal Trade Commission. This was finally formalized with the outline of a deal struck in early 2014 in which a formal duopoly would re-constituted (the two armies would be re-integrated and the corresponding political parties would be organized to prepare for elections). Of course, sometimes, mere signals were not enough, and strong external pressure were required to compel armed actors to comply with the envisaged peace formulae. When the Shilluk militia Agwelek under warlord commander Johnson Olony defected in mid-2015, he received strong pressure to join SPLM-IO and stay within the framework of the to-be-signed peace deal.

The rewards from the prospective political settlement were speculative in nature but were comprised predominantly of future positions in the state: government and party positions on the political side, ranks on the military side. It was thought that fewer positions were likely to be created in the 'political' space than in the military space, as the numbers of government positions were understood as conscribed, whereas number of military positions was thought to be more elastic. The recent history of profligate absorption of armed groups and rank inflation among officers, following the 2006 Juba Agreement may also have influenced expectations among the different political groups. This expectation of future rents, in addition to the market demand created by the competition for their services, strengthened the bargaining positions for specialists of violence compared to 'political' subcontractors, who were better described as specialists in external relations, administration, or other fields and who, additionally, had greater career flexibility. The ratio of specialists of violence to 'political' specialists in the South Sudanese political market expanded as a result, especially in the SPLA-IO conglomerate, which relied more heavily on the likelihood of future rents than on immediate political payments.

This period's marketplace never stabilized. Juba gained steadily in the conflict due to its structural advantages which led to a steady gain in its market share. While the SPLA-IO likely possessed greater manpower at the beginning of the war, Kiir possessed the better market prospects. Whereas Juba retained its own source of revenue in the form of sovereign rents, the SPLA-IO depended entirely on secondary financing. Juba's rents vastly outstripped the SPLA-IO's in value, kind, and sustainability. Juba's rents were primarily oil revenue (albeit at a lower level than before the war).[28] These oil flows created a common interest with Khartoum, which benefited from transit payments and associated payments, which created a further opportunity for Pres. Kiir and Pres. al-Bashir to make private financial agreements, bypassing the GoRSS treasury. Juba also benefited from the foreign exchange components of one of the world's largest humanitarian operations, and its sources of political funding proved to be greater in value, much more liquid, and also proved longer lasting and less subject to regional and international shifts. Analyses of the conflict describing it as a proxy war between Sudan and Uganda, an analysis which heavily informed peace efforts, were therefore partly misguided, since there was strong asymmetry between SPLA-IO's reliance on external support and Juba's weaker reliance on more diverse external backing over the medium to long term.

Interviews by one of the authors in Machar's core base of support suggests that his supporters did not fully appreciate these new dynamics of 'sovereign' rents, instead viewing the war for supremacy as a repeat of the unwinnable ethnic split in the SPLA in the 1990s. There are no clear signs that Machar, either, fully understood the ramifications of this new imbalance. Machar failed to diversify his external support for a longer war or strike an early deal before his position eroded. Further, he did not take steps to integrate his conglomerate for the long-run or was unable to strike bargains which were stable enough to do so. As his position steadily weakened, Machar's ability to direct a strategic war withered.

In a sense, then, the original move to expel the Nuer armed groups/factions from the SPLM/A conglomerate was ultimately effective, if brutally so. Kiir succeeded in forcing his main competitors out of the ruling arrangement. Furthermore, the extreme violence used by forces aligned with him made a negotiated return to the conglomerate extremely difficult for those Nuer armed groups during the period when the SPLA-IO's bargaining power was greatest. Absent this extreme violence, the pressure to reunite the SPLM/A conglomerate—and threaten Kiir's hold on the SPLM/A—would likely have proven difficult to resist.

Over time, Kiir's market position declined in an absolute sense (his political finance was reduced) but he gained relative to all competitors. This should disabuse the notion that the war is 'senseless' to all parties; to Kiir and allied firms, the war achieved the objective

[28] The GoRSS essentially mortgaged future oil production at a discounted rate to secure short-term political funding – later signing less-than-favorable terms with Sudan for the same reason.

of consolidating his position by fending off the internal threat to his rule within the conglomerate. This was achieved at great and continuing cost. Still, the winner-take-all nature of South Sudan's politics and the likelihood of obtaining indefinite sovereign rents as the dominant player in the South Sudanese political market may have incentivized Kiir's extreme actions.

The peace process failed to adapt to this shifting market, placing it increasingly out of step with the market dynamics, and making the mediators into advocates for their template rather than facilitators of a political process among the contending political-military elites. Over time, Machar became reliant on external actors to buttress his weak market position. At the same time, he continued to be treated as an equal of the GoRSS in the IGAD peace process. Kiir's firm recognized this and resented it, leading to rising hostility between it and the external peacemakers, which had to rely on escalating coercive pressure to get the peace deal signed.

3.3. ARCSS (August 2015-July 2016)

The Agreement on the Resolution of the Conflict in South Sudan (ARCSS) was signed in August 2015 by Machar and a conspicuously reluctant Pres. Kiir, who felt that he had military options in his favour, and who resented what he saw as an unfair allocation of power (such as governorships of oil-producing states) to the SPLA-IO.

This period was characterized by the following market conditions: continued proliferation of smaller armed groups (subcontractors) due to increasing supply of willing manpower and more favourable market conditions; strengthened contracts; and further consolidation into the two competing conglomerates.

Coalition Characteristics	First stage of the war to ARCSS		
	Absorbed	Aligned	Quasi-aligned
SPLA	3	3	2
IO	2	3	2
Coalition Characteristics	ARCSS period		
	Absorbed	Aligned	Quasi-aligned
SPLA	2	4	3
IO	2	*12*	3

There was a notable proliferation of speculative subcontractors seeking to align themselves with the SPLA-IO conglomerate.

