On the State of Business: Trade, Entrepreneurship and Real Economic Governance In South Sudan

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I dedicate this dissertation to Rob.

Anthropologist, Policymaker, Stepfather.

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Preface

Juba, Thursday 28 January 2010

The prefabricated hotel containers draw long shadows against the late afternoon sun when I arrive at the entrance of the Nimule Logistics resort. I sign my name into the visitor's book and head to the restaurant area where I find a handful of people sitting at tables scattered under a large thatched roof. I hope one of these people is Tong; we spoke on the phone just a few hours earlier when I called the number that was given to me by the Dutch liaison officer in Juba. 'Here', she said when she pressed a small note with two names and phone numbers into my hand, 'These are both South Sudanese returnees from Holland that are doing business in Juba, I think.' Tong Akot, the note said. And sure enough, one of the men sitting behind a table in the corner of the dining area stands up and heads in my direction. 'Jij bent vast Rens! [You must be Rens][1]', he says with a convivial smile. We sit down and he starts telling me about his recent return to South Sudan from Khartoum and before that from the Netherlands. He tells me about the plans he had and the difficulties he faced when he first returned to Khartoum from the Netherlands through a programme run by the International Organization for Migration (IOM) to repatriate 'qualified nationals'. Then he tells me about his return to southern Sudan after living in the Netherlands for almost 16 years. What strikes me is that underneath the dominantly positive and even proud overtone in his narrative, I detect a somewhat forlorn undertone. His stories attest to great ambition and his innovative spirit is remarkable, so I cannot quite grasp why his projects seem to keep failing. I distil from what he tells me that he vests a lot of trust in the close friends and relatives that he relies on for his business plans, which often seems to turn out badly. 'Money, agreements, contracts, these things work differently here. It's hard to find someone who will keep their word, but working alone is also not an option', he says. 'Doing business here is hard. It's a closed system, and working your way in is not easy . . . In the Netherlands the system is open for anyone to do business, but not here . . . maybe that's the price we pay for this peace, I do not know'.

Juba, Thursday 29 August 2013

There is at least a 20°C temperature drop coming from the hot dry air into Tong's heavily air-conditioned car outside my hotel in Juba. Tong has kindly offered to drop me off at the airport where I'm scheduled to catch the evening flight to Nairobi and then straight to Amsterdam. The past week has been hectic, but fortunately I have been able to spend quite some time with Tong. His inclination to help with just about anything is unwavering, whether this concerns finding the best black market rate for selling US$ or arranging a ride across the river to the Gumbo side of the Nile where Tong 'reserved' the three live sheep that I required for making my intentions known to my fiancée's mother. As we drive towards the airport we talk about the recent political developments and how this has affected business. Just over a year and a half ago, when Africa's 54th state was barely six months old,

[1] Some of these quotes were in Dutch but will be presented in English from here onwards

its political leadership decided it was no longer willing to negotiate with its arch-nemesis Khartoum over oil pipeline transit fees. In a radical move that surprised almost everyone, the South decided to shut down oil extraction altogether, effectively cutting off 98% of its income. When this happened in early 2012, Tong and his cousins were mostly in the business of supplying different government agencies with food and goods from Uganda. Yet when the oil money ran out they were forced to look for other clients and expand into other sectors. By the end of the year 2012 when I had to leave Juba to start with the write-up phase of the PhD, the austerity measures were taking their toll as the new country's gross domestic product (GDP) growth rate had allegedly contracted by as much as -47.6%[2]. When I left, business was tough for Tong and his cousins, but now, just eight months later, things seem to be improving for them. He speaks with an enthusiasm that is devoid of forlorn undertones. He tells me about how oil production has resumed and how their business has started expanding into the financial service sector, into construction and into providing local facilitation services for adventure tourism. 'I think we came out of this situation stronger than before' he says, 'Now that some of the [oil] money is back and we have all this other business, we are in a better position'. I ask him 'Aren't you afraid it will just be temporary?' I'm referring to the recent political development: the President sacked the entire cabinet and fired the Vice-president. From my sudantribune.com perspective, the growing discontent within the ruling party sounds worrisome. But I must admit that judging by all the new businesses, offices and hotels that have mushroomed over the last eight months, I get the impression that Juba business folks do not share my concern. Tong parks the car in the parking lot outside the airport and turns off the engine. He leans back in his seat and says 'I hope it won't be temporary. Things need to change man. And they can.' As I walk towards the chaos of Juba International Airport's check-in counters, I think back to Tong's comment about 'open' and 'closed' systems for business and how the system in Juba seems to have opened up somewhat for him and quite a few others like him. The endemic lull in business fervour that was so apparent when I left eight months ago has given way to an almost palpable renewed enthusiasm among many of the business owners that I followed here since 2010.

Rotterdam, Tuesday 4 March 2014

Six months later, as the final text of this thesis is starting to take form, many things have changed that can unfortunately feature only marginally in the various chapters. On December 15th 2013, the growing tensions within the ruling party and between different rival factions in South Sudan escalated into a crisis that cost the lives of thousands and displaced more than 800,000 people from their homes to date. I am privileged to have spent more than two years between 2010 and 2013 collecting data in South(ern) Sudan, and the subsequent analyses and reflections presented in this thesis were developed for the most part before December 2013. Nevertheless, I feel obliged to note that these recent events have had a profound impact on me personally as well as on the lives of the people whose willingness

[2] See: http://www.worldbank.org/en/country/southsudan

to share with me what they do, how they do it and why they do it has been essential for this research endeavour. I recall a quote from Tong, posted on a YouTube channel by a Belgian documentary maker in mid-January 2014 when the political violence peaked ‘In 2009 and 2010 things were going well; it was wonderful to work here. Now, with all that is happening, we do not know how long it will take but we hope it stops, because I really do not want to flee again . . . I’m staying, life goes on, life revolves.’ A few weeks later I spoke to Tong on the phone. ‘Business goes on, we did not close our shop for one day . . . But things have changed, there is no trust anymore. People do not come to meetings or do not dare to pick up the phone . . . We are now supplying the government with food, but there is no business to do with technology. None at all.’ Linking these three moments together and reflecting on Tong’s strategies and ambitions to make it as a businessman in Juba, it dawns on me how non-linear and cyclical the socio-political dynamics are that underpin business and the state, and the relationships between the two.

– CHAPTER ONE –

Introduction

This thesis provides an insight into the everyday realities of economic life and regulation in the Republic of South Sudan for the period between 2010 and 2013, encompassing its independence from the Sudan in July 2011 and the period of economic austerity following the January 2012 oil shutdown . By looking at negotiation patterns between individuals and groups of traders, entrepreneurs, tax collectors and procurement officers from the local to the national level, this thesis explores how people within the state and people interacting with the state make sense of, contest and enact the state in this region that now comprises the world's 193rd ,and therefore the youngest, internationally recognised independent country.

This introductory chapter begins by providing a very brief exploration of the context within which the research takes place. First, the scope of the research will be delineated followed by an introductory section that outlines a number of contemporary features about the relationship between business and the state in the Republic of South Sudan. Four overarching themes will be identified on which the four corresponding key chapters are based. The next section focuses on the central research objective, questions and working definitions, followed by a segment that outlines the research design and methodology. Finally, this introductory chapter presents an integrated overview of the analytical concepts that are applied in the four subsequent chapters.

I. Scope

The scope of this thesis is situated within the International Cooperation Academy (in Dutch, I.S. Academie) on Human Security in Fragile States. The I.S. Academy is a thematic collaborative research initiative between the Special Chair for Humanitarian Aid and Reconstruction[3] at the Wageningen University in the Netherlands, the Directorate for Stabilisation and Humanitarian Affairs (DSH[4]) within the Dutch Ministry of Foreign Affairs and a number of other Dutch non-governmental organisations and research institutes. Its general aim is to '[...] better understand the processes of socio-economic recovery and the roles of formal and informal institutions in conditions of state fragility' (Christoplos and Hilhorst 2009) by conducting research and facilitating knowledge-driven exchange between the domains of academia, policy and practice.

One of the core components of the research conducted within the I.S. Academy is the interactive and often informal consultation amongst a wide range of policymakers, practitioners and academics that has guided the research agenda and modalities for knowledge uptake during and after data collection. Examples of this include research internships, short-term research projects, seminars and co-creation workshops as well as communicating preliminary research findings through 'research briefs'. This approach has been instrumental in addressing some of the problems commonly associated with the uptake of qualitative exploratory research in the policy and practice domains[5].

The focus on 'fragile states' was initially predicated on a general awareness by all three domains that fragility is difficult to define, yet requires special attention. For the academic community, places like Somalia, Eastern DRC, Afghanistan, and Sudan challenge conventional models and notions about the political processes that underpin the emergence of state institutions. The fragility, or hybridity of state order in these places challenges the Westphalian[6] model that underpins much of our thinking about state building. The ambiguities relating to blurred distinctions between normality and crisis, formal and informal, public and private, and legal and illegal have spurred the need for alternative conceptualisations of state order in such places. Some of the alternatives that this thesis will draw on include the literature on hybrid – or real – governance (Boege, *et al*. 2009; Meagher 2012; Hagmann and Péclard 2010; Menkhaus 2008), institutional multiplicity (Crisis States Research Centre 2006; Di John 2011a), practical norms (Olivier De Sardan 2008), and political settlements (Di John and Putzel 2009; Khan 2010). For policymakers and practitioners from the development and humanitarian communities, fragility posed a real challenge as 'development as usual' approaches were increasingly proving to be ineffective and in some respects generating adverse effects (Castillo 2008; Chandler 2006; Duffield 2007; Kaplan 2008). As such, the scope of the I.S. Academy's work is not so

[3] Formerly known as 'Disaster Studies'
[4] Formerly known as the Peacebuilding and Stabilization Unit (EFV)
[5] For more information, please review the research brief 'Enhancing Learning in the I.S. Academies' by Patricia van Delft and Dorothea Hilhorst, available for download at http://isacademyhsfs.org
[6]Westphalian sovereignty refers to the concept of the sovereignty of nation-states on their territory, commonly understood as having begun at the Peace of Westphalia in 1648

much concerned with defining fragile statehood as it is with understanding the complexities that underlie the nature of institutions and socio-economic processes in these places labelled as ‘fragile’.

