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SOUTH SUDAN ONE YEAR AFTER INDEPENDENCE

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## P R O C E E D I N G S

MR. KIMENYI: Good afternoon. My name is Mwangi Kimenyi. I am a senior fellow, and Director of the Africa Growth Initiative. And I would like to welcome you to this event, where we are looking at one year of independence of South Sudan.

It's a really great honor that we have you participating in this event. It's important in many respects that, you know, we celebrated the birth of a country last year, you know, after a very long struggle following the Comprehensive Peace Agreement. And we are very excited, both in Africa and all over the world, to see a new country, and peace being restored in Sudan.

But as we look back now, we want to understand the various dynamics, what has been going on, are we moving in the right trajectory, what do we need to do, what does the international community need to look at? And especially that both South Sudan and the Republic of Sudan, what should we be focusing on?

There are a lot of things at stake: the quality of life, there are issues about lives and, you know, when you talk about the issues relating to the economy, there have been conflicts. So it's really time to reflect and figure out, as we celebrate this first birthday, how do we want to proceed from here, and what can be expected of these two countries?

On behalf of my colleagues at the Africa Growth Initiative and Brookings at large, we are really greatly honored to have what I would consider one of the best panels that we have in Brookings -- a diverse group of experts, people from different backgrounds -- people from South Sudan, people from Republic of Sudan, and our own Americans here. So this is great.

And I'm going to introduce them, and we'll get a lot of views. We have some official views, we have some views from Juba, from Khartoum, from individual academics, and so on.

But just as we start, and we know we have a lot of people following us, and we've been receiving a lot of mail contact, please, we have a twitter tie, it's AGI X so it's hash-tag AGIsouthsudan. And we have several people who are already connected, so they will be either responding or giving us any questions that come through that.

I'll make very brief introductory remarks. These CVs are too long. And so what I will do is make very brief remarks. And I have negotiated with my colleagues that I will be very brief in the introductions.

So I will start with the person who came from the farthest, and that is Peter Biar Ajak, in the middle over there. He's the founder and director of the Center for Strategic Analysis and Research, an independent policy think-tank based in Juba, South Sudan. He is also the deputy country director for International Growth Center, IGC, in South Sudan, and the CEO of South Sudan -- this is the interesting part -- he is the CEO of South Sudan Wrestling Entertainment. I assume this is like what we see on TV, with guys -- you know --

MR. AJAK: Something like that. (Laughter.)

MR. KIMENYI: But after founding CSAR, Mr. Ajak was a World Bank economist based in South Sudan. I'm going to stop it at that point. Good morning, Peter.

Now, my colleague here is coming from Boston, but actually from Khartoum. Nada Mustafa Ali is a scholar and activist who is a part-time faculty member in global studies at the New School University in New York, where she has been teaching courses on gender and conflict in the Middle East and Africa, and on refugees, and forced migration. This is obviously very relevant. We've got her by searching for good

people who are doing -- good people. And we read her work, and decided we wanted to bring her here.

The gentleman at the corner there was here before, a visitor, is Distinguished Ambassador Princeton Lyman. If you don't know him and you are thinking about Sudan, probably, you know -- I want you to know him now. (Laughter.) Ambassador Lyman was appointed United States Special Envoy for South Sudan on March 31, 2011. He served as U.S. Senior Advisor on North Sudan negotiation, where he led the U.S. team, the team that focused on supporting ongoing negotiations between the parties to Sudan's 2005 Comprehensive Peace Agreement. Again, so he has been there from the beginning of 2005 to the independence, and now he is Special Envoy.

So how can I forget John? I'll start with John Mbaku, who is -- we have two Johns, one he's a rock star (laughter). But John Mbaku is a non-resident fellow with the Africa Growth Initiative. He is a professor at Wilbur State. He had noted for a long time -- I should be saying he's a distinguished university professor, and he just finished another degree. I don't know why, but he did a law degree. And he is now doing a lot of work on governance and so on. So he will talk. He's one of our colleagues.

John has been here before, many of you know him again. John Prendergast is a human rights activist and best-selling author, who has worked for peace in Africa for over 25 years. And he is the co-founder of ENOUGH Project. I think that's enough. (Laughter).

So I will -- the way we are going to do this, so that we still can -- and we want to give you some time to comment -- I'm going to start with a few questions.

And, again, starting from the person who came farthest, I'm going to start with you, Peter.

And, basically, since you just came from Khartoum --

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MR. AJAK: Juba.

MR. KIMENYI: Juba. (Laughter). That's a big error.

So, would you begin by discussing, providing some comments, on the current situation in Juba, in anticipation of the forthcoming anniversary? What is the mood there? What can you say about the situation? And, four or five minutes, just a quick summary.

MR. AJAK: Well, thank you so much, Kimenyi. It's a pleasure to get the invitation to participate in this event. And it's really a pleasure, also, to see some of the colleagues that I haven't seen in a very long time -- and also to come and discuss with you about this important event.

I'd like to also thank the Africa Growth Initiative at Brookings for the work that you are doing bringing in the African expertise and input to policy debate in Washington, which is very critical, because a lot of decisions and policies that come from Washington have a lot of implications for what happens in the rest of the world.

In terms of what is going on in Juba, as we head towards the July 9th, in South Sudan there's a lot of excitement about what people have been able to accomplish so far. Just thinking, a year ago, and even after the referendum itself, there was still sort of hesitation among the South Sudanese whether the independence was really going to happen, or would there be a last-minute attempt on the part of Khartoum to sort of derail the entire process. And there was that worry, especially when the occupation of Abyei occurred in May, and you see a lot of different problems occurring at the border last year.

So, as people head towards July 9th, there's a lot of excitement, there's a lot of reflection about what they have accomplished.

But within that excitement, there's also the sense of soul-searching. And this soul-searching is very critical for the country. And it comes from a number of elements.

First, it comes from the, sort of the economic anxiety that the entire country is going through. And this anxiety is extremely important in regard to the future of South Sudan. And it comes, basically, from the structure of the economy of South Sudan.

As most of you know, the entire economy of South Sudan used to be extremely dependent on oil, which accounted for over 98 percent of government revenues, over 70 percent of South Sudan GDP, and nearly 100 percent of South Sudan foreign exchange. At the same time, you look at the structure of the economy, a lot of it is really import oriented -- basic items like food, basic manufacturing items, all are important from neighboring countries. And to do that, you need dollars. And the only source of dollars was the oil.

So since the oil shutdown, the revenues of the government -- I mean, the foreign exchange holding of the central bank has been dwindling, and that the central bank sort of prepared to make sure that this preserve lasts a bit longer, this, of course, results in the amount of dollars entering the market being reduced by almost 75 percent. And this has great implications on inflation, on the total volume of imports that are coming into the country.

At the same time, there are also policies on the side of the government to try to increase revenues -- non-oil revenues -- so that they can meet the government expenditures. So, the element of taxation.

And the two policies combined, in which you have a huge contraction of GDP by almost 70 percent, and then also these sort of contractuary policies of more

taxations, leading on to more inflation in Juba -- look at the foreign exchange, the differences between the official exchange and the black-market exchange has been widening, going up to 5-pounds-to-a-dollar just last month.

So you see this anxiety going on in the market.

At the same time, you see within this anxiety there is also the element of optimism, because the entire economy was dependent on the oil before the country was even born. And you can't even make an analogy of something, say, Dutch disease, because to even talk about Dutch disease, it assumed that there was something that was existing before the national resource was discovered and became the main focus.

But on the side of South Sudan, we come from this long history of war, and the war really destroying the basics of the economy. Skills were lost, especially from different generations of South Sudan that never really farmed -- and agriculture was the main backbone of South Sudanese livelihood. So, after so many years of war, and now returning back from the bush in 2005, you have this oil. And you really see, from the budget of the civil administration of New Sudan, in 2004, which was about 150,000, and then a year later in 2005, with the oil, it jumped to 2 billion.

So the economy, from the very beginning, became an oil economy, and focus was lost on anything else. So now, with the shutdown, there is also this ability to think and go through what is the future of this country?

And last week I was in my home state, in Jonglei state, I was doing a workshop there as part of our think-tank. And what you hear from the people is, "Let the oil stay down. Let's figure out what to do." Because, if you look, in a real sense, South Sudan has really two economies. You have the urban economy, which is cash economy that is really focused on imports, and then you have the rural subsistence economy, in which people are doing basically what -- either farming or raising animals. So this is what

they do. And if you look at the interaction between these two economies, extremely limited. And you don't see any sort of money during the entire period, of the interim period, of six years, of money actually trickling down to where people are.