This is primarily due to the fact that the formalization of the peace deal recognized the SPLA-IO as the sole partner in the government of national unity on a near-equal basis to the GoRSS. The SPLA-IO was thereby (a) the sole recognized alternative to the GoRSS/SPLM and (b) was promised positions and resources that were far greater than its existing political and military capacity. In effect, this was an effort to replicate the formula for the north-south political settlement of the CPA period, with two recognized and dominant political-military actors sharing sovereign rents and dividing control over the security arena. In turn, the anticipation of future rents from association with either dominant actor, incentivized entrepreneurism among armed groups and strengthened the bargains struck between the SPLA-IO and subcontractor firms.

In effect, the peace deal, once signed, granted Machar a promissory note from the government, 'guaranteed' by the regulators, for an unbound number of positions in the future military. Machar leveraged this promise of future positions to seed new groups and recapitalize old allies—using future military ranks as a prize to obtain more services from specialists in violence. This recapitalization further strengthened Machar's informal contracts with existing subcontracting groups.

The government conglomerate, meanwhile, shrank, as a result of the power-sharing agreed in the peace deal, which awarded it a smaller proportion of future positions compared to its then-existing dominance of the political-military marketplace. This created some market disruption, such as in Western Equatoria, where the sacking of Governor Joseph Bakosoro resulted in two armed groups having to try and re-negotiate their bargains. (One eventually aligned with the government but remains 'negotiating'; the other with the SPLA-IO.)[29]

Immediately following the signing of the ARCSS, Pres. Kiir unilaterally decreed a major constitutional change, Presidential Establishment Order 36/2015 of October 2015, which created 28 states to replace the existing ten. (Later the number was further expanded to 32.) This was a transparent attempt by the GoRSS to (a) reward its clients who were shortchanged by the provisions of the ARCSS, (b) generally increase the GoRSS payroll and the number of positions that could be awarded to followers, and (c) put strategic locations such as oilfields and militarily important locations under the control of governors newly appointed by Kiir.[30] Interestingly, neither the SPLA-IO nor the international sponsors of ARCSS did more than issue pro forma protests against this blatantly unconstitutional act. The mediators acquiesced because they feared challenging a government already reluctant to implement a peace accord the government felt awarded too much to its opponents. The SPLA-IO leadership has not accepted the proposal for the subdivision of states, but its opposition has been muted because although the new arrangement advantaged the GoRSS more than it did them, it also conferred increased opportunities for placing SPLA-IO subcontractors in positions of controlling local resources or receiving state payouts. Indeed, in 2014 the SPLA-IO had itself proposed a 21-state federal formula for this reason.

The SPLA-IO's 2014 proposal had also contained a far more radical proposal, which would have transformed the existing formula for controlling the oil revenues. The existing formula, inherited from the CPA was that oil revenues were paid first to the central government which then allocated a share (2 percent) to each oil producing state. The SPLA-IO proposed reversing this, so that the states would receive the money directly, keep most of it, and remit the remainder to Juba. This would have amounted to de facto fiscal *con*federation: making the centre financially subordinate to the federal sub-units, and dealt a death blow to a central state within a political market system. Kiir closed down discussion of this kind of federalism. Machar's challenge on this front may also have prompted Kiir to redraw the maps: under the 21 states that Machar proposed, the key oil producing areas would stay largely in ethnic Nuer territory. In Kiir's 28 states, much of the oil fields were instead drawn into the boundaries Dinka-dominated states.

This period's political market was highly unstable. Faced with its own shrinking conglomerate and the exaggerated value of the futures market within the SPLA-IO for specialists in violence, the government attempted to heavily curtail the new SPLA-IO conglomerate's size through extreme violence

[29] Boswell 2016.

[30] De Waal and Pendle 2018.

(reducing human numbers through killing). Areas with the emergent armed actors aligned with the SPLA-IO faced escalating coercive tensions, most notably in parts of Equatoria and near Wau.

The peace deal did not reconstitute the conglomerate that had existed prior to the outbreak of civil war. Nor did it create a collusive duopoly. Behind the façade of such a cooperative arrangement, what took shape was a highly competitive arrangement where the SPLM and SPLA-IO agreed to terms that pitted the two conglomerates against each other for future control of state power following winner-take-all elections. The deal, in effect, directed a future hostile takeover of one conglomerate by the other, with a footnoted 'TBD' on which conglomerate would be in a position to make a realistic bid for dominant position. This winner-take-all electoral model remains the preferred external tool for resolving the conflict despite its departure from the 'big tent' model of South Sudan from 2005-13 within the SPLM. While many South Sudanese and external observers expected the parties to reconstitute a nominally conglomerate form of government, the elections roadmap instead perpetuated the 2013 competition among elites, and particularly between Kiir's Dinka Bahr el Ghazal militia and Machar's Nuer militia. The ARCSS peace agreement was at odds with itself, structuring a temporary return to a unity government to be followed by winner-take-all elections between its parts. (These components are essentially unchanged with the R-ARCSS.)

ARCSS therefore faced two primary market-based challenges: (a) its framework was at odds with actual market empirics, therefore requiring heavy external intervention or regulation to hold it together, and (b) the new duopoly/partnership the ARCSS constructed was an exotic construction of contradictory logics, a creation of external political engineering—to be precise, an accretion of several ad hoc formulae, none of them sufficiently analyzed, and all of them inflexible in the face of changing circumstances. Such exotic, artificial structures possess their own heightened risks due to complexity, opacity, and unpredictability.