Secondly, the research of the I.S. Academy and the research conducted for this thesis in particular are both theoretically and methodologically geared towards studying socio-economic practices as multi-sited, rather than fixed in one particular locale or construed as either micro- or macro-level phenomena. The practical motivation for this is to be able to link bottom-up research on community-level practices with analysis of national and transnational trends and policies (Christoplos and Hilhorst 2009, 46). More broadly, however, this multi-sited proclivity comprises an important interface between state and non-state economic actors where space for manoeuvre and negotiation exists and can be studied using the ethnographic qualitative methods of preference for this study. Typically, such an interface would encompass the space within which trade networks, business associations, unions, guilds or cooperatives relate to interface or street-level bureaucracies at the national, sub-national or local levels of government. As will become apparent throughout the following chapters, the research conducted for this thesis pertained largely to interaction mechanisms between segments, groups and networks of state and non-state actors in relation to taxation, procurement and other forms of business regulation, from the national to the local.

Thirdly, as can be deduced from the interactive setup of the I.S. Academy, the research is also situated within the trends of studying interventions in contexts of fragility. The academic findings derived from the research do not necessarily need to translate directly into policy recommendations, but the fragile states policy interventions are an important object of study within these environments. International involvement has been pervasive in South Sudan, from brokering the 2005 comprehensive peace agreement (CPA) to the exploration of the region’s crude oil. The myriad humanitarian and development agencies now active in South Sudan have left very few bomas[7] untouched by their projects. Meanwhile, donor organisations like the World Bank and the United Nations are intricately involved with South Sudan’s technical, state and capacity building exercise. Consequently, interventions are intricately entwined with the region’s social and political fabric. The research conducted for this thesis has specifically focussed on different modalities of Private Sector Development (PSD) interventions, both in the way they have (or have not) impacted state reforms in the domains of taxation and business regulation, and in the way they have (or have not) provided direct support to the local private sector.

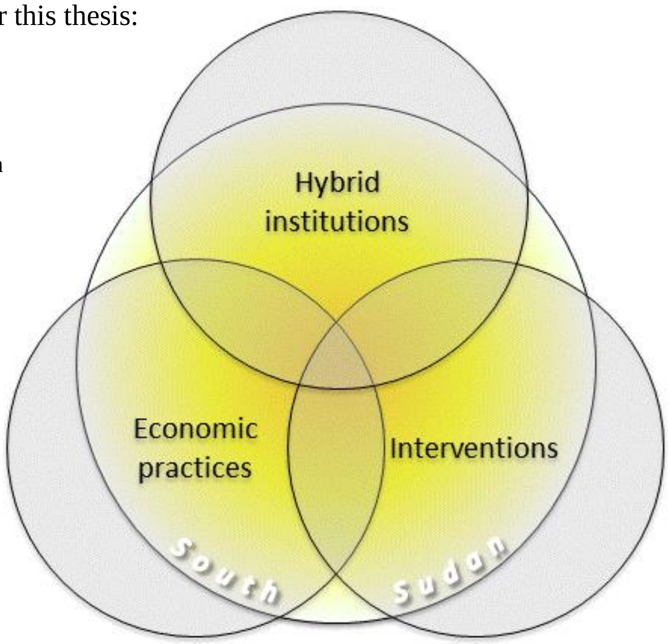
Finally, as has become clear, the product of the research is part of an emerging body of literature about the new Republic of South Sudan, formerly the semi-autonomous region of southern Sudan. As the world’s youngest sovereign state, which at the time of writing was engulfed in a contentious and bloody power struggle between rival elites within the ruling Sudan People’s Liberation Movement (SPLM) and its military wing, the Sudan People’s Liberation Army (SPLA),

[7] The lowest ‘village’ level of administration in South Sudan, followed by the *Payam* (or Municipal) level, the County level, the State level and the National level of government.

incidentally also the country's national defence force South Sudan faces draconian social, economic and political challenges. According to a 2012 estimate by the International Monetary Fund (IMF), South Sudan is endowed with the world's second highest projected compounded annual growth rate (CAGR) from 2013 through 2017 estimated at +19.85%[8], although it simultaneously scored fourth place on the 2013 Failed States Index (FSI[9]), only rivalled by Somalia (1), the Democratic Republic of Congo (2) and its northern neighbour Sudan (3). Plagued by a legacy of violent conflict, barely functioning formal state institutions and a complete dependency on economic rents from donor funds and crude oil extraction by foreign firms, South Sudan did not exactly acquire its independence with a clean slate. Its government, comprised, for the most part, what the international community considered a non-state guerrilla insurgency movement until less than a decade ago, faces widespread allegations of endemic corruption and is often regarded by donors, development experts and the international media as displaying 'low or very low capacity throughout the public financial management system' (Redmond 2011, 12). This thesis is part of a growing body of critical literature that tries to look beyond the problematically normative and conceptually barren notion of 'corruption' (Titeca 2012; Raeymaekers 2007). Analogous to the work of Polanyi in the 1950s, this thesis will try to describe economic life at the aforementioned interfaces in South Sudan as institutionally embedded outcomes of a social and political struggle (Polanyi 1957, 71) which – as will become apparent in the following chapters – has proven to be a much more fruitful exercise than working with questionable statistics and prefabricated ideas about 'good fiscal governance'.

Thus, considering the three different aspects of the research's scope presented above, and the geographical focus being South Sudan, the following diagram visualises and summarises the scope of the research conducted for this thesis:

Figure 1: Scope of the Research



[8] Taken from the IMF's 2012 World Economic Outlook (http://www.imf.org/external/pubs/ft/weo/2012/02/index.htm)
[9] See: http://ffp.statesindex.org/rankings

The research conducted for this thesis is situated at the centre of the scope outlined in the text and the figure presented above. More precisely, the central objective of this research endeavour has been **to better understand the modalities of 'real' economic governance in South(ern) Sudan by studying how business practices and economic regulation are shaped by socio-political relationships.** The following section will explain the various components of this overarching research objective and how these components have informed the research design and the four central chapters of the thesis.

II. Central Themes

This thesis is composed of six chapters, including an introductory and concluding chapter. Each of the four core chapters examines a specific theme using a specific research question that emanates from the research objective. This section introduces the four different themes that the research has focussed on by recalling one exemplary event that relates to all four. By 'unpacking' this seemingly mundane event, this section aims to provide the contours of the subject matter of the consecutive chapters. The four corresponding research questions will be introduced in the section after this.

2.1 Norms and Rules Between

Tuesday, March 8th, 2011

I'm on a cross-border trip with a group of five Acholi traders from Magwi on our way back from Gulu in northern Uganda. After crossing the Ugandan border, we reach the South Sudanese border post of Nimule where I see Onyango's[10] cousin again who works as a County tax collector at the border. They speak for only about a minute. Onyango hands his cousin some money and the lorry is already in motion. I jump on, slightly confused. We drive up towards the hills on the outskirts of Nimule and park the lorry there, after which we walk back to town for a heavy breakfast. Onyango explains: 'My cousin works for the County collection's office, he just charges us the minimum of 185 SDG[11] altogether. He [my cousin] informed me that the [Eastern Equatoria] State Revenue Authority guys were not at their table, maybe having tea, so we proceeded quickly. We parked outside town so they would not see us and ask for the receipt; this way we avoid paying maybe 600 SDG more to the State'.

The drive from Nimule onwards is smooth. We pass groups of Turkish construction workers busy with surveying the recently levelled road to be 'tarmacked' and continue northwards until we reach the Pageri Payam traffic police checkpoint. The County police officials signal us to park the lorry and enter the office. We enter a stuffy dark office where we find a local police commander sitting behind a desk with only three items on it: a calculator, a receipt book and a miniature flag of the Republic of South Sudan. The police commander starts speaking rapidly in what sounds like a mix between colloquial Arabic and Acholi and punching digits into his calculator. He claims that without a receipt for paying State Revenue taxes at the border, we have to pay these taxes here. As one of the other traders replies in

[10] The Acholi trader who invited me on this trip and whose name has been anonymised

[11] SDG is the abbreviation for the Sudanese Pound currency of the united Sudan before independence in 2011. At the time its value was roughly equivalent to 0.3 $US

colloquial Arabic, Onyango whispers to me 'these guys are Madi, so we will have to pay something small here.'

Cross-border trade, or the economic activity of buying and selling goods and/or services across a border between two countries, is South Sudan's main economic activity besides exporting crude oil. Since South Sudan's domestic non-oil production and manufacturing capacities remain nominal, it relies almost exclusively on both food and non-food imports from neighbouring Uganda and Kenya[12]. This is reflected in the fact that between 2010 and 2012, 98 to 99 per cent of all cross-border trade between South(ern) Sudan and Uganda – including both formal and informal trade – comprises import, whereas only about 1 to 2 per cent is export[13]. Traders who move across South Sudan's border with Uganda come in many shapes and sizes, as do the authorities that tax this movement. And just as up to 80% of economic activity in South Sudan is estimated to be 'informal' (World Bank/IFC 2011), it is estimated by some that as many as 60% of South Sudan's tax collection institutions are 'informal' (Solomon and Bell 2011, 45). But what does it mean for economic activity or for a tax collection institution to be 'informal'? Does informal mean unregulated? Does it imply residing outside the domain of the state?

The Acholi traders described above are a group of small business owners who pool their resources together and move between the smaller towns of Magwi County in South Sudan and the urban centres of northern Uganda. They have known most of their customers, their suppliers and even some of the officials at the border since before they moved back to southern Sudan after the 2005 peace agreement when they were still living as refugees in northern Uganda between the 1990s and the first half of the 2000s. So how does the fact that the Acholi of southern Sudan and northern Uganda are a relatively tight-knit community impact the way they price their goods, the way they give and receive credit, or the way they pay their taxes at the border? The County tax collector who they paid to cross the border was Onyango's cousin, whereas the police commander in this example belongs to another ethnic group, the Madi, who have co-inhabited this region that now contains the border between South Sudan and Uganda with the Acholi ethnic group since before the border was drawn by colonial administrations in the late 19th century. Many Acholi live and work in what is known as the 'Madi corridor' where the Nimule border post is also situated, and many Madi live and work at the administrative County headquarters in Magwi, which is an Acholi area. As many Madi and Acholi will argue, 'we eat from the same plate[14]', suggesting that their relations are historically framed by the logics of subsistence security and reciprocity. Yet nonetheless, the group of traders will now have to

[12] Before independence in early 2011 when this example took place, the majority of goods supplying all of southern Sudan's seven states North of the three Equatoria States (Western, Central and Eastern) came from North Sudan, but this rapidly changed when the borders between North and South closed in March 2011 and continue to be closed up to the time of writing in 2014.