So the oil, in the first place, was a real distraction. And if you look from the value of money -- if you invest a dollar in sort of the oil-rent sort of economy, the return is extremely high. on the other hand, if you were to invest in agriculture -- and, given the poor infrastructure, the issues of insecurity, and those things -- the return would be a bit slower. And therefore, you did not see any investment during the whole time.

So now, with the oil shutdown, people are extremely worried. The economy is doing very bad. But people are thinking maybe this is what we need. Because, in the first place, to talk about some of these policies, about natural resource management, about creating a fund in which you could put the money in, virtually doesn't work in our situation. Because the number of people that died during the 20 years of war, these 2 million, then think now the number of orphans. Think about the number of widows. And to make it politically that you will create a fund to put the money in when, at the present, you have millions of people that sacrificed for the government to be able to extract the revenue would be extremely difficult. So now it's like a political opportunity for the country to (inaudible).

There's also discussion about how do you move forward. We have only a transition constitution, which was never really voted by the people. And we are moving toward a long-term constitution.

Now, the government has been a bit slow in moving forward with the constitutional process. But the people are way ahead of the government. People are talking, people are thinking what do they want.



When I was in Jonglei I was impressed, really, by people saying that we need to find a way in which to accommodate smaller ethnic groups that may not necessarily be represented in numbers sort of democracy. So these sorts of discussion are happening. And it gives you a country that is going through a very slow and complex process of nation-building.

And this is basically the sense of what is going on in Juba. There's a soul-searching about what is the future.

MR. KIMENYI: Thank you very much, Ajak. I think, I'm sure, some of these issues will come back.

Good to hear that you say that the South Sudanese are ready to keep the oil not flowing. And I thought it would be the reverse.

Ambassador Lyman, I would like to ask you to reflect on the last 12 months, in light of what did America actually hope to see and, you know, how have things panned out from a U.S. perspective?

AMBASSADOR LYMAN: Well, thank you very much, Mwangi. And let me say I'm a great admirer of the program you have here. I think you're doing a terrific job, in not only the issues you're taking up, but the linkages you're making with Africa, and bringing those perspectives into it. So, thank you very much for doing it. Thank you for the invitation today.

You know, when South Sudan became independent, as Peter said, there was a great deal of joy and relief, because, obviously, there was a great deal of worry, right down to the wire, that it might be disrupted.

What didn't happen -- and what I think we had hoped would happen by then -- is some of the key issues between Sudan and South Sudan would have been

resolved. Most people thought that you'd have to resolve oil, Abyei, and borders, and things like that, before independence, or you couldn't have a peaceful separation.

It turned out the other way around. You had a peaceful separation, but didn't resolve any of the issues. And they have now come back to cause, not only a great deal of tension, but even conflict.

But reflecting back on the year, there have been a lot of accomplishments for a government in one year. Yes, it's an interim constitution, but they did establish an interim constitution. There's been a lot of the legislation passed with regard to investment, with regard to accountability, of financing, budgeting, et cetera -- the whole setting up of a government apparatus as an independent country, establishing diplomatic corps and representation. The new ambassador has asked for agreement here in the U.S. And tackling a lot of internal issues, and at the same time dealing with what has been hostile relations with Sudan, and all the security issues that come from it.

Now, I think the economic shock that Peter has talked to, when South Sudan made the decision to shut down oil because it wasn't working with Khartoum -- they hadn't come to an agreement, oil was therefore being diverted, et cetera -- yes, it does provide the opportunities, as Peter said, but it's also created a shock for the economy. Because, over the last five or six years, there have been significant gains in number of children in school, reduction of maternal and child mortality, roads being built, etcetera. A lot of that might be reversed right now, because the resources aren't there.

The second challenge which, I think, the friends of South Sudan are facing, the donors, is how do we deal with a situation in which there are so few government resources? We may have to shift more resources out of development because the counterpart institutions are not going to be there, and more toward

immediate service delivery. And that may help get through the period, but it does slow down the goal.

So I think we shouldn't underestimate the challenges South Sudan faces in making this adjustment. And that doesn't rule out coming to an agreement with Khartoum at some point in a resumption of the oil -- even though, as Peter said, it's important to think of a non-oil-based economy, even if the oil had been flowing from the beginning.

The other area that is important is internal security in South Sudan. Peter's from Jonglei, and I know he knows that there was quite a bit of conflict within Jonglei this last year, and conflict elsewhere, internal, based on a lot of things. But a lot of it is resource-based -- people who are stealing cattle, or doing other things to get resources -- and not feeling, in those cases, that the government is there to help them out, to protect them, et cetera.

So this challenge, even under dire economic circumstances, of deepening and establishing the writ of the state, the security, rule of law, all of that, down to the local level, is still a major, major challenge. Because without it, the government will be constantly faced with potential unrest. And that unrest is often exploded, as we often know, by militias or supportive militias from outside.

So these are real challenges -- not that the government isn't aware of them, and not dealing with them -- but they're serious, and they're made more difficult in a period when the resources are more limited.

I think right now we are very concerned, from our point of view, that there not be a return to war. We got scared in April, everybody got scared in April, because what had been a border conflict going on for some time grew to a whole different dimension with the South Sudan occupation of Heglig, which is a vital oil-producing

region for Sudan, and it threatened to raise conflict to a new level, and maybe to a much greater level.

And one of the things that struck me, though, in the wake of that, when I went to Juba and then to Khartoum and talked to people, was that on neither side did people really want to go back to all-out war. That was made clear to me over and over again. In fact, people objected to the idea that they had gone to war. I happen to have said that in an interview, and they said, "Don't say that. Because we haven't done it, and we don't want to."

And I think that's very important in dealing with the tensions that still exist along the border, in working out what are very difficult relations with Sudan. We have to capitalize on that, and we have to work with the AU and the other partners to avoid that.

I'd just mention one last thing, if I can.

Because these relationships, this whole relationship between Sudan and South Sudan has taken on a new dimension after the fighting that took place in April -- you'll recall, the occupation Heglig, the withdrawal from Heglig, arming, etcetera -- the African Union Peace and Security Council, in April, passed a very tight timetable, and very specific road map for Sudan and South Sudan to resolve all the issues between them. And the message, and a very important message from the African Union was: Your conflict, or potential conflict, affects all of us. And as the African Union, we're telling you, you must resolve these issues. They are a threat to our peace and security.

That was then followed, at the African Union's request, by a unanimous resolution of the U.N. Security Council endorsing the communique, and going a step farther, saying that if the parties don't do all this, and wrap it up in 90 days, the U.N. will look at ways, including sanctions against the parties, depending on what the situation is.

It has provided a great deal of impetus into the negotiations. That doesn't mean that they're making a lot of progress. Even as we speak, they're in Addis working on this. But it has created a lot of international pressure on the parties to show results.

And I think that is helpful. And the border is right now quiet, and we hope that progress will be made.

We can come back to other questions.

MR. KIMENYI: Thank you very much, Ambassador. I'm sure some of these things will come back. We will come back to some of these questions. So, thank you very much.

My colleague from Khartoum -- Ali, we were very impressed to -- I was, personally, very impressed to read the work you are doing on gender issues -- not just north, on the Republic of Sudan, but South Sudan.

And maybe you can give us your assessment. And we know that during these times, when you have conflicts, of course, women are very important in terms of (inaudible), but they also tend to be the ones that get marginalized the most during these times.

What's your assessment on the state of gender in South Sudan?

MS. ALI: Well, thank you so much for inviting me to be part of this distinguished panel. And thank you to the AGI for organizing this important event, and for your attention to gender, as well, and for your kind words about some of my work.

I am from Sudan originally, and I also identify myself as someone from the Sudanese diaspora, as well, because I have been abroad for years, although I'm still connected, of course, with Sudan.

I see some of my fellow activists in the South Sudanese women's movement, and colleagues, as well, and I invite them, actually, in the discussion to ask about what I'm about to say right now.

Last year, I conducted research in South Sudan and wrote a report right before South Sudan's independence, for the U.S. Institute for Peace, on gender and state-building in South Sudan. And at the time, there was a lot of optimism, of course, but also a lot of concerns about the challenges that existed in relation to women, and women's rights, and gender equality in South Sudan.