The ARCSS framework arrangement, subject to these destabilizing cross-pressures and counterincentives, and increasingly out of touch with the real market positions of the actors, could only have held if backed up by sustained and heavy external pressure. Even then, it was likely to fail, and soon collapsed.

3.4. ARCSS Collapse (July 2016-December 2017)

In July 2016, the peace deal collapsed. The two competing superior firms in Juba clashed heavily, and the GoRSS expelled the SPLA-IO. Violent clashes then erupted around the country, with violence especially acute around the new armed groups that had emerged during the ARCSS period.[31] Following the SPLA-IO's expulsion, the US and regional allies instituted and took strong new measures against the SPLA-IO superior firm and its leader, Riek Machar, who was exiled involuntarily under house arrest in South Africa. Meanwhile, the international mediators and guarantors of the ARCSS acquiesced to the de facto dissolution of the existing arrangement in favour of the GoRSS monopoly. This took the form of agreeing to the GoRSS-sponsored faux takeover of the SPLA-IO by Taban Deng. Under pressure from the US, Khartoum pulled back as a financial backer of the SPLA-IO, most of which remained with Machar. This formula did

[31] Boswell 2017.

not work. The fact that the internationals veered from promoting a power-sharing formula that gave too much weight to Machar and the IO, to one that was precisely the opposite, suggests that they did not have a cogent analysis of the power dynamics at play.

This period was characterized by the following market conditions: A collapse in the regulatory framework; proliferation of speculative rival firms aspiring to the superior position enjoyed previously by the SPLA-IO conglomerate; weakening of contract types in the opposition.

Coalition Characteristics	(ARCSS period)			
	Absorbed	Aligned	Quasi-aligned	Non-aligned
SPLA	2	4	3	0
IO	2	12	3	0
Independents	0	0	0	2
Coalition Characteristics	(ARCSS collapse period)			
	Absorbed	Aligned	Quasi-aligned	Non-aligned
SPLA	1	7	4	0
IO	3	*8*	8	0
Independents	-	-	-	*12*

The end of the ARCSS framework ushered in a period of free competition, especially on the opposition side. Smaller armed groups no longer had any incentives to remain aligned to the SPLA-IO, because such alignment was not likely to lead to a share of future sovereign rents. However, because of severe economic and fiscal crisis, the GoRSS lacked the political budget to buy them into the ruling coalition. The result was a de facto market collapse. It was marked by instability, renegotiation of existing bargains, and a proliferation of speculative new armed groups, creating market fragmentation as entrepreneurs tried to raise funds to enter the deregulated market and take advantage of an excess cheap supply of military labour. In other words, at this time barriers to entry into the South Sudanese political market were very low, and there were a large number of armed men eager to offer their services to political-military entrepreneurs at very low cost.

This attempt by regulators to legitimize a government conglomerate was, in some terms, relatively successful: the opposition's external backing crumbled and the SPLA-IO remained under a de facto arms embargo from the region. Yet, the government failed to consolidate its position in the market despite these favourable regulatory conditions. The likely reasons for this is that it simply did not have the necessary resources to overcome the deep 'hostility tax' levied against it by opposition actors, while the Government of Sudan continued to undermine Juba by either sponsoring opposition groups, or sending signals that it would be ready to do so.

This is a particularly interesting period for the study of political markets, because of the conditions of extreme conditions of political funding under which the political market operated. Why didn't the SPLA-IO, without an external backer and facing a suddenly deregulated sector with emerging rival armed groups, lose its position as the primary opposition group, as external sponsors of peace processes clearly intended and hoped? First, none of the SPLA-IO's rivals succeeded in securing significant internal resources or external financing. Second, these groups could not combine to constitute a conglomerate that laid credible claim to the status of partner in the ARCSS (which remained the framework for organizing externally-recognized political power, also known as sovereignty). The smaller political-military entities and new entrants to the market were therefore seeking to increase their value vis-à-vis the principal buyers of political allegiance, namely the GoRSS and Khartoum, in the hope that this would strengthen their position in the political marketplace, at a future time in which that market became better financed and more robust.

The SPLA-IO still held two main advantages over any challengers within the opposition. First, the costs of switching allegiance to other conglomerates, in many cases, proved greater than the net benefit for the SPLA-IO subcontractors. Secondly, despite sending mixed signals about their support for the political arrangements envisaged by the ARCSS, the external actors continued to recognize the ARCSS as the legitimate peace agreement, and SPLA-IO remained the official signatory to the peace deal. This meant that SPLA-IO was believed to have greater claim on shared sovereign rents, if the peace agreement were revived in some form.

This period is also interesting because, during this period, the flow of funds into the South Sudanese political marketplace dried up. The chief characteristic of this collapse in political finance was the drop in effective demand for subcontractors. On the side of the GoRSS, effective demand for subcontracted services was minimal as the government lacked the resources to pay salaries or the political budget to finance anything but its core patronage network. In the opposition, competing aspirant firms competed ruthlessly for subcontractors, but all lacked the political budgets to provide more than token one-off payments (rumoured in the single-digit thousands for the leader of a small armed group with a core group of fighters numbering in the tens). These one-off payments landed far short of viable operational budgets. The primary value purchased by the superior firms in these cases were the press releases declaring allegiance that soon followed, whose target audience were the external peacemakers. In other words, the market for subcontracted armed groups collapsed to the extent that it became a market for public relations rather than operational services.