[13] Figures derived from the 2012 Informal Cross-border Trade (ICBT) survey report compiled by the Bank of Uganda (BOU) (see: https://www.bou.or.ug/bou/publications_research/icbt.html)

[14] A common phrase used to express the reciprocal relation of mutual dependency between different parties, see also the section in Chapter 1 describing the church service in Magwi town.

pay County taxes twice, once to Onyango's cousin and once to the Madi police commander. And because Onyango's relationship with the police commander is on different terms from the relationship with his cousin, the figure is likely to be different since different relationships employ different norms. Some of the norms that are applied in this situation that structure the rules regarding what taxes are to be paid and to whom are official and some are unofficial. Some are rooted in ethnic or family relationships, others in historical relationships that developed over time along a backdrop of conflict and displacement. Some norms are explicit and others are more tacit. However, none of the mechanisms at play in this example could be characterised as 'unregulated', nor do they reside outside the domain of the state. Just because the practices depicted in this example are beyond the limited scope of the normative instruments used to measure economic activity and regulation, this does not render them unregulated. Instead, this example shows that the rules dictating what different traders have to pay to different state officials are determined by a range of very specific norms, of which the official state norms comprise only one of many sets. Accordingly, the first theme that corresponds with the second chapter in this thesis can broadly be denoted as the <u>norms and rules between traders and officials that govern cross-border trade and taxation.</u>

2.2 Negotiations Within

> *As the negotiations continue, the burning equatorial sun works the corrugated iron roof like a convection oven. I pick up on a few English words in the police commander's rant; 'stem duty tax', 'form 15' and 'exemption letter'. Onyango signals me to follow him outside where we walk back to the lorry to drink some water. I ask him what the fuss is all about, hadn't they already paid the County taxes at the border? Onyango smiles and explains, 'Yes, we have a receipt for the Gibana*[15] *tax we paid in Nimule. That is what we are trying to tell the guy, that we have already paid the County. But he wants us to pay the State Revenue tax. Normally, the [Eastern Equatoria State Revenue Authority] guys at the border collect the taxes which go to Torit*[16]*. From there, Torit is supposed to send a percentage back down to the County. But the County guys always complain it's too little. That's why they want to collect it for themselves, they do not trust Torit.'*

As this example unfolds it becomes increasingly apparent that in order to fully understand what guides the actions of the Pageri police commander, it is imperative to look beyond the relationship between

[15] A quasi-legal local government tax, derived from the colloquial Arabic phrase 'Jibu le ana', meaning 'give to me'. For further details, please refer to Twijnstra and Titeca 2013
[16] The State capital of Eastern Equatoria State and administrative headquarters of the Eastern Equatoria State Revenue Authority (EESRA)

the commander and the traders alone and factor in other socio-political dynamics. In order to do so, a basic understanding of South Sudan's bureaucratic structures is required.

South Sudan has three executive administrative levels of government that are legally endowed with revenue-raising authority; the national, the sub-national (State), and the local (County). All three exercise this authority at the border and traders are generally bound to pay taxes to at least two of them. In this example, the traders circumvented paying the State taxes at the border, but are now being stopped by a County official, even though they have already paid the required County tax (the 'Gibana' tax, see Chapters 1 and 2) at the border. On what grounds is this County official demanding payment for passage? Strictly speaking, the official norms dictate that the County has no jurisdiction to levy taxes on cross-border trade[17]. Even the County tax paid at the border features only nominally in official legislation and is absent entirely from the County's official budget[18]. According to these official norms, what the County police commander is demanding here is illegal. But as established in the previous section, the official norms comprise only one of many available sets. Judging by what Onyango explains here about trust between the County and the State, could there possibly be socio-political dynamics at play here that are negotiated within the state, between contending power factions within the County administration or between the County and the State, or the National?

There are at least two other dynamics at play here that need to be explained in order to grasp why the police commander is demanding payment. The first pertains to the recent tensions that have surfaced between the Madi and the Acholi factions within the local government administration and have led to violent clashes more recently than this event[19]. The road that runs from Nimule to Juba passes through both Madi and Acholi areas and has become the aorta for imported goods passing from Kenya and Uganda to Juba and the interior regions of southern Sudan. As such, both the Madi and the Acholi compete for entitlements to levy County ('Gibana') taxes on international border trade. The traders have already paid Oyango's cousin, an Acholi, at the border, but because the Madi argue that it is just as much their right to tax the goods entering Magwi County, the Madi County official is now demanding for the same County tax to be levied a second time. However, rather than claiming this entitlement on the basis of his ethnic affiliation, he uses the absence of a receipt for paying taxes to the proximate administrative level – the State – as a pretext for his claim. In this manner, the police commander uses the official State norms to effectan unofficial regulatory practice at County level.

Secondly, as Onyango noted, the Magwi County officials – both Acholi and Madi alike – share a deep-rooted mistrust towards the State government regarding the remittance of revenues to the County administration. The 'Gibana' tax levied here, although 'informal' according to national legislation (World Bank Group 2010a, 45), has been sanctioned by both the County executive and the

[17] Including international borders and State borders, as specified in the Interim Constitution article 187(2) (Solomon and Bell 2011, 11)
[18] This varies greatly between different County governments across South Sudan. At the time this particular event occurred, the Executive Director of Magwi County noted that no official 'Gibana' tax was being collected from cross-border traders.
[19] In October 2011 violent clashes broke out between Acholi and Madi youths resulting in five casualties. See: http://www.sudantribune.com/spip.php?article40730

Eastern Equatoria State Revenue Authority (EESRA) in consultation with local traders, and closely resembles the taxes that were levied by the local authorities under SPLA control before the peace agreement was signed in 2005. Local resistance and autonomy from higher levels of influence and control often referred to as the 'hakuma' (the national and State government/security apparatus) dates from the war-time dynamics between the SPLA's local governance structures and Khartoum's politico-military domination of the urban centres (Leonardi 2011). The resultant regulatory practices of taxing cross-border economic activity reflect this dynamic, which proved to be resilient to reform even in the face of peace (2005) and independence (2011).

What are the implications of these two slightly obscure socio-political dynamics within the County administration and between the local and sub-national levels of government for the prospects of top-down institutional reform? At the time that this example took place, donors and the central government had been struggling to counter 'multiple taxation' practices for years without much success (Yoshino, Ngungi, and Asebe 2011). Having considered both the multiplex relationships between the official and the traders, as well as the socio-political power dynamics within and between the County administration and the State government, it comes as no surprise that simply tweaking one of the many sets of available norms (the official norms emanating from the national level in this case) does not change the presiding practices much. But how accurate is it to attribute this lack of openness to reform to a lack of administrative or technical capacity on behalf of the state officials? Often, as this example has illustrated, there can be multiple socio-political dynamics at play that govern just how and why a state official invokes certain official rules and discards others. These can include the continuation of prior war-time practices, or certain more recent politico-economic settlements between contending elites that have become inscribed in regulatory practices. None are arbitrary however, nor do they persist by virtue of the state official's personal discretion. Instead, the rules that underpin what the official can and cannot ask are perhaps not codified, but seem explicit nonetheless and can be understood as outcomes of a socio-political negotiation process that extends beyond the personal sphere of the state official. This coincides with the second theme of the thesis examined in chapter three that considers the <u>socio-political negotiations within the state that underpin the enactment of economic governance.</u>

2.3 Patron-Client relations

After a swig of water from one of the plastic bottles that had almost reached boiling point while basking in the late morning sun on the dashboard of the tipper lorry, I follow Onyango back inside the police commander's office. There is a surprisingly convivial atmosphere from which I infer that a figure has been agreed upon. The other traders are counting out 150 SDG on the commander's desk while the commander is scrupulously writing in his *receipt book. He turns to me and says 'you are welcome', pointing to an empty chair adjacent to his desk. I thank him and sit down. He looks up from his receipt book and says with a smile 'we all have to pay taxes, you know'. The traders chuckle and I smile. At the same time several big trucks dash past the police post at high speed outside the office on the main road. The commander shakes his head in disapproval. 'These guys are reckless, always in a hurry' he says. I timidly ask him, 'Do not they have to pay taxes?' He replies, 'Not them. They all have exemption letters'.*

The trucks referred to in this example are a different grade from the lorries used by the local cross-border traders and typically belong to one of two other categories of traders that frequently use the Jube – Nimule road: the foreign traders (usually Ugandan, Kenyan or Somali), which feature only marginally in this study[20], and the more affluent South Sudanese traders who supply to the markets and shops in Juba and beyond. This second category of South Sudanese traders has a very particular relationship with the higher-level echelons of economic regulation in South Sudan.

Since the peace agreement in 2005, trade arbitrage and construction have been the most profitable business activities by far. The central government continues to be the largest client to pay for these services with the money it makes from the concessions granted to foreign firms to extract crude oil, including Chevron (USA), Petronas (Malayisa), ONGC (India), CNPC, (China) and Lundin (Sweden). From the inception of the semi-autonomous government of Southern Sudan in 2005 onwards, government procurement policies have favoured a small cadre of local firms with close ties to the country's ruling elite to carry out these contracts, precipitating the rise of South Sudan's 'tenderpreneurs[21]'. The position of these tenderpreneurs, their access to tax exemptions, land allocation and government contracts, and by extension to the South's excessive oil revenues, seems to be largely contingent on various modalities of patronage with the country's ruling elite. But how do these patronage systems work in practice? Can they be explained using the generic typologies of clientelist or neopatrimonial regimes that are so often associated with the way African bureaucracies work, or is there more at stake? How is access mediated between particular groups of economic actors and 'gatekeeper' state officials within the national executive specifically? What are the socio-political dynamics at work and what kind of impact do these dynamics have on different types of entrepreneurial economic activity?

As noted before, South Sudan's domestic production and manufacturing capacity is trifling, which is often attributed to a lack of entrepreneurialism in the private sector. But what is the causality here? Does the lack of economic diversification into domestic production and manufacturing activities

[20] For a detailed account of how foreign traders fit into the cross-border economic regulation dynamics, please refer to Schomerus and Titeca (2012).

[21] A phrase allegedly coined by the South African Communist Party leader Blade Nzimande in his December 2009 report to the party's special congress in Limpopo to describe 'businessmen who corruptly enrich themselves through government contracts, and politicians who use their power base to secure business contracts, respectively'. The term has been used more broadly by African media sources since then (incl. Kenya and Nigeria)

mean that entrepreneurial capacity is absent, or could it be that the capacity is there but that other types of economic activity such as trade arbitrage are deliberately sustained? These questions are all linked to the theme that is explored in the fourth chapter of this thesis, which can broadly be denoted as the patron-client relations between the public and private sector that mediate power, access and entrepreneurship.