And in that report I argued that the independence of South Sudan constituted a golden opportunity for the Sudanese people, actually, and the Sudanese government, to work towards laying down the foundation for a state that would ensure gender equality in the future.

At the time, I made specific recommendations around women's political participation, economic empowerment, issues around creating an enabling environment for women's empowerment and gender equality in South Sudan, which includes, of course, addressing issues around education, maternal health, and health in general, as well as gender-based violence. At the time, I also made comments around un-gendering the constitution, and un-gendering the state-building process itself, and the building of institutions.

And in my very brief comments, I'm going to highlight some developments in these particularly areas.

I think that one year is, you know, it would be very unrealistic to expect that the government of South Sudan, and the different development partners, and the people of South Sudan, would be able to overturn decades of marginalization and militarization in 12 months.

And so, during this past year, I believe that the government of South Sudan and various development partners have done a lot of work. As a Ambassador Lyman has mentioned earlier, including in terms of increasing education, access to education, in terms of, you know, addressing the very serious concerns of maternal mortality. UNFPA and the government of Sudan have been working on training midwives, for example, to facilitate access to such care. However I don't think that the reduction in -- we don't have statistics, proper statistics, about, you know, maternal mortality ratio in South Sudan right now. But at independence, it was 1,054 deaths per 100,000 live births. And the AGI report mentions that the population of Sudan is about the size of population of Sweden. In Sweden, the maternal mortality ratio -- that is, you know, the ratio of women who die while pregnant or in giving birth -- is 2 deaths per 100,000 live births.

Now, a woman -- you know, the value of the life of a woman who is in Juba, or Jonglei, or, you know, any part of South Sudan, is as valuable as the life of a woman who lives in (inaudible) or anywhere else in Sweden. And I think that this is still a very important concern that the international community and the government of South Sudan should consider, and should address.

In terms of women's political participation at independence -- again, the representation, the legislative assembly of South Sudan was 33 percent for women, which is above the 30 percent, way above the 25 percent quota. But that was at the national level. At state level, it was lower, 28 percent. And at the locality level, it's much lower, and continues to be very low.

After independence, there have been appointments in the foreign service and elsewhere, and women -- you know, there are women represented on these bodies, but unfortunately, again, representation is way below the 30 percent. And the argument

that is usually put forward is that there are not enough women who are qualified to take up these positions. And colleagues and friends in the Southern Sudanese women's movement have been arguing that this question never comes up when a man is appointed to senior positions in South Sudan. So this is an issue to take into account.

As colleagues have mentioned earlier, South Sudan, you know, the president of South Sudan has appointed a commission to work on the permanent constitution for South Sudan. And, again, the members, the permanent members of that commission were 30 percent, exactly 30 percent, when it was first appointed. But then, you know, the total number of members within the commission, women were way below the 25 percent even. However, more women who were activists in the women's movement are now part, have been included into the permanent, the commission that's working on the permanent constitution.

And, recently, senior activities and politicians, and members of the constitutional committee, the constitution-writing committee, have called for the establishment of a gender commission to work on un-gendering the constitution, ensuring that women's concerns are integrated at all levels of the constitution itself. And I think that this is a very important recommendation that the international community and the Southern Sudanese government should take into account.

There are other areas, of course. The very important area of economic empowerment -- and this relates to many factors, including the recent economic crisis because of the oil, you know, the shutdown of the oil production. And also, in relation to food insecurity, which is very high in Sudan.

NDP recently launched its first African development report -- Africa Human Development Report. And in that report, the agency identified food insecurity as the key threat to development in Sub-Saharan Africa. And there were recommendations



around the role of women and, you know, that women's empowerment could contribute to that development. There is research also that shows that women's, you know, the involvement of women, and their empowerment, can contribute to economic growth and development. And we know that women actually dominate the agricultural sector, and they could play a very important role.

The government is undertaking some interventions. The Ministry of Gender, during the last couple of years, provided grants to some of the women to introduce -- to work on projects, you know, to support their farming and other kinds of, you know, businesses and activities and production roles. But there is a need for more investment in that particular area, and also to enable women to access information, and markets, and other areas.

Back to the issue of women's participation, I think that women have been excluded from both North and South Sudan, from the ongoing negotiations on the outstanding issues that have contributed to the conflict between the Republic of Sudan, and the Republic of South Sudan -- despite the fact that women have been, you know, for a very long time, very active around peace-building, and they have actually organized events and workshops.

I participated in a workshop in Juba in February 2011, whereby different women's organizations met, from the North and the South, and activities. And they looked at each of the four areas, the then four outstanding areas related to border demarcation, regarding security, regarding access to natural resources, including oil resources, and a number of other issues. And they looked at how these issues affected men and women differently, and came up with very concrete recommendations, which included, you know, more representation of women, the importance of gender expertise. We know that there is a gender advisor within the African Union High Implementation

Panel, you know, but there is also a need to include gender expertise from both Sudan and South Sudan, and to increase women's representation.

There are other aspects that I may consider later. But I just wanted to mention one more point.

MR. KIMENYI: Yes.

MS. ALLI: And that is the issue of gender-based violence, which continues to be rife within South Sudan. And it is, again, interlinked to many other factors, including early marriage, including dowry. And in the past year, there have been some events, for example, the violence in Jonglei. It had involved abduction of women, the forced DDR, including, in Jonglei, has involved rape of women and, again, abduction of women and children. The violence between the Lou Nuer and the Murle over cattle -- you know, one aspect of that issue of stealing cattle, which is facilitated now by easy access to arms because of the history of conflict, is also linked to dowry. You know, they want to pay bride-wealth. And addressing that issue, which women's organizations have been highlighting all along, is important to also address the inter-ethnic violence.

Thank you.

MR. KIMENYI: Thank you very much. These are very important issues for building a society, and I think we will come back to it. Actually, I had written "violence" here, because I thought you had forgotten about it. But it's good we'll come back. Thank you very much. We appreciate it.

John Prendergast, I listen to John a lot of times. I actually follow when you go speaking, and you are very passionate with the ENOUGH project. Unfortunately, he's always talking about a crisis, as far as I know. Last time, you were talking about the violence and rape in Congo.

And now you've been following South Sudan. What's your perspective on what's going on, for this one year, in South Sudan.

MR. PRENDERGAST: I think we should let the audience know that the event is actually going to end at 9:00 p.m. because of the very difficult questions you're posing. (Laughter.) But the good news is, there are very good cookies, and I would recommend that you store them, you know, hoard them now, because they'll be a run on them at about six o'clock.

And thanks, by the way, for inviting me. Thanks to Whitney, too, for organizing this.

You know, to start where we were the day of independence, and look at what conventional wisdom was, there was certainly a lot of sentiment that South Sudan would implode, and that the Sudan and South Sudan would likely go back to war. This would, I would say, the dominant sort of paradigm, in terms of the critique of the moment.

So to then assess what's happened in this last year, I think you've got to look at three categories, if we're going to focus just on the conflict-crisis piece, the internal South, the North-South, and then a little bit just referencing what's happening inside the North.

First, the South-South. I think the real fear, justifiably, that so many of the fissures and fault-lines within South Sudan would be ripped apart, ripped open, widened, deepened, in the aftermath of independence, in the aftermath of finally, after everyone had sort of come together to -- you know, just all these different opposition groups and others had come together for this moment of getting independence, as soon as they got it, immediately a free-for-all.

And I think that we've only seen sort of the tip of the iceberg in this in the last year. And the tip, as Nada referred to, was in Jonglei. The possibilities you see.

And it's a very, very complicated history, and that's part of the reason why we're going till nine o'clock tonight.

But just to sort of monarch-note it for a second, and come back if people are interested, you know, 2,000 people have been killed in Jonglei region since roughly August 2011, with this cycle of revenge attacks that -- and I've seen footage of it from the air when I was last in Juba, some of the U.N. personnel who had documented it from helicopters, you know, these columns of militia that were going, you know, with a single purpose: to attack and burn their neighboring villages, and did so with extreme prejudice, lots of hate speech, lots of the kind of things that really worry anyone who is concerned with stability and prevention of atrocities. And the atrocities happen.

And so the government of South Sudan was very slow to respond. You know, I think they completely underestimated, or if they even understood that it was going to be that bad, they didn't respond to it appropriately.