Many of these smaller armed groups were, in a sense, languishing in the ultimate 'bargain bin' and yet found no major market takers — and yet, still they proliferated and largely resisted better, though meagre, offers from the government. Why? In part, the government was now too weak to effectively intervene (whether through the use of money or violence) in the market to prevent shoe-string rebellions. This may also be a case, however, where in the total collapse of political finance, other political logics — primarily the solidarity of identity groups in the face of ethnic atrocities, in the case of Central Equatorians, or over the occupation or annexation of land, as in the case of the Shilluk of Upper Nile, Fertit outside Wau, and Ma'di in Eastern Equatoria — rose to the fore. That other political logics would predominate in the extreme collapse of this political market is not necessarily a surprising finding. These populist, identity-based political logics were already strong forces propelling the increase and lowering costs of manpower supply for new armed groups; these supply-side forces became all the more dominant in the market as the demand-side of the market collapsed. Smaller armed groups turned increasingly to other revenue and rent generating activities as a result, including checkpoint extortion and localized resource extraction.

The strength of identity politics also allowed Machar to fend off the hostile takeover bid from within his conglomerate from Taban Deng Gai, who was allied with the government and had relatively larger political funds. Taban and his group were derogatively labeled 'the

Nuer of (Dinka) money', a moral charge that was effective in discounting the political value of his otherwise-healthy political budget.[32] As a result, there was a steep reputational cost for other Nuer groups to align with Taban. Machar was largely cut off by his Khartoum financiers due to strong US sanctions pressures, and confined to South Africa, a strong public signal by the external regulators who hoped to signal their de-recognition of SPLA-IO's claim to future state power and accompanying rents. Nonetheless, Machar retained control of most of the SPLA-IO conglomerate. Still, even despite his political toxicity, Taban did slowly amass enough followers to stay relevant.

Kiir continued to supply and arm his soldiers even as he was no longer able to finance their full salaries. This was because of (a) the increased importance off-books funding of military operations through parastatal oil institutions, humanitarian rents such as aid diversions and checkpoints, monetary rents through foreign exchange manipulation, and other illicit financing such as checkpoints, and (b) the encroaching shadow of Nile Basin politics revolving around the Egypt-Ethiopia dispute. The off-books financing of the war prioritized material support over on-book salary payments, in part because arms deals and contract financing are also tools of elite patronage. Egypt meanwhile became Juba's biggest external material backer, including through provision of suspected arms supplies and military training. Kiir's reliance on an increasingly illiquid regional 'barter' political economy resulted in the continued ability to operationally wage war while struggling to finance patronage peace, yet another ironic tragedy of South Sudan's war.

3.5. 'Revitalization' (December 2017–September 2018)

As the war continued to spread despite the collapse of the failed ARCSS regulatory regime, the external actors initiated a new round of peace talks. Proliferation of both smaller armed groups as well as those seeking to challenge the position of the SPLA-IO had mostly halted since the reconvening of peace talks in December 2017.

The peace proposals envisaged a position for the SPLA-IO as well as a third group of

Coalition Characteristics	(ARCSS collapse)			
	Absorbed	Aligned	Quasi-aligned	non-aligned
SPLA	1	7	4	-
IO	3	8	8	-
Independents	0	0	0	12
Coalition Characteristics	(Revitalization)			
	Absorbed	Aligned	Quasi-aligned	non-aligned
SPLA	1	7	4	-
IO	3	8	9	-
NAS	5 (integrated)	5	-	-
Independents				2

32 Pendle, forthcoming.

'independent' armed groups that eventually coalesced into the South Sudan Opposition Alliance (SSOA)—the latter was made up of the different groups which had sought to challenge the SPLA-IO but failed to do so meaningfully. During this period, SPLA-IO was able to strike more stable bargains with smaller armed groups, which were seeking to align with it in search of the ever-elusive but tantalizing sovereign rents.

There was one major exception to this externally imposed market structure: General Paul Malong, Kiir's former army chief and military strongman, formed a new opposition group from exile in Nairobi. The timing was somewhat fortuitous. Malong had privately begun to mobilize an opposing armed group, hoping to challenge the GoRSS and the SPLA-IO during the ARCSS collapse period but could not publicly do so until he was exiled in late 2017. Malong did not actually defect but was rather pushed out by Kiir as an internal threat, and in this, Malong's case most closely resembles Kiir's original expulsion of Machar in 2013, except this was achieved without resort to conspicuous violence.

In this period, both Kiir and Machar's original ethnic-based conglomerates further weakened amid the collapse of political financing in the market. As elites lost patronage and popular discontent rose amid extreme economic hardship, ethnic politics changed character, with a decline in the salience of the larger ethnic groupings. The declining logic of a zero-sum power struggle over resources also diminished the political logic of the major ethnic blocs, as Kiir no longer appeared immediately threatened by Machar, nor did Machar appear plausibly on the cusp of victory to his followers. Communitarian political logics did not subside, but the constituent sectarian, clan, and communal segments started to unglue within the bigger 'Dinka' and 'Nuer' political firms. In Unity State, the GoRSS was able to turn an increasing number of Nuer groups against the SPLA-IO, partly through cash payments and partly through licensing them to raid cattle, loot and pillage, as they conducted offensives against their near neighbours. In the Dinka areas of Warrap and Lakes, violent local conflicts have flared among groups aligned with the GoRSS.

4. R-ARCSS (September 2018–November 2019)[33]

Following the collapse of the first ARCSS during 2016 and the unsuccessful attempts to marginalize Machar, it became evident to IGAD and the Troika that peace in South Sudan required the active engagement of Khartoum and perhaps even Sudanese leadership of the process. As a result, in the lead-up to the R-ARCSS there was a sharp change in IGAD's mediation tactics. This was driven by (a) leadership changes in Ethiopia and new PM Abiy Ahmed's subsequent failed attempts to reconcile Kiir and Machar; combined with, (b) the subsequent active role played by Pres. al-Bashir, who took leadership of the process after reaching a new understanding with Pres. Museveni of Uganda.[34] On 25 June 2018, Pres. al-Bashir facilitated negotiations between Kiir and Machar (which took the form of proximity talks on Sudanese proposals).