2.4 Policy Assumptions and Intervention Practices

> *The police commander finishes writing the receipt for 150 SDG and hands it to one of the traders. He again turns to me and asks me, 'so what is your purpose travelling with these men?' I tell him I am a student of business looking into cross-border trade between Uganda and southern Sudan. The commander reaches for my hand and shakes it fiercely as he laughs. He then hands me a small pocket book from a drawer in his desk. 'My brother, we have the same interests. I am also a student of business', he says as I glance at his copy of Kenneth Fisher's 'The Ten Roads to Riches: the ways the wealthy got there (and how you can too!)'*[22]. *I see that the commander has marked Chapter Six with the heading 'Steal it – like a pirate, but legally'.*

As the previous sections have suggested, each instance of economic regulation can best be understood as a unique and negotiated outcome shaped by specific historic, economic and socio-political factors. When engaging in regulatory practices, actors draw from different normative regimes to legitimise their position. Some of these normative regimes are more locally grounded, or 'traditional', while others clearly originate from outside the local context. One such normative regime that has rapidly gained ground in South Sudan, largely due to the ubiquitous and invasive involvement of foreign donors, humanitarian and development organisations, is the neoliberal economic perspective on the relationship between business and the state. This perspective lies at the heart of international Private Sector Development (PSD) policies and is not necessarily problematic if the state can maintain a dominant position in regulating and enforcing the public-private interface. In scenarios where the state does not have overall regulatory authority and where the public/private interface is blurred, this perspective becomes questionable. In this example, the Pageri police commander is familiarising himself with the normative regimes associated with popular get-rich-quick formulas presented in, predominantly American, economic self-help discourse. Although some may have ethical reservations about the economic strategies described in such publications, they are nonetheless bound by the legal frameworks defined by the financial systems and economic regulations of a modern industrialised state. This corresponds with the title of the commander's favourite chapter, especially the suffix

[22] See: http://www.10roads.com/

‘legally’. But how do economic strategies that are inherently based on a setting in which state institutions regulate economic transactions by protecting property rights and enforcing contracts translate into a setting where the state does not have such a regulatory monopoly? How applicable is Kenneth Fisher’s advice in a setting where state authority is one of many normative orders that regulate economic activity and certainly not the most definitive one?

When donor organisations in South Sudan try to intervene directly in the private sector by stimulating local entrepreneurship jointly with international firms, a similar dynamic surfaces. Business in South Sudan above the level of the subsistence economy is inherently transnational since almost everything needs to be imported. Conceived as a largely unexplored market for foreign products and services, the South Sudanese private sector has become a popular destination for Chinese, Lebanese, Ethiopian and Eritrean investment in particular. Western European and North American firms have been somewhat less proactive. International organisations such as the IFC and various donor country embassies have sought to stimulate international firms as being the ‘new’ development partners bringing expertise and capital to create employment and local capacity. The support that international organisations offer in this regard, whether technical or financial, is largely based on a neoliberal ideal-type model wherein the role of the state is to act as an arbiter, regulator or facilitator of economic activity rather than as an active player. This emphasises the importance of formal regulatory frameworks and the rule of law that equip the state with the necessary capacity to delineate, govern and enforce the space for ‘private sector’ activity. This is the basic premise of the World Bank’s good (economic) governance paradigm which arguably sets the parameters for equitable growth, for the emergence of a sustainable tax base and for integrating a country’s economy into the regional and global political economy. But what happens when there is no such overarching regulatory authority? What are the implications when the state itself is the largest private sector actor, and when entrepreneurship is contingent on socio-political power dynamics that transcend the public/private distinction? These questions relate to the last theme that is largely addressed in the fifth chapter of this thesis and can be broadly defined as the policy assumptions and intervention practices that enhance/constrain local entrepreneurship and joint ventures.

III. Research Objective and Questions

The four themes outlined in the previous section all revolve around the same empirical lacuna that the central research objective proposes to explore. That objective has been **to better understand the modalities of 'real' economic governance in the Republic of South Sudan by studying how business practices and economic regulation are shaped by socio-political relationships**. Business practices herein specifically refer to (cross-border) trade, trade arbitrage, entrepreneurship, financial services and joint ventures between local and international firms; economic regulation refers predominantly to the practices of (border) taxation, government procurement, business licensing, and direct financial/technical business support by donor organisations. The socio-political relationships component refers to the outcome of a social and political negotiation dynamic between different actors and groups of actors in a specific locale and over a specific period of time.

The overarching objective is addressed through the following four research questions that correspond with each of the four themes outlined above.

1. Theme: norms and rules between traders and officials that govern cross-border trade and taxation
   Question: **How does the relationship between traders and state officials impact the performance of border taxation?**
   Sub-questions:
   a. What are the economic, cultural and socio-political factors that shape the relationships between traders and state officials at the border?
   b. What are the norms applied by traders when engaging in cross-border trade?
   c. What are the norms applied by state officials when performing state authority to levy taxes at the border?
   d. What differences can be observed in the way different types of traders (small/large) negotiate with different types of state officials (national, sub-national, local) at the border?
   e. How do negotiation patterns between traders and state officials at the border change over time?

2. Theme: socio-political negotiations within the state that underpin the enactment of economic governance
   Question: **How does the relationship between different (groups of) state officials impact the enactment of economic reform in practice?**
   Sub-questions:
   a. What dictates the room for manoeuvre for state officials to implement economic reform policies?

b. What are the horizontal and vertical power dynamics within the state that impact the room for manoeuvre for state officials to implement economic reform policies?
c. How do these power dynamics vary between the local, sub-national and national levels of governance?
d. How does the room for manoeuvre for state officials to implement economic reform policies change over time?

3. Theme: patron-client relations between the public and private sector that mediate power, access and entrepreneurship
Question: **How do patron-client relations shape the regulatory practices of government procurement and modalities of entrepreneurship?**
Sub-questions:
a. What are the logics that frame the patron-client relationships within government procurement regimes?
b. What types of access do patron-client relations in the government procurement sector provide (contracts, finance, exemptions, permits, etc.)?
c. How do patron-client relations within procurement regimes impact the modalities of entrepreneurship?
d. How does the content of patron-client relations within government procurement regimes change over time?

4. Theme: policy assumptions and intervention practices that enhance/constrain local entrepreneurship and joint ventures
Question: **How does direct support/involvement by international organisations regulate the establishment of joint ventures between local and international firms?**
Sub-questions:
a. How do the 'theories of change' – or policy assumptions – by international organisations envision the role of local and international business in relation to the state?
b. How do these policy assumptions translate into intervention practice?
c. How do intervention practices shape the relationship between local and international firms?

Each of these four questions addresses the central research objective from a distinct angle. The questions vary in locale, actors, activities, interface and what is specifically subject to governance, but each retain their specific role as components of the overarching research objective as follows:

	Question 1 Norms and rules between state/non-state actors	Question 2 Socio-political negotiations within the state	Question 3 Patron-client relations, access and entrepreneurship	Question 4 Policy assumptions and intervention practices
Locale	local; peripheral	local, sub-national, national; central/peripheral	national; central	international; central
Actors	traders; trade groups; tax (interface) officials	tax (interface) officials; lawmakers; senior officials; trade groups; international firms	senior officials; business associations, entrepreneurs	policymakers; intervention advisors; foreign business associations; international firms; (local) entrepreneurs.
Activities	trade; taxation	trade; taxation; financial services; licensing	trade; entrepreneurship	entrepreneurship; investment
Subject to governance	norms	regulations	relations, capacities	assumptions, rationales
Interface	state/non-state	state/state	state/non-state	non-state/non-state
Analytical lens	practical norms, informal institutions	institutional 'bricolage'	political settlements	intervention arenas, aidnography

Table 1: Research Questions

During the write-up phase, each question was addressed through a different analytical lens that was retrospectively deemed most appropriate. The analytical lenses that were adopted all address the nexus of socio-political relationships vis–à–vis the notion of 'real' governance in different but not necessarily incompatible ways. To better describe this, the following section will first briefly explore the differences between economic governance, 'real' economic governance and economic regulation, as well as provide a set of rudimentary working definitions that guided the operationalisation of the research questions into research activities. The different analytical lenses will be further commented on in the theoretical framework section.

Introducing Governance

Governance is a very broad term that can refer to any ordering process that employs rules, laws, norms, power or language to structure human activity, but its most commonly used version in the field of international development is defined as 'the traditions and institutions by which authority in a country is exercised' (Kaufmann, Kraay, and Mastruzzi 2004, 254). Governance is closely related to the concept of the institution, which in the neoinstitutionalist paradigm broadly denotes the 'rules of the game' (North 1990, 4). The term governance as it is most commonly used gives priority to the framework of regulatory controls and procedures over 'the game itself' (Chandler 2006, 478), which obscures the analytical distinction between issues of access to power and exercise of power (vom Hau

2012, 4). This convolution is rooted in the way the term governance has appropriated the concept of the institution as formalised, or ‘the rules and procedures that are created, communicated and enforced through channels widely accepted as official’ (Helmke and Levitsky 2004, 727). The term ‘real’ governance was coined in reaction to this formally skewed interpretation of governance as pure (Hagmann 2013) or as ‘ideal governance’(Maurice Godelier 1978, quoted in Olivier De Sardan 2008, 1). Real governance is first and foremost an analytical tool that authors have used to arrive at a more empirically-grounded understanding of what ‘the state’ is rather than what it isn’t (Titeca and de Herdt 2011).

Applying the notion of ‘real’ to modalities of economic governance, redirects the focus away from the capacity of formal state institutions to support economic activity and economic transactions by protecting property rights, enforcing contracts, and organising collective action to provide physical and organisational infrastructure (Dixit 2009, 5) towards identifying *a posteriori* patterns of negotiation between different actors and groups of actors that regulate and legitimise economic activity, transactions, access to protection, and the organisation of collective action.

Working Definitions

Before elaborating further on the design and methodology of the research, it is paramount to explain how a number of concepts that have now been briefly introduced were operationalised into working definitions that framed the research activities. The theoretical genealogy of these concepts, where they came from and how they relate to one another, will be explained in more detail in the theoretical sections of this introductory chapter.

The central research objective has two components. The first pertains to the modalities of real economic governance, which has been explained above and will feature in more detail in the theoretical frameworks section later on in this introductory chapter. The second component of the research objective has three different parts; business practices, economic regulation, and socio-political relationships. Both the terms ‘practices’ and ‘regulation’ refer to the *modus operandi* that govern the actions by specific actors. These two terms relate to the notion of (real) governance through the attribution of power, authority and legitimacy which are negotiated through – and become inscribed in – the socio-political relationships between different actors and groups of actors.