Now, very late, we're seeing action. The Peace Conference in Bor that has moved forward, and come with some beginnings of resolutions. But, you know, they're only, again, reaching a certain segment of the society. The people who are doing the worst damage, on both the Murle side and the Nuer side, the Lou Nuer side, are the young guys who are in the cattle camps. And they don't come to these peace conferences.

And so, you know, they are held in abeyance by political opportunists. And if unleashed, they will -- we'll just see the cycle continue.

So it's a very, very concerning, worrisome thing. And it doesn't have to necessarily be confined to Jonglei, because there are other of these fault-lines that exist in different parts of South Sudan.

But to the government of South Sudan's credit, and to the credit civil society groups, and politicians, and others who have worked so hard to prevent this from happening, I think, and having lived through it -- Southern Sudanese lived through it during the second war, during the '83 to 2005 war that cost 2-1/4 million -- they don't want to see a resumption of it. The deadliest periods of war in South Sudan were when Southerners turned on each other, and Khartoum just poured the gasoline on the fire by arming both sides.

So we've got to be careful. And they are very aware of that. So we're starting to see efforts to address these things.

North-South -- I think Ambassador has very adequately stated some of the very top-line points. But, you know, just to be clear, if the worst-case scenario had unfolded, which many people thought was the likely scenario, and war had resumed between Sudan and South Sudan, it would have been the largest conventional war on the face of the earth. Those are the stakes that the region is facing.

It didn't happen. There were major skirmishes, and then pulling back. There was lots of positioning, and then, of course, there was a massive campaign to wipe the people of Abyei out of their home area. So, in other words, do not forget that happened. It was a very major military offensive that led to the ethnic cleansing of, basically, all of the residents of the Abyei region.

But the full-scale war didn't unfold, and I would say there are three reasons.

First is the old Soviet-American terminology from the Cold War: mutually assured destruction. I think if they were to go back to war, the destruction on both sides would be so great -- they both were engaged in quite an extensive arms race from the time that the CPA was signed, and the oil money really was flowing, and people were,

instead of spending any money on social services, were throwing it into military and corruption. And both sides, you saw quite extensive. And so the capacity, the military capacity of both sides to do terrible damage to each other increased, I think, exponentially -- especially the real military hardware, the kind of stuff that you can shoot indiscriminately into villages from the air or from the ground, that will actually cause much more destruction than some of the other things that were done during the war.

So the first is that fear of what would happen, the consequence.

The second, I think, reason we didn't see full-scale war is political restraint. I mean, you cannot overestimate what the South Sudanese had to do to not respond to the area of Abyei being taken militarily by the government of Sudan. So that. And along the border there have been a number of these kinds of events that, had there not been that kind of restraint, I do believe we would have seen the potential for a return to war.

And then, finally, the third reason, of course, is Princeton Lyman. You know, when you have, I think, a government and external government working closely with the African Union and the United Nations sort of in the lead -- particularly the African Union -- but when you have a government with the influence of the United States has, working with other diplomats from countries that have influence, working assiduously to bring our position in the U.S. closer and closer to China's, in the sense of bringing about a constructive impact on the parties, to prevent a resurgence of conflict. And in the absence of that kind of catalytic diplomatic effort, I fear to think what may have resulted.

And third, and finally, just to come in for a landing on this, is the -- what wasn't asked about, you know, "What's going on in the South?" but what happens in the north, in Sudan, has a tremendous impact.

And, you know, we spent all this time, or the world spent a lot of time worrying and wringing its hands about what would happen to an independent South, if they became an independent country, and meanwhile, Sudan has exploded. The Darfur war is deepening again, if anyone hasn't noticed. South Kordofan and Blue Nile are experiencing the same kind of military tactics the Darfurians did in 2003 and '04 and '05, with major scorched-earth tactics, the usual stuff that we saw in Darfur. Everyone's seen it. It's just press rewind and hit play, and it's happening there. And the east is on the verge, I would think, in short order of resuming their military operations against the government.

So you have this entire periphery rebelling against the center, add to the layer of this last week, of quite extensive turbulence in certain cities in the north, unprecedented, the big coming 48 hours, I guess, Friday and Saturday, will determine the staying power, the legs, that this protest movement has, you know. But we're sort of in the beginning of the potential for Sudan's Arab Spring -- to use clichés.

But, you know, after all the dire predictions of the South, the demise of South Sudan, the implosion of South Sudan, you know, it's the north, I think, that is much more worrying, in terms of effect on stability in the region, than in South.

MR. KIMENYI: Well, Thank you very much. I'm glad you brought the northern issue, because it's very important whether you can have stability and progress in the South, when you have the other part disintegrating.

Now, we have, actually, a little bit of time -- John, I'm coming to you. But I know that John, here, will be here until after 6:00, but the Ambassador has to leave at 3:30, and I wanted to take some questions for him later on.

But I what I will ask is to make sure that we move a little faster, John. And then we'll do another quick round of questions so that we at least get the advantage of getting some questions from the audience.

John, could you comment briefly on the issue of the oil pipeline? Do you see a solution? Or do you -- what's going to happen with this? And, briefly, just on the pipeline.

John has a piece on the matter of resource management in the booklet that you have. But I'd like just to think about the pipeline right now.

MR. MBAKU: Well, thank you, Professor Kimenyi. And thank you to Brookings for inviting me to participate in this really important program.

There are a lot of things I could say about the pipeline, but the most important thing, from my perspective, is for us to remember that, in the end, South Sudan and the Republic of Sudan are the principals, in terms of resolving this issue. No matter how much effort actors put into resolving this issue, in the end, these two countries have to resolve the issue by themselves.

That said, it's really important for both of them, both countries, South Sudan and Republic of Sudan, to recognize that resuming oil production, and receiving revenue from the oil, is very important, not just for the economy of South Sudan, but also for the economy of the Republic of Sudan. So it's important for Khartoum and Juba to realize this.

In the immediate future, in the short run, having, allowing South Sudan to continue to export its oil by using, by taking advantage of the pipeline, is very important. Now, what happens in the long run is that the north, if the Republic of Sudan continues to be opportunistic in the way it treats the negotiations with Juba over access to the



pipeline, it may, Khartoum may end up losing the revenues that it is going to get from the use of the pipeline by South Sudan to export its oil.

So I think that it would be to the advantage of both countries to sit down and negotiate peacefully, and do so in good faith, in trying to resolve this issue, so that they can put the pipeline to use, and help South Sudan begin to export its oil so it could generate the revenues that it needs to be able to provide the infrastructure that the economy needs to develop, and also to do other things that a government usually does with revenues, considering the fact that -- as Peter stated earlier -- 98 percent of public revenues in South Sudan come from the oil.

So the oil is very important for South Sudan. And resuming oil production is critical. But Khartoum cannot forget that having the pipeline sitting there and not being used, it's costing it a lot of revenues that it could use to provide for services to its own people, and do other things.

So, just to conclude here, I think that it's very, very important for us to make sure that the two countries understand that it is to their mutual advantage for them to sit down and resolve this issue, and do so as quickly as possible.

MR. KIMENYI: Thank you very much.

I would like us to take shorter than five minutes for the next round of questions -- maybe one minute, just so that we open up the discussion.

I'm going to go back to you, Peter. I just would like you to comment on the role of the youth -- like you. I know what you are doing. What's the general youth doing in South Sudan? Maybe we'll make it very brief.

MR. AJAK: Well, I wish, actually, I got that question first so that I'd spend five minute on it. (Laughter.)

But, you know, this question of youth is very central to the future of South Sudan. Not only is the country young, but the people in the country are also very young. Based on the census in 2008, you have over 71 percent of the population less than 31 years of age. And then if you look from the referendum, and the elections, you have like over 80 percent of the voters in both cases less than 40 years of age. So this is a very young country.

At the same time, you look at the issues of security that John was talking earlier about, being engendered by the young people. So it's a question of national security.

Then you look at the question of productivity -- of agriculture, an farming, and building the nation, literally building by brick-by-brick -- this is work that young people are supposed to do.

So the question of youth is really central to the long-term viability of South Sudan as a state. And I think, so far, if you look at South Sudan in general, in terms of employment, youth have not actually benefitted much from the oil rents that came in the last six years. And this is largely due to the structure of the South Sudanese economy, in which you have the main employer as the government. And those the government have employed tend to be very old -- the soldiers that liberated the country. So if you look in the public sector, and the public service, you have a lot of the employees' being very, very old people that tend not to have done much of skills. And then if you look it the private sector, which is still very nascent, it's a private sector that is largely dependent on the government contracts. So it has this grant-seeking behavior to it.