Facing a major macro-economic crisis, Khartoum had a clear material interest in South Sudan's peace, specifically in the reopening of the Unity oilfields and the fees that would accrue to Sudan from use of the pipeline. Joint Sudanese-South Sudanese control over the oilfields would also give Khartoum its own military and intelligence presence on the routes

[33] This section draws heavily on de Waal 2019b.

[34] International Crisis Group 2019.

used to supply the SPLM-North and other Sudanese rebels. The deal-making also increased Sudan's standing in western capitals, especially Washington DC.

The reconciliation process drew on Pres. al-Bashir's (and NISS director General Salah Gosh's) close knowledge of the South Sudanese parties and material leverage, even though the two men were focused on short term gains and had other domestic distractions. Key elements of the final deal were not made public—for example those relating to the details of Sudanese supervision of South Sudanese security arrangements, and financial details of oil transshipment and other payments. Characteristically, the most difficult issues were left undecided, to allow for future bargaining by the parties. Among those issues left ambiguous were the number of states and the modalities of decentralization. The concrete elements of the deal included inducements of cantonment for armed groups as well as multiplying the available seats in the executive office, the cabinet and the parliament.

The R-ACRSS is a paradigmatic political marketplace deal, carefully designed to bring a broad swathe of South Sudan's political-military elite into a political settlement, each individual rewarded in accordance with his political weight, with additional resources for the needed political payout obtained from increased oil production. Further, and in common with other Sudanese and South Sudanese peace agreements, the R-ARCSS consists of an elaborate document and a backroom pact. Few among the South Sudanese elites and the public believed that R-ARCSS would be implemented to the letter and that it would reform the nature of the political system. Indeed, no sooner had the Government of Sudan obtained its immediate rewards—financial deals associated with oil transhipment and future oil production, and reduced South Sudanese support for northern Sudanese rebels—than it lost interest in pursuing the implementation of the agreement, handing it off to IGAD.

In effect, what the R-ARCSS sought to do was to normalize relations between Juba and Khartoum, aligning the different sources of political patronage and the current oil revenue. In other words, GoRSS has succeeded in confirming that it has unified the channels the sources of rent to itself and therefore can begin to re-establish a centralized authoritarian kleptocracy. It is doing this on the Sudanese model with the strengthened National Security Service (NSS) controlling the companies that manage oil contracts and other key sources of political funding.[35] In some ways, this can even be understood as a return to the politics of the CPA period, but at much lower levels of finance, and after a brutal war which makes the establishment of a unified political market much more difficult (as discussed above).

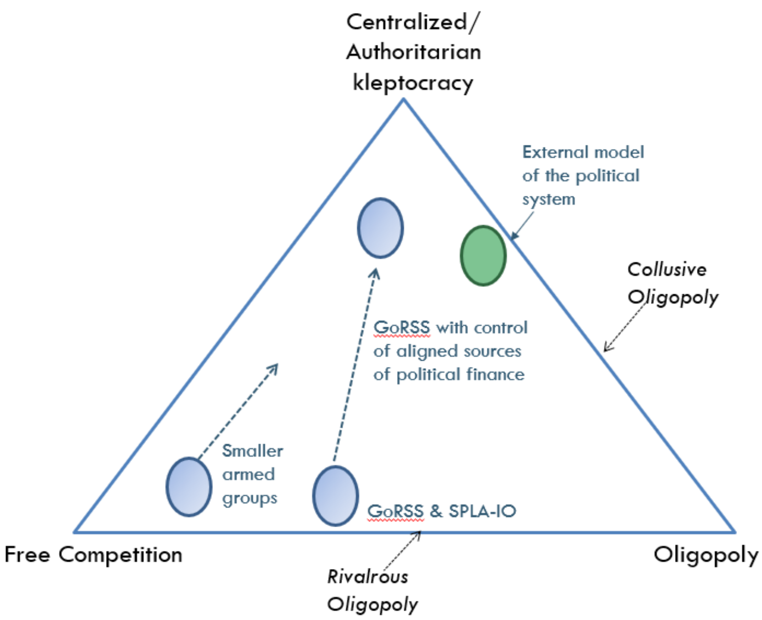
The interests and engagement of the GoS in South Sudan's peace were short term and tactical: to secure funds. Khartoum's attention span was short. Even before the overthrow of Pres. al-Bashir in April 2019, the administration of the peace deal began to shift from Khartoum to the international actors. This also represented a shift from focusing on the elite pact towards a by-the-book implementation of the provisions of R-ARCSS, and as a result may reduce the flexibility available to South Sudanese political actors. The characteristic South Sudanese/Sudanese approach to peace-making involves recurrent delays and postponing tricky issues. The internationals are

[35] UN Panel of Experts on South Sudan 2019.