Business practices refer to patterns of economic action. These may include cross-border trade (the buying, transporting and selling of goods across international borders), trade arbitrage (brokering and sub-contracting the buying, transporting and selling of goods to a range of third parties), entrepreneurship (the actions associated with organising economic activities, including operational management, financial management, human resource management, supply chain management), joint ventures (the actions associated with organising economic activities in collaboration between a local economic actor and a foreign/international economic actor. Business practices relate to ‘real’ economic governance in the way economic action is embedded in 'concrete, ongoing systems of socio-political relations' (Granovetter 1985, 487). This will be further explained in the theoretical section on fiscal anthropology below. The embeddedness of economic action, in short, dictates that when observing and documenting economic action it is important to consider the historic and socio-political context that shaped the performance of this action as it is.

Economic regulation refers to the practices by which actors exercise regulatory control over economic action. Regulation in this regard is understood as an outcome of governance. This may refer to taxation practices, to practices that determine how a contract is awarded during a government procurement tendering procedure, or to how a license is issued for legally conducting a certain type of economic activity. Similarly, it may also refer to the practical aspects of how a donor intervention is administered (or not administered). Economic regulation describes the way regulatory control is enacted, but not why it is enacted in a specific way. Similar to the way business practices relate to real economic governance through their embeddedness, so does economic regulation relate to real economic governance through the way it is shaped by socio-political power dynamics.

Both state and non-state actors participate in business practices and economic regulation. In reality, this fact can blur the distinction between state and non-state actors. Non-state actors may include traders, trade arbiters, middle-men, retailers, wholesalers and entrepreneurs, but may also refer to firms, business associations or trade unions. The overall defining characteristics are that the actor is generally understood not to represent the state, and structurally engages in economic action. Some actors however, navigate both public and private spheres. A customs official and a trader may be a state actor and a non-state actor, but they may simultaneously be business partners and engage in business practices together. This presents a categorical dilemma that lies at the root of understanding the modalities of 'real' governance that can only be addressed by qualifying each actor on a case-by-case basis depending on the specific circumstances under which the interaction takes place. Throughout the process of data collection it was explicated whether or not an actor was actively representing – or working for – the state, whether or not an actor was relying on the authoritative resources vested in him/her by the state, and whether the term 'actor' referred to a specific person or to a group of persons or an organisation.

'Interface' bureaucrats refers to individuals, groups or organisations that act on behalf of a governmental body and that are technically subject to regulation under the 2011 Interim Constitution of South Sudan and before that to the 2005 Interim Constitution of Southern Sudan and qualify according to the following two criteria (Bierschenk 2010, 4). First , their role as an agent of the state is predicated on their daily interaction with citizens, as opposed to the majority of civil servants that work within the state bureaucracy but whose tasks do not involve direct interaction with citizens. The second criterion concerns low rank within the administrative hierarchy, or what Lipsky refers to as the 'street-level bureaucrats[23]' (Lipsky 1980), distinguishing the executive capabilities from the decision-making capabilities and thereby leaving out judges, directors general, or undersecretaries for example. State officials may also interact with citizens on a daily basis but are simultaneously part of the formal institutional arrangements of deliberately changing and adjusting governance modalities, whether through policy or jurisprudence. This is not to suggest that interface bureaucrats do not have any *de facto* decision-making capabilities. On the contrary, these capabilities diverge from the official norms that formally deny the interface bureaucrat of this capacity. This corresponds with the point of departure for this study which, as noted previously, is concerned with the everyday practices of real economic governance.

Finally, a brief working definition needs to be provided for the sub-component 'socio-political relationships'. The term here refers to power configurations within and between social groups. 'The state' in the Weberian ideal-type is in itself a formally institutionalised socio-political relationship but in the context of this thesis the term refers more to temporarily fixed power relations within and between social groups outside the formal institutional domain. The significance of these relationships is based on the fact that almost every study that embarks on examining divergences between governance and real governance arrives at the conclusion that these divergences are never arbitrary. For better or for worse, divergences between governance and real governance adhere to certain logics. Some of the analytical lenses utilised in the four core chapters of this thesis explore these logics through the constructs of informal institutions (Helmke and Levitsky 2004), practical norms (Olivier De Sardan 2008), institutional 'bricolage' (Cleaver 2002) embedded in networks (Kate Meagher 2009) or as political settlements between rivalling elites that become inscribed in the institutions of the state (Khan 2010). The commonality between all these conceptualisations is that primacy is given to negotiated order as an outcome of socio-political power struggles between groups. The relationships between people and groups of people are thus indispensable for understanding how business practices and economic regulation are enacted.

This section has provided the working definitions and a very crude conceptual taxonomy of the concepts most central to the research objective and questions. The theoretical basis of the different concepts and perspectives will be further elaborated on in the theoretical sections of this chapter.

[23] This definition was not used because the term 'street-level' suggests a focus on officials that generally function in open public spaces (streets), whereas most of the state officials that were observed and interviewed for this study worked from inside their offices.

IV. Design and Methodology

'Fieldwork is the active practice of anthropology. It is a form of social engagement, not a withdrawal into secluded academe, and is the way in which anthropologists connect directly with social reality and social change.' (Keith Hart, quoted in MacGaffey and Bazenguissa-Ganga 2000, p. 19)

> *Thursday, May 31st, 2012*
>
> *It's just before mid-day when I drive past Malakia police station in Juba and I see a throng of people gathered outside the front gates. I park my motorbike to inquire about what people are so eager to catch a glimpse of. 'There is a wewe[24] inside who has been turned into a snake!' says one of the boda[25] drivers gathered outside. 'She tried to steal money from a Western Equatorian guy and he turned her into a snake!' says another lady. Unable to make any more of this rumour from outside this police station, I decide to call my good friend Moses who is also a boda driver outside the national ministries. He confirms the rumour, 'It's true', he says, 'there is proof'. Now I am intrigued. 'There is a video, I have it on my phone' he says. An hour later I meet Moses for a drink in a local bar and he sends me a video file of what appears to be a half-snake, half-monkey puppet with a blond wig. The makers have edited an eerie screeching sound in the background in the way Nigerian horror films often do. I try to supress my positivist Western scepticism, but cannot help asking Moses 'You really think this was recorded today at Malakia?' 'I know so...' he replies. 'These guys from Western Equatoria are like Congolese; if you cheat them, they will curse you.' In the week that followed, the snake woman video went viral. The eerie screeching sound could be heard everywhere, and although it soon became apparent that the video was first posted on YouTube in 2007 by a Nigerian user, the story of the Ugandan snake woman who was allegedly evacuated by UNMIS[26] (due to their mandate to protect civilians), captivated all echelons of Juba residents. Six months later, as I was glancing through a report about police statistics that my housemate, an international journalist, was using to write a story about the police training academy, I noticed that crimes in the category 'burglary' had dropped by more than 20% in the first two weeks of June.*

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[24] Colloquial and somewhat derogatory term for Ugandan or Kenyan national, derived from the Kiswahili word 'wewe' meaning 'you'.

[25] 'Boda' or 'Boda-boda' are motorbike taxi's, derived from the English word 'border' referring to their widespread popularization as short distance cross-border transport vehicles between the Kenyan and Ugandan border in the 1960s and 1970s.

[26] From an NGO forum (http://southsudanngoforum.org/) security briefing dated June 1st 2012: '*Be advised that the NGO Secretariat has received many reports of a local woman in Juba who has turned into a snake after stealing some money. Reportedly, the woman was detained by SSPS and held at Malakia Police Station, where hundreds of Juba residents gathered to see it. There are unconfirmed reports that the UN, operating under its mandate to protect civilians, has flown the serpent woman out of South Sudan.'*

Should research on governance in fragile states be directed at ascertaining a definitive truth about a certain premise, or should it be directed at studying the consequences of what happens when a premise is being put into practice? This question is at the heart of defining the most appropriate methodological stance for the research objective and questions presented above. In the anecdote above, a common belief that a woman was turned into a snake may have triggered a 20% drop in burglaries. Would a research methodology aimed at yielding a definitive truth on whether that belief is accurate or not be equally appropriate for explaining its social consequences? Or in similar vein, would a research methodology that aims to prove the causality between 'employment' and 'stability' in post-conflict settings be appropriate for explaining the social consequences of a specific employment intervention in South Sudan? Society is rife with beliefs about causality, resonating from the formal policy documents by international donors to the videos shared over Juba's mobile phone network. This study adopts a qualitative and largely ethnographic methodology aimed at exploring the social consequences of how different truths are enacted in practice.

This study adopts three different (yet related) ethnographic methodological angles. The first is concerned with studying the economic practices of business. Business in South Sudan largely revolves around trade arbitrage, trade networks and (sub) contracting, all of which are intrinsically cross-border(s) and multi-sited. The focus in some of the chapters on a particularly interesting group of returnee diaspora (or 'reaspora') entrepreneurs suggests that an even wider global and transnational scope is required for understanding 'local' business practices in South Sudan. As such, the ethnographic approach to studying trade and the way business practice is socially, culturally and historically embedded in South Sudan needs to reach beyond the traditional ways that anthropologists have studied informal economies in African society (Janet MacGaffey and Bazenguissa-Ganga 2000; Hann and Hart 2011). Instead, the ethnographic 'field' of study needs to be engaged as multi-sited. As Marcus points out:

> 'Multi-sited research is designed around chains, paths, threads, conjunctions, or juxtapositions of locations in which the ethnographer establishes some form of literal, physical presence, with an explicit, posited logic of association or connection among sites that in fact defines the argument of the ethnography.' (Marcus 1995, 105)

This approach has largely framed the way data collection was organised around the economic practices of business, including techniques such as 'follow the money' (Marcus 1995, 106–107), where traders accepted the researcher to monitor every financial transaction during a cross-border trade journey and record the social settings and interactions that framed those transactions, providing detailed contextualised ethnographic data.

The second ethnographic methodological angle is concerned with studying the state. It departs from the notion that 'the state' as an *a priori* conceptual or empirical object of study is highly problematic (Radcliffe-Brown 1940; Jessop 1982; Abrams 1988; Trouillot 2003), but that the institutional arrangements of the state as an assemblage of socially embedded and symbolically formalised ordering mechanisms can be studied in the 'arena of everyday practices' (Hilhorst 2003), a familiar terrain for ethnography. As Aradhana Sharma describes:

> '[M]undane bureaucratic procedures thus provide important clues to understanding the micropolitics of state work, how state authority and government operate in people's daily lives and how the state becomes to be imagined, encountered and re-imagined by the population' (Sharma 2006, 11–12).