And you have younger people that return from the diaspora, like myself -- some that came from East Africa, from Khartoum -- largely being unemployed. And this is essentially the case with the urban young people.

Now, when you go to the rural areas, it gets even worse. Because in the rural areas, many of these people are either farming in, like, the equatorial states. And when you go to, like the Bahr Ghazal, the greater Bahr Ghazal and greater Upper Nile, these are the people that are engaged in the cattle rustling. And you've been hearing about Jonglei, but this is a practice that is happening everywhere -- in Warrap, in wherever -- in attacking the entire state.

So, I think one of the challenges our government will need to figure out is how to effectively engage these young people.

In the urban economy, at the same time -- and given the South Sudanese economy not really being used to sort of wage labor, you had the wage sector being taken by young people coming from Uganda and Kenya and Ethiopia being employed in South Sudan.

So the question of young people is very central. And I think it's one of the areas in which probably our development partners have not done too well on. Because what you have seen in the last few years has been this big push by the G-6 -- there's a group in Juba called the G-6 that has the U.S., the World Bank, and Norway. And the push has been to bring the younger people with the skills from Eastern African countries, instead of either having a strategy that looks at younger people of South Sudanese origin, even the diaspora, or in other parts of the country, and find a way in which these people can actually go to the countryside and work there.

Because one of the things that you see in the rural areas that is missing is this issue of role models. Who is the role model in Jonglei state when you go to a

village? The role model is the guy who is the best shooter, who can use bullets very efficiently, who raids cattle.

But what we are trying to do in CSAR, and in South Sudan Wrestling Entertainment, is to find ways in which we can get young people, and work with local administrations. Because, at the end of the day, this is where the people are. And you want those local institutions to have skills. And they're not going to be able to get skill in this sort of, a strategy that is centered on the EGAT countries, or East African community countries' sending us people to build South Sudan.

At the end of the day, South Sudan would have to be built by South Sudanese. Yes.

MR. KIMENYI: Thank you very much.

I happen to have been asked to review that capacity-building program. They have a lot of Kenyans there. It's a mentoring program. You know, "We are very good civil servants, so we want to teach you a little bit about that." (Laughs.) I enjoyed doing that, and we thought that you have to train the South Sudanese, by the way.

Now, Ambassador. Again, trying to be quite brief -- we know China is a main stakeholder, one of the main stakeholders in South Sudan, and even engaging the parties.

What's your position, U.S.-China? And is China behaving? Well, and we have some good friends from China here, so -- (laughter).

AMBASSADOR LYMAN: No, starting with the President and the Secretary of State, with their counterparts in China, we've been talking to China for some time about how we can work more closely together in Sudan. And I accompanied the Secretary on her visit to Beijing for the strategic and economic dialogue, where we had

several hours of discussion on Sudan. And I stay in very close touch with my counterpart there, Envoy for Sudan, Ambassador Zhong.

And the Chinese have played a more proactive role since the crisis in the oil sector. Their companies have a huge investment there. And they've worked hard to try and overcome that problem, and address it, and bring the two parties together.

They're important. They're not, alone, the answer to the problem. I think it was Peter, or you said, John, that the two countries are going to have to resolve this. And even the Chinese are not going to be able to do it.

I think where the Chinese have been reluctant to engage heavily are on some of the internal political issues, like the ones that John Prendergast mentioned -- Southern Kordofan and Blue Nile. But without resolution of that kind of conflict, it's hard to see the two coming together and working out things like borders, and oil, et cetera. And while the Chinese are in favor of that being peaceful, they're not as active -- partly, that's not their strategy in the way they work in Africa. But we have worked together.

Where the Chinese have become very helpful is in the Security Council. And I mentioned that the unanimous Resolution 2046, it's called, endorsing the AU communique, the tough issue there was a reference to Article 41, which is a reference to sanctions. Now, the Russians and Chinese don't like sanctions. And, in this case, it was considered very important to back up the AU road map by at least having that in there. And the fact that the Chinese went along with it, with the Russians, making it unanimous was very important.

So we are working close together, work in somewhat different ways, but they're playing an important role. But we can't exaggerate, to think that they, alone, will solve this problem.

MR. KIMENYI: Thank you very much.

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Ali, back to the Republic of Sudan and the current crisis -- we can call it a crisis, because it's not receding -- removal of oil subsidies, and the protests.

What do you see happening next? And the impact on livelihoods, and also to bring the gender dimension now on the north?

MS. ALI: Right. Well, do we have until nine o'clock? (Laughter.)

Yes, I think, you know, I don't know about the "crisis." Some of the activists have been calling it the "Sudanese Sandstorm," al khatafa Sudaniya. They say that we do not have a spring in Sudan, we do not get a spring season, so they're calling it the sandstorms. Any one of you who has been to Khartoum during a sandstorm would understand what they really mean -- or other parts of Sudan.

I think that these protests, as you said, are the direct result -- they were triggered by the austerity measures that were imposed by the government because of the oil crisis, and the economic crisis in general. And, you know, students from different universities across Sudan, as well as just ordinary men and women from different neighborhoods in Khartoum, and different parts of Sudan, have been, you know, taking to the streets, day and night, in the past, you know, couple of weeks.

And I think that these protests reflect, actually, deeper and broader discontent with the current situation in Sudan. And so some of the groups that have been leading these protests, such the Grifna group, for example, and some of the women's groups even, like No to Women's Oppression, have been, you know, explicitly, you know, engaged in activities that call for the change of the regime -- since 2010, in the case of Grifna, which is a youth group.

And amongst the women's organizations, No to Women's Oppression, for example, they have recently organized the protests in Omdurman, whereby women held their empty pots and started banging them. But they have also organized numerous

protests in the past to, you know, contest laws that discriminate against women -- the public order regime that actually contributes to government violence against women. They have protested the bombing of the people in the Blue Nile and Southern Kordofan, and have called for access to food for people who are affected by conflict in these areas.

And so, you know, although they may be seen as, you know, just a direct result to the imposition of austerity measures, they also reflect wider discontent among the Sudanese population.

And, by the way, tomorrow, and on Saturday, there are going to be various protests organized around the world by Sudanese, and friends of Sudan, to support these protests. And those include protests here in D.C. Those of you who are interested, I will be happy to provide information about that.

MR. KIMENYI: Okay. No comment. (Laughter.) Thank you very much.

John, maybe -- again, briefly -- what do you see as the long-term solutions for these long outstanding issues? What should be done? And, of course, the Ambassador is listening.

MR. PRENDERGAST: Well, I'm genetically incapable of stopping after one minute, so just cut off the microphone whenever you're ready.

With the failure of the CPA, this Comprehensive Peace Agreement, to deliver a number of the central points for broader peace -- failure to deliver democracy, failure to deliver some semblance of a political process for the people of Blue Nile and South Kordofan, failure to deliver the resolution of the very major issues that continue to divide Sudan and South Sudan -- I think we're seeing, perhaps controversially, the beginning of the end, the failure of the model of negotiated peace as the international community's primary means of dealing with Sudan. The faster we acknowledge that, potentially the more we can move forward with a more constructive way.

Now, in the meantime, should we continue this peace process? This North-South process that the African Union is leading?

Sure. Desperation can drive compromise. If, indeed, we see the economic implosions in both places accelerate, it could potentially create conditions for some measure of forward movement at the talks.

But there isn't even a process in place for the civil war in North Sudan. I mean, I don't know of many situations that have gone on as long as the Sudan war has gone on without any form of mediation. I mean, they're just fighting, and there is no process to deal with it.

So, as Ambassador Lyman said, it's hard to imagine very deep progress on the North-South stuff, while there's this war going on in the North, right on the border, where there's all kinds of cross-border stuff happening.

Every day, it seems to me, President Bashir is looking more and more like Mubarak and Qaddafi. Maybe he's the latest dictator whose time is up in the Middle East/North Africa region.

So I think, to finally answer the question -- so now my minute starts -- (laughter) -- the U.S. and other countries that care about the future of the people of Sudan and South Sudan should be as nimble and opportunistic as they possibly can be in this period going forward. And I would suggest, with the left hand to, yes, continue as vigorously as Princeton has engaged in support of the peace process that the African Union is leading, that President Mbeki is leading -- and doing everything we possibly can to get something started for the internal conflict in the North.