Table 7: 2018 - 19: The R-ARCSS and the consolidation of the political market

Level of analysis	Account
Political economy	As described above, much of the civil war period was characterized by low availability of political finance. The funds that did exist were being used by Sudan and Uganda to sponsor rival political factions. Alignment of external flows was only finally achieved in 2018 with the R-ARCSS, which allowed Uganda and Sudan to reach an arrangement about financial flows (in and out of South Sudan) and security behind the façade of a formal peace agreement. The R-ARCSS reduced the Sudan-Uganda rivalry, and in some senses, marks a return to the political economy of the CPA period, albeit at much lower levels of funding. Regime change in Sudan does not appear to have affected this with all parties seeking to maintain the status quo for opportunistic reasons. South Sudan is not a priority for any of the regional or middle-eastern priorities which are occupied with other issues.
Structure of political firms and strategies	In the current period, the GoRSS has become recognized as the dominant military-political actor, controlling South Sudan's sources of rent, and therefore is trying to re-establish a centralized authoritarian kleptocracy. It is doing this on the Sudanese model with the NSS controlling the companies that manage oil contracts. Pres. Kiir is also relying on the NSS and other para-military battalions to 'coup-proof' his regime. The SPLA-IO is looking to find an alternate sponsor, given the political turmoil in Sudan, but at present, does not seem to be finding too many takers. Some of the rivals to the SPLA-IO's position are trying to negotiate their positions with the GoRSS, but currently remain outside the deal.
Organization of the security arena	The security arena remains unstable, and the current impasse is likely to be temporary. Opposition groups have struggled to recruit/mobilize supporters. This is because of a lack of liquid political funds, and because the promise of a share of future (remote) rents does not appear to be sufficient incentive in the face of extreme government violence. Some armed groups remain watchful, either (a) preferring to wait rather than commit to one coalition or another, or (b) unable to commit to the government given their mobilization in response to ethnically targeted government violence.

Figure 5: R-ARCSS and after (2018–)



more likely to insist on deadlines. This has the advantage that tricky issues may be faced head on, but that holds risks.

Sudanese engagement in the implementation of the R-ARCSS began to slacken in October 2018, Having accomplished its security goals and having achieved its core goal of restarting the flow of oil, the GoS lost interest in the implementation of the deal. The outcome was a shift in the centre of gravity of the mediation back to IGAD and the UN. Following the overthrow of al-Bashir, a number of internationally-sponsored or facilitated mechanisms for Sudan-South Sudan relations became suddenly more significant. Among these are: UNISFA and the mechanisms for managing Abyei; the joint border monitoring and verification mechanisms; and the Joint Political and Security Mechanism for managing relations between the two countries (facilitated by the AUHIP).

In the security arena, attempted armed group recruitment has again increased after the peace agreement. This recruitment has been extensive and widespread, but the likelihood of future rents does not appear to have the same allure as during the ARCSS period. Some groups remain outside the peace deal, but not outside the political marketplace. Thomas Cirillo's National Salvation Front (NAS) group is the main rebel group to refuse to sign the peace deal. Rather than agree to his demands, the government has sought to use a combination of violence against him in hopes of opening informal negotiations outside the purview of external regulators. The intention is to either signal the high costs of non-alignment, failing which, the GoRSS hopes to break up his group. The lack of negotiations, or a forum, has limited Cirillo's capacity to mobilize and strengthen command over his troops.

The South Sudan Opposition Alliance (SSOA) conglomerate has split repeatedly as different factions struggle over its leadership, primarily the vice president position. The loss of its largest armed faction, in the form of Thomas Cirillo, and the death of one of its most competent generals, Peter Gatdet, has weakened SSOA and resulted in internecine struggles over the share allocated to it under the R-ARCSS.

Some lessons can provisionally be drawn from this period. First, the logic of the marketplace held: the behaviour of the violent firms is as one would predict. Armed groups, civil society, and ceasefire monitors have reported rampant recruitment activities, as the firms attempt to leverage their future promised integration into real manpower, and therefore lasting political capital, on the ground. This recruitment spiked after the establishment of cantonment sites in the months ahead of the November 2019 deadline to form a unity government (extended from May 2019). However, most of this expansion of numbers appears to have been on paper: the recruited troops have since dispersed from the cantonment sites (especially those recruited by the SPLM-IO). Paper recruitment is not necessarily benign, as it can act as the basis for mobilization if conflict recurs, but it is does indicate that both commanders and recruits are more skeptical about the value of future positions allocated under the R-ARCSS than under the ARCSS four years prior.

There may be two explanations for this. First, opposition groups appear to completely lack liquid political funds. They continue to try and rely on the promise of future finance to flow from the operationalization of the integration provisions of R-ARCSS. Second, and related to this, the promise of future rents from the R-ARCSS appear to count for far less than they did in the ARCSS period. This derives from an understandable distrust in R-ARCSS implementation. The 2015 ARCSS had the full-throated backing and financial support of Western donors, and South Sudanese still believed that the Troika 'guaranteed' its implementation. The 2016 ARCSS collapse, and subsequent abandonment of the political configuration envisaged in the ARCSS, has shifted the political calculation of all actors, particularly community elders and young men – who remain the primary target constituency for the recruitment process. These elders and youth now treat the promises of their elite with regard to future integration with greater suspicion.

Actors also realize that there are major risks attached to such recruitment: fighters recruited into the SPLA-IO's conglomerate in 2015-16, as well as their communities, faced extreme violence, and did not simply enjoy the fruits of the ARCSS without having to fight, as they had been promised. In sum, the likelihood of integration has substantially decreased while the perceived risks of recruitment and subsequent cantonment have increased. Further, neither the external sponsors of the peace process, nor Kiir was willing to invest significant funds in the cantonment process, seen as the first step in integration.

What remains, therefore, is a peace deal built around a broken funding apparatus where South Sudan is not a policy priority for any of the countries of the region or beyond including Middle Eastern states that are showing a deepening interest in the Horn of Africa. In fact, for most of these countries, their policies towards South Sudan are derived from something else, such as the Nile Waters or positioning vis-à-vis Sudan or Ethiopia. As a result, even though members of the South Sudanese political-military elite will certainly be looking for alternative external sponsors, they are likely to find few takers.