As explained above in the section about the overarching research objective, the research is centred around studying the 'interfaces' where actors wielding and yielding power leads to what Norman Long refers to as a 'culture of state' (Long 1989). Methodologically, such interfaces can be regarded as the fields where primary data collection is conducted, as Hilhorst states, ' [interface] analysis can show how the goals, perceptions, interests and relationships of various parties may be reshaped as a result of their interaction.' (Hilhorst 2003, 83).

The third ethnographic methodological angle is concerned with the study of how policy translates into practice, or interventions, and can best be described as institutional ethnography or 'aidnography'. Institutional ethnography is a methodology that makes sense of how discourse is produced, negotiated and translated into practice through interaction patterns between people working in an organisation. Work activities are taken as the fundamental grounding of social life, and an institutional ethnography generally takes some particular experience (and associated work processes) as a 'point of entry' (Smith 2005). Institutional ethnography is intrinsically interactive and its knowledge outcomes are understood as '[...] co-produced or negotiated between researchers and research subjects, situating it in the constructivist epistemological tradition.' (van der Haar, Heijmans, and Hilhorst 2013, S23). Among academics studying international development policy and interventions, the notion prevails that scientists are expected to unveil the underlying assumptions of policy or the way in which it is applied in practice, critique those assumptions or provide evidence-based new ones. Within this mandate however, it is assumed that policymakers and practitioners largely do not question the assumptions that underpin their work, which is largely unfounded. Institutional ethnographers working within aid and development organisations have shown that from policy level to implementation, policymakers and practitioners are constantly involved in a process of negotiation between their own affective and effective motivations, questioning their own beliefs and assumptions as well as those of others and reconciling this with practical and bureaucratic requirements imposed upon them (Mosse 2005; Brigg 2009; Tamas 2007; Wilson 2006; Gilbert 2005).

Institutional ethnography can provide insights into these internal negotiation processes, yielding a more refined and subtle understanding of the mechanisms that underpin the often stark paradoxes and apparent cognitive dissonance within the practices of international aid and development.

The epistemological stance that frames the relationship between the researcher (me) and the enactment of 'truths' is largely predicated on interaction, iteration and interpretation. This approach requires a disciplined reflective mode of data collection which is intrinsic to conducting qualitative ethnographic research. As Agar notes, 'Ethnographers strive to identify patterned ways of perceiving, believing, acting and evaluating what members of social groups develop within and across the events of everyday life' (Agar 2006, 11). The paramount importance of reflectivity in identifying these patterns lies in preventing normative assumptions from becoming too implicit in the researcher's interpretation. Especially when researching the way business practices relate to the embodiment of state authority, it is important to be aware and reflective about the normative bias that is inherent in the researcher's interpretation of observed patterns. To a certain degree, these normative biases are also implicit in the enactment of truths. It is thus imperative to routinise reflectivity in both data collection itself and in subsequent analysis where primary data is contrasted with other secondary data or theoretical models. Although explicit reflectivity has been largely omitted from the texts in the four central chapters of this thesis, it has underpinned both data collection – includinga core element of the raw data – and subsequent analysis.

4.1 Data Collection Methods

The research conducted for this thesis made use of four different qualitative data collection methods: (participant) observation, face-to-face interviews, focus group discussions and secondary data sources (media coverage, reports, etc.). The sampling technique used for making contacts and expanding the network of research informants was largely based on snowball sampling - a non-probability sampling technique in which the researcher solicits new contacts through existing contacts.

(Participant) Observation is the flagship of ethnographic research and ranges from passive observation to active engagement in the social processes being studied. Observations were made during business meetings, donor coordination meetings, extensive visits to hubs of economic activity (such as markets, border crossings, construction sites, business centres, etc.), and by accompanying key research informants in their everyday routines (including business activities, business trips, social activities, religious activities, etc.). Generally speaking, passive or non-participant observation tends to be recorded more factually while active participant observation requires vigorous introspection on behalf of the researcher. For example, if the researcher sits in on a widely attended weekly meeting within the Ministry of Foreign Affairs as a research intern and simply takes notes, that data is most likely to be a more literal representation of the meeting (person A presented X and person B commented Y), whereas if the researcher is actively engaged in acquiring a tax identification number (TIN) for registering a new company in South Sudan in order to document the informal aspects of the business registration procedure, the field notes are likely to contain a more dense situational description including reflections on how officials may or may not have responded to the researcher's physical appearance and attitude at the time of observation.

Interviews are an important method for contrasting and exploring certain observations with research informants in a more controlled face-to-face environment. Most interviews for this study were recorded on audio – always with the explicit permission of the research informant (see ethics section below) and normally ranged between 30 minutes and two hours. Interview techniques were semi-structured, meaning the researcher had prepared a sequence of themes and open questions to guide the interview, but providing ample space to explore new issues and questions that arose during the course of the interview. In case an interview needed to be conducted in a language other than English or Dutch[27], an interpreter was employed. If the interview provided important new insights or contradicted existing notions that emerged from other interviews, the recorded audio would later be translated by a second interpreter independent from the first[28], where time and resources would allow. This accords with the aforementioned validation technique of triangulation.

Throughout this research, the provision of 'repeat-interviews' was crucial; after an initial interview, the research strategy provided for scheduling a follow-up interview at a later stage during the fieldwork with the same informant, allowing the researcher to revisit prior findings, fine tune his understanding of the subject matter and to identify changes in the narratives provided by the informants. As will become apparent in the four central chapters of this thesis, the January 2012 oil shutdown precipitated a number of far-reaching consequences for the ways business practices related to the practical norms of state performance. By revisiting the same informants that had been interviewed before the oil shutdown after the event had occurred, the research acquired a longitudinal character that provided crucial data for framing the arguments of the four central chapters of this thesis.

Focus group discussions (FGDs) are structured and moderated discussions with a group of research informants on key themes and questions. The role of the researcher is generally more facilitative and geared towards stimulating the exchange of views between research informants, rather than between the informants and the researcher himself. By juxtaposing certain propositions within a discussion between research informants, the researcher draws out data on where the consensuses lies, if it exists, and where views contradict regarding key themes in the research. In addition, an ethnographic approach to FGDs entails among other things an 'analysis [of] who was in charge, which

[27] Dutch was the preferred language to conduct interviews with South Sudanese returnee diaspora from the Netherlands, often at the request of the research informants. Motivations ranged from being able to speak more openly about certain sensitive topics to enjoying conversation in a language that many had not used for some time. Interviews with Dutch policymakers, Embassy personnel and Dutch entrepreneurs were also conducted in Dutch.

[28] For several important interviews conducted in Acholi, for example, a second interpreter from northern Uganda was employed months after the initial interview had taken place.

parts were interview-like, meeting-like, and conversation-like, which topics were lively and which were flat, how well were topics ratified by the group as a whole, and who dominated and who was silent.' (Agar and Macdonald 1995, 85). Market research FGD techniques were also applied, such as by asking the participants to execute group tasks related to mapping out opportunities and challenges and ranking them according to several criteria such as seasonality (when do certain opportunities peak?), personal importance, importance to the wider community, etc. using technologies like flip charts, multi-coloured post-its and multi-coloured markers. Due to the time consuming and relatively costly nature of preparing and analysing FGD data, especially when conducted in a language other than Dutch or English[29], a select number of FGDs were conducted during the full length of the fieldwork (see research design below).

Notes on using secondary sources of data

This study utilises secondary sources in two different ways. First of all, some secondary sources were considered important discursive reference points for the ways research participants enacted particular truths. For example, the publication of 'Investment and Commerce in South Sudan', the South Sudan Chamber of Commerce, Agriculture and Industry's monthly glossy magazine is in this study considered an important source for understanding how South Sudan's private sector dynamics are presented to foreign investors. This source can provide a point of reference in the interviews with investors who are likely to have read the publication which cannot be ascertained through direct observations and interviews. Other secondary sources of this type include influential policy documents such as the South Sudan Development Plan, or specific laws. For subsequent analysis, these documents are regarded as sources of discourse rather than as secondary research data.

Secondly, the research relies on secondary sources for the contextualisation of primary data, which is more an analytical strategy than a research method. Especially with respect to quantitative secondary data, this thesis expresses reservations for a number of reasons that are often reiterated in footnotes. First of all, the research designs for quantitative data collection in South Sudan are often programmatically or politically informed, such as to legitimise a certain intervention or to draw the attention of potential investors. Secondly, quantitative data on informal practices is very scarce, perhaps with the exception of the Informal Cross-Border Trade Survey (ICBTS) conducted by the Ugandan Bureau of Statistics and the Bank of Uganda (see for example UBOS and BOU 2012), which provide an incomplete generalisation of the practices under scrutiny in this research. Thirdly, based on many first-hand accounts from international and local consultants who were directly involved in the data collection procedures for the production of quantitative data by the South Sudan National Bureau of Statistics (SSNBS), or by one of the many international NGOs that routinely conduct household or livelihood surveys, the quality of enumeration practices in South Sudan is said to be highly

[29] Mapping exercises in Arabic writing proved to be a particularly challenging task for moderation by the researcher.

questionable. This does not mean, however, that analyses or conceptual models based on quantitative data elsewhere cannot frame interpretation of primary data. As noted before, the work of authors like Meagher, Khan, Booth and Kelsall, who all make use of quantitative data in their analyses, have been very influential in the conceptual framing of the four central chapters of this thesis.