But with the right hand, we need to start supporting, quietly, internationally, supporting civil society opposition, and others, throughout Sudan who are aspiring for a real democratic transition. I think we need to take that stand, at some point,



with the people who are seeking change, just like we eventually did in Egypt and in Tunisia and in Libya. We don't need to do it as dramatically. I don't think there is any appetite, and no one in this room, and in the overflow room, or anyone on the twitter, would think we have any appetite for any kind of crazy military intervention.

But I do think standing on the side of the people is something that the United States ought to be doing -- much more directly and robustly than we have up until now, because of the limitations of the negotiations model.

MR. KIMENYI: Thank you very much. I thought I got you wrong somewhere, but "the failure of negotiated peace." Did you use those words?

MR. PRENDERGAST: I did.

MR. KIMENYI: Okay.

John -- very briefly, I don't want the Ambassador to leave.

Ultimately, we have to (inaudible), without increased improving livelihoods and, you know, economic growth, you know, we would still bring chaos.

What do you see, if you were to advise the government of South Sudan, about economic growth?

MR. MBAKU: Okay. The government of South Sudan, in its development plan, indicated that it was interested in promoting private enterprise as a way to develop the country.

Now, so, very similar to what a lot of African countries said when they got independent, the problem here is that in order for you to promote a private enterprise, you need to do two critical things. Number one, you have to secure the peace first, because you can't have enterprise without peace. So securing the peace, I would tell the government of South Sudan is the first issue.

The second issue is to provide essential infrastructure. And I'd divide infrastructure into two parts: you have physical infrastructure -- for example, farm-to-market roads. Farmers cannot take their crops to market if there are no roads. They cannot go, farmers cannot go to the urban areas to secure essential inputs if there are no roads. So you need to provide essential infrastructure, physical infrastructure.

But perhaps more important, you also need institutional infrastructure. For example, when people have conflicts, how do they resolve them? Do you have appropriate legal systems through which people can resolve conflicts peacefully without resorting to violent mobilization, like they're doing now in South Sudan?

In order for the government of South Sudan to do that, it cannot rely on foreign aid. It needs money of its own. And that's where the oil comes in. So the government has to have money so it can provide essential services that are needed by individuals who are engaging in private activities to generate wealth and income.

And unless the government can do that, it's going to be very difficult for South Sudan to promote economic growth.

Now, the final thing that I need to say here -- and this is just a sketch. If you need more information on this, I can provide it for you.

A side, but very important issue, is that of water. Water is very critical for economic growth, and especially in Africa, where water is becoming a big problem.

South Sudan needs to develop a comprehensive water policy that makes it possible for people in the country to get water for domestic use, and also for commercial purposes such as irrigation. But in the process of doing so, South Sudan must stand up and insist that its rights to the Nile River be recognized, because I don't think that is happening right now. And so it needs to claim its right to the waters of the

Nile, and make sure that it joins the Nile Basin Initiative so that it can do that very effectively.

Thank you.

MR. KIMENYI: Thank you very much. The Nile River itself is another day's conference. We have to have armed guards all over. But thank you very much.

Thank you very much, all of you, the panelists. I think this has been very informative.

We have just a few minutes of their allotted time, but we're going to go extra, but we know the Ambassador has another commitment.

So we have microphones going on. And don't forget the overflow, please. We'll make sure that we get some questions from there, or bring them.

So we've got the first question here -- yeah.

Please say your name. We know you, but say your name and institution -- and very brief, please.

MR. HARBESON: John Harbeson, from Johns Hopkins, SAIS.

Not much has been said about the regional perspective. I'm interested in the panel's thoughts about the Lamu project. I can't remember the acronym, but this. What do they think about that as a long-term objective?

MR. KIMENYI: I'll take three questions.

Another one? I have some questions coming in, also --

MR. ANDERSON: I'm Joe Anderson, from Capital Research.

A closely related question: What is happening now with respect to the construction of a pipeline through South Sudan, either through Ethiopia and Kenya? And what are the prospects for that? And, particularly, perhaps to Ambassador Lyman, what is the U.S. view toward how that should evolve?

MR. KIMENYI: A final question, the gentleman over there. I have two questions here that I want also to read.

MR. AKUKWE: Chinua Akukwe, George Washington University.

My question is to the Ambassador. What specific steps has the United States taken to make sure that South Sudan lives in peace with Sudan, the Republic of Sudan. And this question is very important, because in some of our writings, we had indicated that because of the military nature of the independence, and the domination of the political process by military veterans, that South Sudan was likely to have military issues with the North -- even if the North provokes them.

MR. KIMENYI: Let me ask two questions from our -- are they "twee-twees," or are they -- (laughter). Two twitter questions. I'll read them so that we can select.

This is from Tenna Ebin. "Do you believe austerity measures will continue for some time? In particular, with no (inaudible)."

And then, from Doug Brooks: "There are rumors from the private sector that South Sudan government corruption is out of control. Is this more dangerous to independence than conflict?" Huh. You choose.

Ambassador, you have several, but there is enough for everyone here.

AMBASSADOR LYMAN: I'll take two that were directed to me. And John, and others, can talk about the pipeline.

Our view on the question of South Sudan constructing a pipeline alternative -- I think it's perfectly for South Sudan to look at that as an alternative, particularly if they do not feel they have a trusting relationship with the regime in Khartoum. But it's a long-term one. It's not a substitute for getting through the next few years. It's four to six years, at best.

So our view is, yes, do it carefully, see if it's financeable, et cetera, and all the right ways of looking at it. But in the short term, given all the requirements, the needs, the social needs, the food needs, et cetera, of the people of South Sudan, try to get an agreement with Sudan to resume production there. If the reserves are large enough in South Sudan over time, it could support both pipelines.

But I think it's perfectly reasonable to look at alternatives, but not, then, to give up on negotiating with Khartoum.

MR. KIMENYI: John?

MR. MBAKU: The regional integration -- I believe that was one of the questions -- regional integration, I think it's a very important, should be a very important objective for South Sudan. And South Sudan is making an effort to join regional groups. And I think that this is critical, primarily because of trade and cultural interaction, which is essential for development, and also for the people of South Sudan to benefit from economies that have already done certain things right, have done some wrong. So, by becoming integrated in the East Africa region, South Sudan may be able to learn a lot of things from countries that have been able -- like Kenya, Uganda, and so on -- that have done several things right.

And, besides, there are a lot of other benefits that South Sudan can get from improving its relationship with the countries there. For one thing, there are cultural ties between South Sudan and a lot of groups that live in those other countries. So that is a very important issue. And I think they have already shown an interest in that, because I believe they've applied for membership in the East Africa Community.

But I think Sudan, Republic of Sudan, applied for membership and was rejected because it didn't meet the conditions. While South Sudan has applied, I think it

should also keep in mind that its relationship with the Republic of Sudan is also very important.

So, South Sudan needs to do a lot of things on its own to improve that relationship.

Now, regarding corruption, I just want to say a few things about that.

Corruption is a very big problem, not just for South Sudan, for virtually all countries in Africa. And I think that it is the one -- the one -- problem that actually causes a lot of problems. Not only does it divert resources from development, but it also forces people to have very little interest, or very little trust in their government.

And I think that, as a new government, South Sudan needs to tackle that problem right on, because if it allows the problem to continue, eventually the people are going to start distrusting the government, just like you see in a lot of other African countries where, if someone is caught for engaging in corruption, people actually start clapping -- not because they are happy that the person has been caught, but that the person has actually exploited the government, because they don't have any affinity for the government, since they regard the government as an alien institution.

And I think one way -- not to prolong my answer -- one way for South Sudan to make sure that the government is not seen as an alien institution is for the government to use this process of writing the new constitution, a new permanent constitution, make it people-driven, bottom-up, so that everybody in the country who is willing to, is allowed to engage in that process.

If the government goes in that direction, it would be able to allow people to understand, eventually, that the government is their own government, that they own the government. And that would take away that idea that government is an alien institution.

MR. KIMENYI: Thank you.

Do we have others remaining? Peter, do you want to say something? I want to get another round.

AMBASSADOR LYMAN: I'll come back to the questions, others that I was asked.

MR. KIMENYI: Okay.

MR. PRENDERGAST: WE could probably --

MR. AJAK: Also, that the Ambassador have more time --

MR. KIMENYI: Yeah, yeah.