The South Sudanese political-security elite have all been conspicuously unenthusiastic about the democratic uprising in Sudan. Their historic antagonism towards the al-Bashir regime might have led an observer to expect that they would welcome a democratic revolution—indeed that was one of the historic objectives of the SPLM. However, all are far more interested in a continuation of business as normal. The quick and successful attempts to affirm support for the Transitional Military Council in Khartoum indicate this. Even though Kiir may have lost key elements of the backroom deal which underpinned the R-ARCSS, a repeatedly-extended period of the 'pre-transitional' status quo kept him in power longer with extended control over state resources. For Machar, the overthrow of Bashir meant that he has (a) lost his murky security guarantee, and (b) lost the external guarantor who had made it possible for him to wage war. As a result, extending the 'pre-transitional' status quo period allowed him time to study and reposition himself amid the unfolding situation in Khartoum, in the hope that a new sponsor may emerge as the TMC reverts to its traditional strategy of backing all horses. Machar has sought to court Sudan's General 'Hemedti', Khartoum's new power broker, as evidenced by Machar's successful bid for Hemedti to accompany Machar to Juba in September 2019. As yet, there is little to suggest Hemedti is interested or able to serve as Machar's new regional patron, but in the Sudans it is usually a viable strategy to hold on and count on something unexpected.

5. Conclusion: South Sudan's Predicament

The first conclusion that can be drawn from this paper is the limitations of the post-2013 peacemaking model. The ARCSS proved that the model of buying peace through the sudden promise of political capital into competing violent firms is likely to lead to instability. As of mid-2019, R-ARCSS is an under-funded political marketplace deal in an uncertain environment with multiple, overlapping efforts at regulation by external actors, some more important than others. This scenario has proven, momentarily, the least violent of three available options: the deregulated free market (as in the ARCSS collapse), an unfunded political marketplace deal (as in the ARCSS), and a modestly-funded political marketplace deal of today. Yet, by its nature, this status quo is temporary and unstable since the deal will not hold indefinitely in its under-funded state. Future scenarios may include a renegotiated political marketplace deal with a significantly reduced political budget, a reconfigured political marketplace resembling a centralized authoritarian kleptocracy, with the GoRSS at its apex, the collapse of the ceasefire and R-ARCSS regulatory framework, or a renegotiated regulatory framework altogether based on the new political and financial realities of both South Sudan and its turbulent region.

A second important conclusion is that external actors tangibly shaped the political economy of South Sudan through political market mechanisms, which were the unintended consequences of peace processes. Proliferation and fragmentation in the opposition was greatest during the period of 'deregulation' from July 2016-December 2017, that is, in the absence of an active peace process. This suggests that an externalized peacebuilding process can be a factor in determining the structure of the conflict regardless of the final outcome or 'success' of the negotiations and implementation themselves. The peace process also provided a significant subsidy to the opposition, giving the SPLA-IO a political position which was not commensurate to its military strength. This, in turn, allowed the SPLA-IO to expand across South Sudan in the period from August 2015-July 2016 after the signing of ARCSS. Even though unintended, these consequences were not unpredictable. External interventions should develop a more sophisticated approach that seeks to limit harm while intentionally deploying tools to stabilize the market and reduce the demand and supply of violence in the political marketplace.

These macro market forces become embedded in the political logic itself. Just as electioneering tactics and parliamentarian maneuvers acquire their own 'sporting' legitimacy in Western democracies, so too have the logics of the political marketplace in South Sudan now formed the understood 'rules of the game' and continue to inform its tactical playbook. South Sudan's political marketplace is becoming an institution. The irony that politics is the apparent exclusive path for improving South Sudan yet is also the clear and immediate cause of its continuous suffering is not lost on its more well-intentioned actors, who cope with this dissonance on individual bases of personality, values, and ambition. South Sudanese operate in a much less kind political environment but not an obviously less principled one. In very brutal market conditions, market forces dictate that those who play the rules of the game most effectively survive; only political survivors can maintain political legitimacy as potential agents of change. This paradox of politics is not unique to South Sudan, though its severity is unusual. External actors are not outside these market forces, especially when playing the role of would-be peacemakers.

Thirdly, this case illustrates the need to distinguish between the PMF and a simple framework of economic determinism. In principle, a political system such a political marketplace ought to be highly individualistic and political actors should treat issues such as ethnicity, kinship and religion in an entirely instrumental manner. This would be an economically deterministic approach. Yet, as we have seen in South Sudan, political life continues to be organized on the basis of ethnic, lineage or sectarian units, albeit in very varied ways. As in traditional economics, macro market conditions in the political marketplace do not explain all micro forces, and has to be combined with other logics, including identity politics as well as 'civicness' to study the organization of politics.

*This exercise provides a background canvas against which the efforts of South Sudanese citizens, a
ctive in pursuing the rule of law, humanitarian and civic values, peace and democracy, can be enhanced.*

Finally, this exercise provides a background canvas against which the efforts of South Sudanese citizens, active in pursuing the rule of law, humanitarian and civic values, peace and democracy, can be enhanced. There is no simple state-building template for South Sudan, no shortlist of essential activities for a functioning state which constitute the playbook. This paper has not examined the role of such civil society actors, but it will be evident from the analysis that their immediate options are, (a) to carve out small spaces for civic action within the turbulence of the political market, including by using the same skills and tactics of political actors, albeit in ways informed by a different ethical code; (b) to build broader alliances including with external actors that share these civic values and can influence resource flows accordingly; (c) to hold on to modest achievements in formal settlements, such as Chapter V of ARCSS which contains provisions for justice and democracy; and (d) to work to promote moral codes of non-violence, tolerance and dignity, that may ultimately be the most significant factor in taming the amoral ethic of the political marketplace.

REFERENCES

Boswell, Alan. 2016. "Conflict in Western Equatoria." Geneva: Small Arms Survey, Graduate Institute of International Studies.

