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Weekly Review

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The Recent Change of Guards at the Ministry of Finance and Bank of South Sudan

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Introduction

South Sudan is economically and politically distressed. Weak institutions, mismanagement, and corruption have for years plagued the nascent Republic's economy, bearing markedly on political processes and outcomes. Hilde Johnson (2016) and Christopher Clapham (2012) suggest such is often expected of liberators who have just become a government in a country endowed with abundant resources. Clapham calls this phenomenon a 'liberation curse[1].' The results of economic governance under Sudan People's Liberation Movement (SPLM) have been flawed and ineffective. Expectedly, South Sudan's political leadership gets criticized for unsatisfactory response to poor economic governance in the country. Public advocacy to this effect has often favored the change of guards in the economic institutions, most primarily the Ministry of Finance and Bank of South Sudan (BSS). Last year, President Kiir responded, firing Minister David Deng Athorbei and replacing him with Stephen Dhieu Dau, a former Minister of Petroleum and who gets applauded for his professional ethics. Understandably, the public responded positively to this change, lauding the President. However, the removal of the Minister of Finance alone was not considered satisfactory. The public demanded further changes in BSS and the middle tier of the Ministry of Finance's leadership.

The Change of Guards

On 14 January 2017, President Kiir responded further by firing long serving officials, both in the Ministry of Finance and BSS. He removed Bank's Governor and his Deputy and the Deputy Minister and Undersecretary of the Ministry of Finance. A subsequent decree appointed Mou Ambrose Riiny as Deputy Minister of Finance, Agaak Achuil as Undersecretary of Finance, Othom Rago Ajak as Bank Governor and Dier Tong as his Deputy. Gov. Othom Rago Ajak offers prior experience serving as Deputy Governor under Late Elijah Malok Aleng. Many people who know Gov. Othom have a lot of

[1]A liberation curse refers to rebel movements' inability to adequately administer a nation-state after attaining freedom.

positive things to say about him. They say, for example, that Gov. Othom is more qualified than his immediate predecessor. Dier Tong, young and trained in the UK and holds a master's in economics, supplies direly desired energy and tailored expertise. Mou Ambrose Riiny, trained in Germany, is an experienced business manager, banker, and a bureaucrat who managed[2] Germany's Friedrich-Ebert Stiftung program in South Sudan. Similarly, Agaak Achuil, previously at the Ministry of Petroleum, complements Stephen Dhieu Dau and Mou Ambrose Riiny with prior experience working for the United Nations Development Program.

What does this new change of guards suggest? This weekly review analyzes this, focusing specifically on economic reforms implications.

Policy Implications

Attempts to answer the above question beget a number of thoughts. First, the changes possibly signify the emergence of political will from the top. For years, South Sudan's political leadership has harshly been criticized for its failure to salvage the economy. Indeed, the citizens find themselves rightly concerned in the face of deepening economic crisis and the experience of unflattering economic policies the South Sudanese authorities adopted over the years. These include dura endowment, letter of credit, oil shutdown, and the floating of the local currency against the US dollar. The result has been a large-scale economic stress, shattered livelihoods, and loss of public confidence in the system. Secondly, while many in the public are quite excited about the changes just made, others think that the Bank, considering the prevailing economic crises the country faces, demands a more experienced economist. Dr. Lual Deng, an economist with a PhD from the US and many years of experience working for the World Bank and African Development Bank, is seemingly preferred. Nevertheless, Gov. Othom's appointment offers certain competencies, both professional and political. A former employee of the Bank, Gov. Othom brings on board an extensive banking experience and institutional memory that is necessary for reforms. Likewise, his appointment addresses the need for ethnic balance in the South Sudanese public sector.

Thirdly, the restructuring of the economic sector's leadership partly coheres with the reform agenda presented in Chapter 4 of the Agreement on the Resolution of Conflict in the Republic of South Sudan (ARCISS). Section 1.2 of the Agreement states that: "Political Leaders shall establish effective leadership and commitment in the fight against corruption." As part of grand institutional reforms for which ARCISS advocates, the BSS was supposed to undergo leadership restructuring within 90 days of the commencement of the Transition[3]. More specifically, Section 2.1.4 calls for an appointment of BSS' Governor 'within four months following the commencement of the Transitional Period.'

[2] The earlier version misstated Mou's position at FES. He wasn't director but program manager. As well, Mou left FES in December 2016.

[3] 2.1.1 The TGoNU shall, within three (3) months of the beginning of the Transition, review legislation governing the Bank of South Sudan (BoSS) with a view to restructure and enable it to render efficient and effective service. This restructuring shall include, but not limited to, the leadership, composition, powers, functions and operations.

For the Ministry of Finance, a complementary institution to BSS, the Agreement stipulates "that all public financial and budgetary commitments entered into by the TGoNU are transparent, competitive and in accordance with the laws of the country and internationally accepted norms and practices for the management of public finances." Therefore, the new arrangements give credence to the authorities in pursuing substantial economic reforms in the country.

Finally, there are thoughts that the changes present another political expediency rhetoric, not an institution of meaningful reforms in the economic sectors. Experience shows that South Sudanese authorities do not often follow up on or sidetrack their policy programs, consequently rendering them unproductive. This ultimately depresses the public expectation on their authorities. Notably, the government bears the burden of proving that the newly introduced changes are not business as usual. Nevertheless, some citizens hope for the best, as the new appointees soon assume their responsibilities to complement what is now considered Minister Stephen's 'proactive leadership.'

Picturing the Agreement more broadly, however, the recent changes at BSS appear rather patchy. This is because the efficacy of the new leadership requires comprehensive institutional reforms such as instituting an independent, Nine-Member Board. The Board provides fundamental oversight for the Bank. The efforts of the Ministry of Finance's new leadership could equally be thwarted if TGONU does not form "a high level, competent and effective oversight mechanism that controls revenues collection, budgeting, revenue allocation and expenditure," as provided in the Agreement. More generally, some of the factors that plague the government, even when experienced technocrats are appointed, are: (1) disregard for the institutional channels, with lines between monetary and fiscal policies often blurred, (2) lack of coordination between institutions, and (3) lack of oversight by accountability institutions.

Conclusion

In summary, the new changes seem welcomed. Whether these provide an impetus for real economic reforms in the country depends on a variety of factors. Chief among these is results oriented political will. Historically, South Sudan has seen little of this activity. Secondly, in a politically charged environment and where accountability is nearly non-existent, personal conviction and courage are critically desired. For the newly appointed, professional ethics, conviction to do the right thing, and intrinsic motivation could assist in instituting substantial reforms. Chapter 4 of the Agreement calls for comprehensive reforms; a partial implementation may not deliver optimal outcomes. Finally, all reforms ought to be coordinated across all economic and supervisory institutions. This can help restore a functional and inclusive economic system in the country.

References

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Author's Biography

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