Research Question	Research activity	Methods	Location (N=quantity)
1 How does the relationship between traders and state officials impact the performance of border taxation?	1.1 Interview state officials at the border[30]	1.1.1 Semi-structured face-to-face (repeat) interviews	Nimule (N=16) Owinkibul (N=9) Poge (N=4)
	1.2 Interview traders	1.2.1 Semi-structured face-to-face interviews	Magwi (N=34) Panyikwara (N=11) Palotaka (N=4) Parajok (N=6) Nimule (N=18) Pageri (N=5) Juba[31]
		1.2.2 Focus Group Discussions (FGDs) with 5-9 participants	Magwi (N=2) Parajok (N=1) Nimule (N=2) Bibia UG (N=1) Juba[32]
	1.3 Travel with traders on cross-border journeys	1.3.1 Multi-sited participant observation (trips)	Magwi-Nimule-Gulu (N=3) Panyikwara-Nimule-Gulu (N=-1) Parajok-Pogee-Kitgum (N=1)
	1.4 Interview state officials in Juba, Torit and Magwi[33]	1.4.1 Semi-structured face-to-face interviews	Juba (N=±30[34]) Torit (N=14) Magwi (N=12)
		1.4.2 Focus Group Discussions (FGDs) with 5-9 participants	Torit (N=2)
2 How does the relationship between different (groups of) state officials impact the enactment of economic reform in practice?	2.1 Interviews with state officials	2.1.1 Semi-structured face-to-face (repeat) interviews	Same as for methods 1.1.1 and 1.4.1
		2.1.2 Focus Group Discussions (FGDs) with 5-9 participants	Same as for method 1.4.2
	2.2 Interviews with traders	2.2.1 Semi-structured face-to-face (repeat) interviews	Same as for methods 1.2.1 and 1.2.2

Table 2: Questions, Activities, Methods, Locations and Sample sizes

[30] NOTE: these interviews were also used for question 2
[31] See method 3.1.1
[32] See method 3.1.2
[33] NOTE: these interviews were also used for question 2
[34] These were the same interviews that were conducted with state officials in Juba for research questions 2 and 3. From the total number of interviews conducted, roughly 30 yielded relevant data for research question 1

Research Question	Research Activity	Methods	Location (N=quantity)
2 Continued	2.2 continued	2.2.2 Focus Group Discussions (FGDs) with 5-9 participants	Same as for method 1.2.2
	2.3 Interviews with local and international insurance companies	2.3.1 Semi-structured face-to-face (repeat) interviews	Juba (N=11) Torit (N=3) Bor (N=3) Malakal (N=5) Wau (N=4)
3 How do patron-client relations shape the regulatory practices of government procurement and modalities of entrepreneurship?	3.1 Interviews with traders and 'reaspora' entrepreneurs	3.1.1 Semi-structured face-to-face (repeat) interviews	Juba (N= 84) Nimule (N=18[35]) Bor (N=9) Aweil (N=29) Malakal (N=12) Wau (N=9)
		3.1.2 Focus Group Discussions (FGDs) with 5-9 participants	Juba (N=4) Nimule (N=2[36]) Bor (N=1) Aweil (N=2) Malakal (N=1) Wau (N=1)
	3.2 Interviews with business associations staff members (chamber of commerce)	3.2.1 Semi-structured face-to-face (repeat) interviews	Juba (N=3) Aweil (N=2) Torit (N=2) Bor (N=1) Malakal (N=1)
	3.3 Interviews with procurement officials	3.3.1 Semi-structured face-to-face (repeat) interviews	Juba (16) Aweil (6) Torit (4) Bor (2) Malakal (2)
	3.4 Registering a business and obtaining a trade license	3.4.1 Active participant observation	Business registered (N=1), licenses obtained (N=2) Period: November 2011 – December 2012

[35] These are the same interviews as mentioned in method 1.2.1
[36] These are the same FGDs mentioned in method 1.2.2

Research Question	Research Activity	Methods	Location (N=quantity)
4 How does direct support/involvement by international organisations regulate the establishment of joint ventures between local and international firms?	4.1 Interviews with foreign entrepreneurs/investors (incl. PSI applicants and NABC trade mission delegates)	4.1.1 Semi-structured face-to-face (repeat) interviews	Juba (N=23) Kampala, Uganda (N=2) Netherlands (N=4)
		4.1.2 Semi-structured VOIP interviews	(N=12)
	4.2 Interviews with local entrepreneurs	Same as for research activity 3.1	
	4.3 Interviews with policymakers and development experts	4.1.1 Semi-structured face-to-face (repeat) interviews	Juba (N=36) The Hague, Netherlands (N=12)
	4.4 Research internships	4.4 Active participant observation	Ministry of Foreign Affairs, Netherlands (N=1, 3 months full-time) Royal Netherlands Embassy, Juba (N=1, 1 month full-time) Netherlands African Business Council, Juba (N=1, 1 month part-time)
	4.5 Organizing co-creation events/brainstorms	4.4 Active participant observation	The Hague, Netherlands (N=5) Juba (N=1)
	4.6 Attending conferences/events on foreign direct investment (FDI) and private sector development (PSD)	4.4 Passive participant observation	Juba (N=6) Nairobi (N=1) The Hague (N=1)

ADDITIONAL (EXPLORATIVE) RESEARCH ACTIVITIES & METHODS
(data not directly used for research questions 1-4)

Research Activity	Location (N=quantity)
Semi-structured face-to-face (repeat) interviews with returnee IDPs	Returnee IDP camps outside Aweil (N=16) Returnee IDP camps outside Abyei (N=9) Small market towns in Aweil East County (Wanjok, Malualkon, etc.) (N=18)
Focus Group Discussions (FGDs) with 5-9 returnee IDPs	Returnee IDP camps outside Aweil (N=1) Returnee IDP camps outside Abyei (N=1) Malualkon (N=1) Wanjok (N=1)
Action-based (short term) research in areas with a high density of returnee IDPs	Abyei (N=1, five day research trip with SNV) Aweil East (N=1, ten day research trip with Save The Children Denmark)

4.2 Ethics

The interactive nature of conducting ethnographic fieldwork in fragile and conflict-affected environments brings with it a range of ethical considerations. The two categories of ethical concerns that were central to the research strategy of this study were (1) the ethics of interactive institutional ethnography, and (2) the ethics of 'do no harm' in a fragile and politically contested environment.

As noted above, a number of research activities were undertaken in collaboration with various organisations to acquire a more in-depth understanding of their operational logics related to the central research questions. In particular, the Dutch Ministry of Foreign Affairs, the Dutch Embassy in Juba and the Netherlands African Business Council all provided opportunities for conducting interactive research that proved to be vital for the analysis of certain aspects of the policy discourse and the corresponding interventions that feature in this thesis. But in order for such collaboration to be fruitful and to yield significant data, it is crucial to agree on the conditions under which the research is carried out. The two most important conditions in this regard are trust between the researcher and the host organisation, and mutual benefit. Mutual benefit was often framed around notions of 'cross-fertilising exchange' between academia, policy and practice, or around the co-creation of knowledge that would be relevant for both policy and for the overarching research objective. Trust was contingent on both formal requirements, such as the confidentiality agreement that was signed between the researcher and the Dutch Ministry of Foreign Affairs before the research internship could commence in June 2010, as well as on informal requirements of openness and transparency about the research. During brainstorm sessions about preliminary research findings and how this resonated with operative rationales in the Ministry or at the Embassy, for example, informants were asked and repeatedly reminded to provide their explicit consent for the possible use of their remarks as primary data. The trust cultivated through this transparency manifested itself in the ways policymakers and practitioners would on occasion confide 'off the record' views to the researcher, which were strictly disregarded as primary data but did inform the reflection process through which the researcher interpreted other primary data. In this regard, 'off the record' confidentiality proved to be an important factor in determining the undercurrent of primary data collection, rather than a source of data itself.

The second category of ethical concerns is related to the often precarious practical realities of collecting data, and participating in the mechanisms through which data is collected, in a fragile and politically contested environment. Transparency and adhering as much as possible to a do-no-harm principle are paramount and can be safeguarded to a certain degree by a strict ethics policy, such as always to acquire the right permissions and report to the correct authorities when entering the field, always to identify oneself as a researcher and carry an official letter explaining the purpose of the research, always to obtain informed consent (usually on audio) for the use of interview material and always to handle one's data securely. Nevertheless, especially as an independent non-affiliated researcher, it is crucial to remain aware that research informants may at times have political motivations in divulging certain information, or that research informants may be under the impression that the researcher himself has ulterior motives for asking questions about sensitive topics. As such, analogous to the mechanisms described above, the cultivation of trust within one's environment, with research informants and with the authorities, is absolutely critical and can only be achieved by revisiting interviews multiple times over a prolonged period of time and by continuously re-emphasise the purpose of the research and the need for informed consent.

Operationalising a 'do-no-harm' principle from an ethics policy in practice depends on what is considered harmful and to whom. For this research, three 'circles' of people who are directly or indirectly affected in one way or another by the research activities and/or by the research outcomes were distinguished.

First is the closest circle of research informants, gate keepers, interpreters and research facilitators. These are people who the researcher depends on for carrying out the day-to-day activities of data collection in the field. Doing harm to this group of people and their direct environment would include putting them at risk by exposing practices that they may intentionally obscure or divulging confidential business information to competitors. Especially when observing practices or interviewing informants about practices that, according to certain legal standards could be considered illegal, it is crucial to emphasise that research participation is strictly anonymous and that informants have the right at all times to withdraw any statements made during the interviews. The implications of this for the practicalities of research translate mostly into protecting the privacy of the first circle of research participants and to treat them with respect. This means treating their information confidentially, always try not to incur costs on their behalf for participating in the research and always confirm with them first before sharing their contact information with a third party.

The second circle refers to those who may at one point be indirectly affected by the researcher's mode of conduct while doing fieldwork. This circle includes secondary gatekeepers, officials who have granted formal or informal permissions, fellow or future researchers, etc. Harm in this regard implies negatively influencing their position to do their work. The ethnographic rule-of-thumb to always maintain 'the field' in a manner that leaves it conducive for future research applies here and depends on the integrity of how the researcher conducts him/herself. In this regard it is crucial to recognise that longer-term research participation by informants constitutes a reciprocal relationship with the researcher. In practice, what a researcher can do to reciprocate the informant's participation ranges from taking the informant out for a meal or for a drink, to symbolic gift-giving on the occasion of a birthday or a new born baby. In the domain of business, connections and 'leads' to opportunities are a way to reciprocate participation. As time progresses and the network of the researcher expands, the relative 'strength of weak ties'[37] grows exponentially. As described in Chapter 5, serendipitous and mutually beneficent 'match-making' between different parties is an example of putting such an ethics policy into practice in the context of an interactive research methodology.

[37] See section 5.1 about 'networks and embeddedness' for a more detailed explanation of this concept

Engaging in reciprocal relationships with research informants is crucial, not only because it attests to the respect that the research informants deserve from the researcher, but because not doing so will negatively reflect on the people who facilitated the research and may negatively affect the future prospects for research as well.