Boswell, Alan. 2017. "Spreading Fallout: The collapse of the ARCSS and new conflict along the Equatorias-DRC border." Geneva: Small Arms Survey, Graduate Institute of International Studies.

Boswell, Alan. 2019. "Insecure Power and Violence: The rise and fall of Paul Malong and the Mathiang Anyoor." Geneva: Small Arms Survey, Graduate Institute of International Studies.

de Waal, Alex. 2014. "When kleptocracy becomes insolvent: The brute causes of the civil war in South Sudan." *African Affairs* 113, no. 452:347–369

de Waal, Alex. 2015. *The real politics of the Horn of Africa: Money, war and the business of power*. Cambridge: Polity.

de Waal, Alex. 2018. "The Political Marketplace Framework." Framing paper prepared for the first Political Markets Workshop, May 30-31, Martin School, University of Oxford.

de Waal, Alex. 2019a. *Sudan: A Political Marketplace Framework Analysis*. Occasional Paper no. 19. Somerville, MA: World Peace Foundation and London, UK: London School of Economics and Political Science. https://sites.tufts.edu/reinventingpeace/files/2019/07/Sudan-A-political-market-place-analysis-final-20190731.pdf.

de Waal, Alex. 2019b. "Briefing: Impact of the Sudanese Revolution on South Sudan." CRP, Mimeo, 20 May.

de Waal, Alex, and Naomi Pendle, 2018. 'South Sudan: Decentralization and the Logic of the Political Marketplace,' in Luka Biong Deng Kuol and Sarah Logan (eds.) *The Struggle for South Sudan: Challenges of Security and State Formation*, London, IB Tauris 2018.

Hills, Alice. 2014. "Security sector or security arena? The evidence from Somalia." *International Peacekeeping*, 21, no. 2: 165-180.

International Crisis Group. 2019. "Salvaging South Sudan's Fragile Peace Deal." Brussels.

Lacher, Wolfram. 2012. *South Sudan: International State-Building and Its Limits*. Berlin, Germany: Stiftung Wissenschaft und Politik German Institute for International and Security Affairs. https://www.swp-berlin.org/fileadmin/contents/products/research_papers/2012_RP04_lac.pdf.

LeRiche, Mathew. 2014. "Sudan 1972-1983." In *New Armies from Old; Merging Competing Military Forces after Civil War,* Roy Licklider, eds. Washington D.C.: Georgetown University Press.

McEvoy, Claire and Emile LeBrun. 2010. *Uncertain Future: Armed Violence in Southern Sudan*. Sudan Human Security Baseline Assessment. Geneva, Switzerland: Small Arms Survey, Graduate Institute of International and Development Studies. http://www.smallarmssurveysudan.org/fileadmin/docs/working-papers/HSBA-WP-20-Armed-Violence-Southern-Sudan.pdf.

Pendle, Naomi, forthcoming, 'The 'Nuer of Dinka money': Contesting the moral limits of monetised politics in South Sudan.'

Pospisil, Jan. 2019 *Peace in Political Unsettlement*.. London: Palgrave Macmillan.

Rand, Richard. 2010. *In Need of Review: SPLA Transformation in 2006–2010 and Beyond*. Geneva: Small Arms Survey, Graduate Institute of International Studies. http://www.smallarmssurveysudan.org/fileadmin/docs/working-papers/HSBA-WP-23-SPLA-Transformation-2006-10-and-Beyond.pdf

Small Arms Survey. 2004. *Situation Report: The South Sudan Defence Force (SSDF): A Challenge to the Sudan Peace Process*. Geneva: Small Arms Survey, Graduate Institute of International Studies. https://reliefweb.int/report/sudan/south-sudan-defence-force-ssdf-challenge-sudan-peace-process.

Snowden, John. 2012. *Work in progress: security force development in South Sudan through February 2012*. Geneva: Small Arms Survey, Graduate Institute of International Studies. http://www.smallarmssurveysudan.org/fileadmin/docs/working-papers/HSBA-WP-27-Security-Force-Development-in-South-Sudan.pdf

Spatz, Benjamin and Alex de Waal. 2018. "The Political Marketplace: Methods and Metrics." Framing paper prepared for the second Political Markets Workshop, November 8-9, Social Science Research Council, New York.

UN Panel of Experts on South Sudan. 2019. *Final report of the Panel of Experts on South Sudan submitted pursuant to resolution 2428 (2018)*. S/2019/301. https://undocs.org/s/2019/301.

Warner, Lesley. 2016. "The Disintegration of the Military Integration Process in South Sudan (2006–2013)." *Stability: International Journal of Security and Development* 5, no. 1.

Young, John. 2006. *The South Sudan Defense Forces in the Wake of the Juba Declaration*. Geneva: Small Arms Survey, Graduate Institute of International Studies. http://www.smallarmssurveysudan.org/fileadmin/docs/working-papers/HSBA-WP-01-SSDF.pdf.

Young, John. 2007. *Sudan People's Liberation Army Disarmament in Jonglei and its implications*. ISS Paper 137/April 2007. https://issafrica.org/research/papers/sudan-peoples-liberation-army-disarmament-in-jonglei-and-its-implications.

Find out more about the
Conflict Research Programme

Connaught House
The London School of Economics
and Political Science
Houghton Street
London WC2A 2AE

Contact:
Anna Mkhitaryan, Programme Manager
Tel: +44 (0)20 7849 4631
Email: Intdev.Crp@lse.ac.uk

lse.ac.uk/conflict

World Peace Foundation at The Fletcher School, Tufts University
169 Holland Street, Suite 209
Somerville, MA 02144
Tel: +1 617 627 2255

Worldpeacefoundation.org

This material has been funded by UK aid from the UK government; however the views expressed do not necessarily reflect the UK government's official policies.