MR. AJAK: -- and we can stay on later.

AMBASSADOR LYMAN: Well, there were a couple others, my friend there, and the question on Addis.

Look, there are people in both governments who feel that negotiating with the other is not the way out, and to take a hard line, and provoke military confrontation. President Kiir has exercised a great deal of restraint on those impulses. And on Khartoum, I think, for awhile we saw very much this the attitude of the government in the last few months, regarding Southern Kordofan and Blue Nile, et cetera.

There are countervailing forces in both places, the more pragmatists who are saying -- you know, going to back to what John has gone into -- why they shouldn't go back to war for a lot of good reasons.

So, I think that that danger is there, but I think that the leadership, particularly in the South, has restrained them. And in the North, there are countervailing influences, all of which we encourage.

On Addis, you know, those negotiations are slow, they're painstaking, but they're necessary. And I think what's happened in just this last week is it's been much more bilateral discussions, not so much mediation. And that, I think it's a good sign, when the two sides sit down, as they have been doing for two days, just themselves. There's maybe an opportunity, again, for pragmatic solutions to emerge.

Sorry.

MR. KIMENYI: Thanks.

Why don't I do this. Why don't I take three more before the Ambassador leaves. Then I'll start, and then we'll do another round.

Quickly -- the lady in the middle here, just behind you, Annie. And the lady in front, here. And the gentleman at the back.

SPEAKER: (inaudible), from Refugees International.

I would like to know -- maybe, Mr. Lyman -- what the U.S. government is doing to engage the Republic of South Sudan on citizenship issues, and registration of process of Southerners going to South Sudan?

MR. KIMENYI: That's good. That will hold him for awhile.

This lady here. And then the gentleman at the back.

MS. THOMPSON: I'm Kate Thompson from Deloitte.

And my question is with regard to the soldiers under arms, that are still on the payroll -- about 166,000 of them. And when the government of South Sudan runs out of funding, what impact is that likely to have on the current cleavages that exist in the South-South violence?

MR. KIMENYI: Yes. Okay.

SPEAKER: My name is (inaudible), I'm a South Sudanese blogger.



So my question is about the media and the nature of free press in South Sudan, and it might be answered better by Mr. Ajak.

So, what do you think of the relationship between the media and the government of South Sudan? And that should be in relations to a report that we have received that there have been some arrests made against the journalists, and also there have been some people that were harassed by the government of the South.

So what do you think is the relationship? And what (inaudible), especially given the fact that this is the government, they're surrounded by people that we can consider as (inaudible).

Thank you.

MR. KIMENYI: Thank you very much. Press freedom and democracy.

I'll start with the Ambassador again, and then --

AMBASSADOR LYMAN: On the citizenship question, you know, it has been a very important source of discussion and frustration at the same time. There are still several hundred thousand Southern Sudanese living in Sudan. There are a number of Sudanese living in South Sudan.

The parties came to an agreement in March to respect what are called the "four freedoms" -- that is, the right to work, the right to be credentialed, etcetera, and not to be harassed, et cetera. Unfortunately, those agreements did not go to the presidential level and be signed, as people had thought.

And what we have urged is that Khartoum take no drastic action against the people there, and they haven't, basically. A lot of people, of course, are moving.

But what we have urged South Sudan -- and they've begun to do it, and it's taken a long time to get started -- is to provide documentation to the South Sudanese in Sudan, because otherwise they're stateless. And one of the major principles that one

follows in these situations is that nobody should be stateless. And South Sudan has begun to increasingly do that.

But the future for people in South Sudan and Sudan is always going to be a little precarious until the government is much clearer on how you get work, how you can register for work, get what we would call a green card, et cetera. It's been very unclear.

In South Sudan, there was an unfortunate announcement that they were going to not allow anybody who wasn't a South Sudanese work in various capacities -- private and public sector. I think there's been a push-back to that.

MR. KIMENYI: Thank you.

Let me come to Ali for comments. And then I'll come to John, then Ajak.

MS. ALI: There was a question earlier about austerity measures, and whether, you know, they would continue in Sudan, and maybe South Sudan, as well.

I think, especially in Sudan, I don't foresee any way that the government could lift, actually, these austerity measures. So inflation will continue to be the rocket. And I think that prices will also continue to increase -- which means that discontent will continue in Sudan. Because there is no other option at present for the government, as far as I can see, with oil crisis and the military spending, as well.

And so one of the issues to take into account -- which I should have mentioned earlier -- is the clamp-down on protesters by the government, and also the fact that there are people who have been arrested even before the eruption of violence recently. And this is something that the international community, and especially the U.S. needs to take into account.

Again, that also relates to the issue of the freedom of, you know, the press and media, and so on. It is an issue in Sudan, I know that, but it is also a greater

issue in South Sudan -- sorry, it's an issue in South Sudan, but it's a greater issue and concern in Sudan.

MR. KIMENYI: Thank you.

John?

MR. PRENDERGAST: I'll go for the pipeline and corruption, for 200 (laughter).

On the pipeline issue, I think everybody knows the South Sudanese government has tried, with a bunch of suitors -- companies and countries -- to try to get a deal which, basically, ultimately, would be a trade. They would get budget support while they sort of hold the line against making a deal to use the existing pipeline going to Port Sudan. They would get budget support for the next few years, in exchange for -- they would have to then, five, six, seven years from now, whenever the pipeline that they could build to either Kenya or Djibouti would be completed. They would then have to pay a significant amount of their future oil earnings to either the companies or the countries.

So I think they've struck out with most of the suitors and, finally, they've got one where they think they have a deal. So it's in the works now. We'll see if it happens. The terms are roughly as stated, you know, in terms of the budget support in exchange for steeply, steeply discounted future oil production, and the question of whether to build it to Djibouti or Lamu remains one that is being still deliberated. But there's at least MOUs signed, and stuff like that. It doesn't mean it's done, but it's moving forward.

That would change the game quite significantly, by the way, between Sudan and South Sudan at the negotiating table, because, you know, I mean, everybody can figure that one out on their own.

The corruption issue, whether it's a dangerous thing, I think everyone knows it's severe. It's extremely bad. I think we're talking about, you know, major lump-sum corruption where, you know, accounts, huge accounts, have been diverted by individuals. And I think it's fueled, of course, by all the oil money, and just unprecedented immediate flowing into the treasury of all this hundreds of millions of dollars a month, starting in 2005. And a lot of it just disappeared.

So the president, President Kiir, is trying to fight back on this -- I think. They're working with neighboring countries now. They've identified a number of bank accounts, a number of assets -- where there houses, huge houses, and cars that have been purchased by people who have stolen. But they're first trying to let people voluntarily give back. That was the letter that everyone has seen, saying, look, you know, we know it's out there. They didn't say you're guilty or not guilty if you got a letter, but everybody who's been a minister, former or current, got a letter, and it basically said, "You've got your change to give some back." And everyone now who's in government has to sign this asset disclosure thing. And so, slowly, those things are trickling in.

But I think if they don't get much out of that, I think they'll start going after some of these assets. And, you know, there's been a lot of consultations between the South Sudanese government and other governments in the region, where a lot of these assets have been stored and stashed.

But let's be very clear, this could spark a coup. You know, you're going after people who have very significant interests, and who are very powerful. And, you know, depending on the links to the army, which is a complete unknown from this perspective -- I just don't know on some of these questions.

But, you know, allowing corruption, whether your complicit in it or not -- you could go around the region, by the way, and see this in the way Museveni has ruled

the country for whatever, quarter century, Hamalis, and others. You allow corruption, in a sense, whether you're personally corrupt or not -- you allow corruption as a conflict-management tool, equal opportunity. People take, take, take, they feel satisfied, and they're not aiming for, gunning for the statehouse, because their interests are addressed, off the books.

And so, you start putting everything on the books, and that conflict-management tool is taken away. Not to justify corruption, but to understand it -- you're going to produce instability.

MR. KIMENYI: Thank you.

Ambassador, I know we had a contract with you. So we will allow you -- but you need to be unwired.

AMBASSADOR LYMAN: I apologize for having to go. But thank you very much.

MR. KIMENYI: Thank you very much. (Applause.)

We will continue for a few minutes. I would like to finish these questions here, and those who can stay.

Peter?

MR. AJAK: Let me start with the media question.

In the case of South Sudan, as mentioned by Nada, the relation between government and media is extremely challenging. And it's challenging in a number of ways -- not from the perspective of intention, that the government actually intends not to hide things from the media, but it really comes from the lack of capacity, and understanding about the limit of government in regulating media, or in managing this relationship with the media.

So this is essentially the main problem. Like you hear a lot of cases of journalists' being arrested, and it's usually proper procedures are never really followed. It's usually some officer that is just acting without informing their superiors. So it's an issue of capacity in the government itself, not that it is intentioned from the higher level of the government to cover things up. Because in South Sudan, a lot of the issues that have been discussed here are being discussed very freely. People are voicing their opinions. People are disagreeing, even within the ruling elites, people are disagreeing quite openly.

So the issue there is a lack of capacity on the side of law enforcement lower officials of the government.

On the issue of the payroll, this is a very complicated issue, and no one is really sure how this thing will play out. And, as you know, since the SPLA signed the peace agreement with Khartoum, the size of the army sort of tripled. And it tripled, not because of recruitment, but because of reintegration. Because the CPA said that all the militias had to either choose sides, either join the Sudan Armed Forces, or join the SPLA. And to join the SPLA, of course, you have to integrate them in.

And during the war, there was a lot of factions along ethnic lines, and people felt that some ethnic groups were not being properly represented in the army. So the strategy was to expand the army, make sure that all the ethnic communities were included in the army, all the militia groups were included in the army. Now, this led to this huge expansion of the military.

Now, if these loans that they're trying to work out do not materialize, there's a huge question mark on what will happen. Normally, and from the regular SPLA forces, the one that actually liberated the country, they fought for over 20 years without

being paid. And these are some of the most understanding South Sudanese that you could imagine.

My view is that if South Sudan gets into these financial difficulties, the first group that will cause the problem would not be the army. It would be the elite civil servants, in Juba, that are dependent on this cash economy, that are dependent on their wages for their survival, that will cause the problem. But it will not be the army. Because there have been cases in which the salaries of the army have been late for three, four, five months, and they have largely remained neutral.

On the issue of corruption -- and I think we really need to understand this issue from the South Sudanese perspective -- yes, a lot of people are outraged, especially when the letter came out. But what we began to learn was that the letter itself did not follow proper procedures. There was never a seal of the government on the letter. The letter was never really delivered through the official delivery of the government. So there was a huge question-mark about what happened.

And then -- you see this when the president went to the parliament, and a lot of the language, from where you see from the letter, and what the president actually said in the parliament is quite different. And what you read from all of this is there is a certain element of confusion. Maybe the strategy was not properly worked out on how to address this issue of corruption before it got to the media.

And this makes it even more complicated at this point, because the way the process in which this thing happened -- these 75 people that received the letters, some of them have never even worked for the government in the first place. And they received this letter. Some people that are suspected of having engaged in corruption did not receive any letter. So it's really a serious issue, and may even be undermining the ability of the leadership to hold things together.

But to understand this -- as I mentioned earlier, you move from 2004, when the budget is 150,000, to 2005, when the budget is 2 billion. And when the budget is 2 billion, there is no understanding of the payroll. So all the number of people that you have to pay, there was no payroll. So the money was transported by boxes to different groups. And there is usually some groups, there will be shortages. Some people would not actually receive any money. But some groups, it could be only 50 people, and you receive 50 boxes of money, and then there's never really a process in which you find out who got the money and who did not get the money.

And the only way now we are realizing this is when we look at the accounts of South Sudanese in foreign countries. Because in terms of the actual cash being taken out, that was the only time -- and this was 2006. And it is unfortunate that Ambassador Lyman left, but actually, our government was trying to delay the payment until the payroll was worked out. But because this was causing a lot of instability, and people were worried about what would happen with the army, the decision was made that pay the people, regardless of whatever we know and whatever we do not know. But this is what has turned out.

In terms of the other corruption, there are three areas of corruption in South Sudan. There's the contracts from the government. This is where the kickbacks and whatnot -- usually, in almost every country this thing happens. It's one area.

There's the issue of taxation, in which taxation is collected and never reach the government coffers.

And then the issue of land. And it relates to the constitution, and how, in the constitution, the land is supposed to be owned by the people, and by the communities. And certain tribal groups that live in high, prime sort of land sell it out to



their own members, who then sell it out to other people. So this is sort of the process in which thing is happening.

And all of it is really linked to the issue of weak institutions. And it links also to the infancy of South Sudan as a state. So, I think there needs to be more understanding.

I also see the perspective from Juba, in which, yes, people are outraged, and they are wondering. But then you also look and say, okay, we got our independence last year. But then if you ask how much of South Sudanese money were stolen by North Sudanese? -- a lot of billions. How much were stolen by the British? A lot of billions. The Turks, the Egyptians. Everybody had their share of it.

So now there is this question of 4 billion that got lost in the last six years. And people are saying, okay, maybe what we need is a way in which we can move forward.

The issue, really, here is not about the money being returned, but how do you lay a foundation for good governance, in which you have accountability and transparency as pillars of the system.

And this links directly to the austerity budget we are talking about, and to the oil shutdown. Because Gulf had so much money that they have never imagined what do with in the first place. And, remember, when the government was formed, it was formed under a very difficult circumstances. John Garang has just died, and he was basically the brain behind the SPLA movement. And people have to wonder about how to hold things together. And the way you hold things together, you form a allies, coalition, in which this sort of -- what John was talking about earlier, how do you manage this sort of conflict, and different interests within the group? And it was a sacrifice that was made.

The other side, too. You see when the militias were integrated, some militias were basically integrated, and agreement was made to pay them off. It was a deal to pay them off so that they do not cause conflict. And it was a sacrifice in moving toward nationhood.

And I think, when we look back on this, what South Sudanese are feeling in the country now is: "Let's find a way in which we can move forward. Let's find a way in which we lay these institutions." It's good that the oil is shut down, so it gives us two or three years in which we can think about what sort of institution we lay on the ground before we turn it back on.

And I think this is the way it's probably going to work.

MR. KIMENYI: We have just a minute, then we conclude.

John, would you summarize? Do you have anything? Anything to add?

MR. MBAKU: Well, the only thing I would add to that is about transporting money with buses, and -- (laughter).

And what he says, basically, I had mentioned it earlier -- I mean, the fact that it's very difficult to go from a freedom movement into a political structure that allows you to begin to provide the policies and institutions that are needed for development.

A lot of African countries had the same problem, in that they were fighting for independence, and then suddenly you have independence, and you don't have the institutions.

But one thing that needs to be -- I don't want to contradict what Peter has said, but one thing that's really critical is that it is important for South Sudan not to make the same mistakes that other African countries made by ignoring problems that occur in the government, when someone is in the position of authority and does something wrong.

It is true that South Sudan needs to move forward and establish institutions that will allow them not to be able, I mean allow the country not to be able to engage in the same activities that happened before. But it is also critical for them to try to find out what happened, because you cannot learn without knowing what happened. I think it's important for them to find out what happened with the money. And if it's possible, bring people to accountability, regardless of who the people are, or regardless of what the consequences might be.

It is true that you have to be careful, that it is possible, if you -- as John said -- they may end up with a military coup of some sort. But, that said, it is really critical for them to try to figure out what happened, and try to bring those people to accountability, even if they don't succeed in doing that.

Because just the process alone would allow the ordinary people to understand that the government is acting responsibly, and is acting in their behalf.

Thank you.

MR. KIMENYI: Thank you very much.

I think I will bring this to a close. I did think this is very rich. We can continue, as John said, up to nine o'clock, but we won't.

But we are very interested in actually following up on South Sudan. Our plan from now is to take particular issues and really analyze them in detail, and we have started that process. We really had hoped that -- you know, this is a country that's been born, you know, a bad divorce, so to say. But we thought that it's a country that was going to learn a lot from Africa. I mean, Africa has made all the mistakes that can ever be made. I mean, really, I don't think you need to go anywhere to learn what not to do, and what to do.

But, yet, we see that there may be mistakes that are being made, but we hope that these things will be corrected somehow, and we move on with a country that will actually be a progressive state.

So, thank you very much. I really appreciate -- and the Ambassador, who has left, we appreciate his comments, and the audience, for being very patient. And I'm sorry we couldn't take all the comments. But we hope that it's been as beneficial to you as it has been to us.

So, thank you very much. (Applause.)

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