The third circle refers to the society at large that the researcher will describe using the collected data. This links to the typical dynamics of the 'information economy' in fragile and politically contested settings, characterised by a lack of reliable information and a high degree of uncertainty and ambiguity in how information is used and '[...] where any data or representation may acquire critical meaning beyond the academic intention.' (van der Haar, Heijmans, and Hilhorst 2013, S23). As a researcher, one has very little control over how the information that is conveyed through the research outputs – academic publications, research briefs, etc. – will be used by different actors to prove, disprove or legitimise certain objectives. Consequently, it is the responsibility of the researcher to choose his/her words wisely in order to minimise the potential harm that can be inflicted on society by a third party's use of the research findings. For example, the term 'corruption' is rarely used throughout this thesis, not only because it is conceptually highly problematic and normative, but also because it lends itself to an easy and negative stereotyping of South Sudan's institutional performance. The way a researcher represents the setting where fieldwork was conducted to the wider academic and non-academic media should reflect the researcher's position vis-à-vis that setting and his research informants. As such, approaching the institutional arrangements of the state in South Sudan as a 'politics node' rather than 'capacity gap' is both predicated on the empirical findings of this study and on a desire to reflect those findings in a non-normative way so that it cannot easily be co-opted by a third party to negatively stereotype and simplify (thereby harming) the complex and heterogeneous issues that South Sudan faces.

V. Theoretical Frameworks

This section further elaborates on a number of conceptual issues that are raised in the four subsequent chapters. Each chapter can be understood as exploring a different dynamic through a specific theoretical lens with its own conceptual genealogy and vocabulary. Each of these lenses and the specific mechanisms they describe are related however, and this section aims to provide a frame of reference to understand how they are related. The first section will start with a review of how the entry point for this study was analysed; business and economic practices in an early post-conflict context where the state's regulatory authority is patchy and contested. This section will provide a concise summary of how patterns of business practices were analysed in the four following chapters in relation to theoretical debates about informal – or 'shadow' – economies, trade networks and their relation to the state.

The second section continues to explore this question about how economic regulation relates to the state from a 'fragile states' perspective emanating from international policy discourse. This section aims to provide an insight into how governance in fragile states is conceptualised by international actors by examining where their formalised models of economic governance come from and how these shape the notion of fragility. By contrasting real governance with conventional approaches to governance in fragile states, this section contextualises the notion of economic governance in a wider debate about governance institutions in fragile states. In doing so, it also outlines some of the conventional perspective's shortcomings with regard to presumed transferability of institutional frameworks, suggesting that a more nuanced view of institutions may be more productive.

The third section is an exploration of the emerging body of literature that can broadly be denoted as 'real' or 'hybrid governance' which the analyses in the four central chapters draw upon to examine a variety of business practice and regulation. This section provides an overview of different attempts by various authors to theorise on the lacuna of the socio-political relationships referred to in the research objective and research questions of this study. It compares and contrasts the usefulness of concepts like informal institutions, practical norms, institutional 'bricolage' and political settlements for explaining the empirical data yielded by this study.

5.1 The Sociology of Economic Life in Fragile States

As the research design and the selected research activities have demonstrated, the point of departure for this research has been to study the everyday business practices and economic decision-making patterns among different groups of traders and entrepreneurs in South(ern) Sudan. Analytically, primacy was given to the sites, or interfaces, where these practices interact with the performance or enactment of state authority, but the methodological entry point for studying these interactions was primarily from the perspective of the traders/entrepreneurs. The data collected for Chapter Three about state reform appears to vary in this regard, but even here the pretext to interview state officials about how and why they apply certain rules and discard others was in reference to specific business practices involving cross-border trade and financial service provision (insurance).

But why study the modalities of real governance, which is more closely associated with the performance of the state, from a business practice entry point? The motivation for this can be found in what some authors refer to as the sociology of economic life in conflict-affected areas (Hilhorst 2013; Hilhorst *et al*. 2014; Little 2003; Kate Meagher 2013a; Raeymaekers 2007; Ritchie 2013; Titeca 2012), which emphasises economic activity as an adaptive source of ordering and normality during what may be characterised as a state of perpetual crisis. Disputing the characterisation of such societies as chaotically engulfed in *bellum omnium contra omnes* (a war of all against all), these authors emphasise the continuity of business practice and its potential to offer socially legitimate alternatives to state regulation (J. MacGaffey 1991; Reno 2009) as modalities of 'governance without government' (Raeymaekers, Menkhaus, and Vlassenroot 2008), to complement the political economy of the state (Roitman 2001) or to lead to more violent and disruptive forms of governance that unravel state authority (Duffield 2001; Reno 2000). Different authors and different academic 'fashions' have sought to address the regulatory modalities emanating from 'clandestine' trade networks vis–à–vis the state in different ways (Kate Meagher 2013a), but all agree that conflict or the withdrawal of the state does not leave a regulatory void.

Networks and Embeddedness

The bewildering popularisation of the network concept over the past three decades has precipitated somewhat of an interdisciplinary conceptual 'feeding frenzy' within the social sciences (Kate Meagher 2009, 9), which complicates adhering to its usage in a consistent fashion. In very rudimentary terms, when economic exchange between buyers and sellers of goods or services are transferred in the context of long-term and recurrent relations, these exchanges constitute a network rather than a market transaction (Janet MacGaffey and Bazenguissa-Ganga 2000, 13). In a market transaction, participants are free of future commitments; in networks, transactions are mediated through 'reciprocal, preferential, mutually supportive actions' (Powell 1990, cited in MacGaffey and

Bazenguissa-Ganga 2000, 13). Consequently, there are two dominant approaches to studying networks. The first focuses on the tie-based structural aspects of a network, the complex ways in which interconnected nodes mediate knowledge, power and capital (Burt 1997; Granovetter 1973). The second focuses more on the institutional content of the networks: how social relations and economic action are embedded in network ties (Polanyi 1957; Granovetter 1985; Portes and Vickstrom 2011).

The structural features of networks vary considerably and are important for understanding how networks perform. The new economic sociology school of thought that emerged in the 1980s and 1990s[38] provided a number of interesting conceptual notions about network density and the difference between strong and weak ties (Granovetter 1973; Granovetter 1983), about the homogeneity of information in dense network clusters and the notion of 'structural holes' between different network clusters (Burt 1992; Burt 1997) suggesting that the weak ties that bridged structural holes embodied a relatively higher content of non-redundant information. In similar studies about informal trade networks in African settings, authors have applied these notions to describe differences between, for example, networks of communal ties, based on relations of kinship and communal identity versus networks of associative ties, based on affective (and political) relations across communal boundaries (Bräutigam 2003, 449). Others have explored networks that are more personally instrumentally-activated, as opposed to being so rigidly structured (Mitchell 1969; Janet MacGaffey and Bazenguissa-Ganga 2000), or show how the configuration of a network is contingent on the spatial organisation of circulation versus that of production (Walther 2012; Walther and Retaillé 2008).

Tie-based analysis tends to slide back into the universalist rational-actor approach of classical economics, which poorly accounts for the way specific historic and socio-political factors shape the way networks operate. Polanyi, one of the founders of substantivist economic sociology, argued over 50 years ago that economic action is not a function of the market itself, but that it is an embedded outcome of 'social and political struggles [...] that has to be shielded by means of deliberate political engagement' (Polanyi 1957, 71). This idea that economic action is embedded in 'concrete, ongoing systems of socio-political relations' (Granovetter 1985, 487) refers to the extent to which economic action is linked to or depends on 'action or institutions that are non-economic in content, goals or processes' (Granovetter 2005, 35). This notion that socio-political and institutional content is embedded or inscribed in network ties is critical for examining how networks relate to modalities of real economic governance and has been explored in a number of ways by scholars.

Kate Meagher notes that the literature on networks as non-state forms of (economic) governance broadly identifies three principles of regulation: culture, agency and power (Kate Meagher 2009). With regard to culture, the literature emphasises how network content is shaped by communal or 'traditional' values such as reciprocity and kinship. This view has somewhat idealised the notion of the 'moral economy' (Scott 1977; Fafchamps 1992) in explaining how ethnic ties enhance economic

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[38] For a review of this body of literature, please refer to Convert and Heilbron 2007; Beckert 2007; and Portes 2010

efficiency by facilitating the mobilisation of cheap communal sources of credit, labour and information (Portes and Sensenbrenner 1993), or conversely, how they constrain re-investment by subordinating traders to the moral norms of redistribution, thereby having to choose between economic loss or social shame: the 'trader's dilemma' (Evers and Mehmet 1994). Although communal norms are important determinants for explaining variations in network performance, many authors in their attempts to generalise these norms in the African context have contributed to reductionist and simplistic views that social relations are embedded in fixed 'cultural repertoires' of clientalism, corruption and witchcraft (Chabal and Daloz 1999; Bayart, Ellis, and Hibou 1999), thereby indulging in a kind of 'lazy premature conceptualisation' (Olivier De Sardan 2008, 6). The more enriching analyses that factor in historic cultural determinants do so by emphasising their specificity and how they are constantly re-produced in relation to new challenges of globalisation, such as the case of the successful networks of accumulation described by Lourenço-Lindell in Bissau, shaped by Islamisation and links with pre-colonial trading groups (Lourenço-Lindell 2002).

The second principle of regulation as identified by Meagher (2009) refers to agency, which gives primacy to the way people navigate networks and employ different norms under different circumstances (Kate Meagher 2009, 14). Networks in this regard are viewed more as emancipatory channels of popular agency, allowing marginalised groups to bypass structures of political and economic exclusion (Long 2001). The network concept is thereby signified not just as a mechanism of economic survival, but can also be seen as a site of political resistance and protection from domination (Titeca 2012, 48) in an attempt to 'beat the system' (Azarya and Chazan 1987, 121). Often also characterised as a source of liberalisation or globalisation 'from below' (Kate Meagher 2005, 223), this perspective has its limitations including overemphasising rational cooperation to solve common economic problems.It largely omits the specific institutional content of networks or their linkages with wider society.

The final principle of regulation is that of power (Kate Meagher 2009, 15). Networks are understood to encompass cooperative governance modalities based neither on culture nor on individual agency but on regulatory systems of control that diffuse power among actors to generate an environment of participation and trust (Grabher 1993). Although such notions of personalised regulatory control are seen as dysfunctional in the Weberian[39] framework of legitimate domination, Tilly argues that no substantial regime can survive without drawing on the resources held by trust networks (Tilly 2004). In his historical analysis of 17th century England and the establishment of the English National Bank, he argues that the stable creation of state indebtedness was contingent on heavy involvement of dynamic trust networks of wealthy private financers (*ibid*, 7).

With respect to economic networks in fragile states, the informal, concealed and exclusive character of trust networks is by many authors viewed as one of the greatest threats to the global legal-rational order of modern states. As Reno describes, economic trust networks 'manipulate markets and

[39] The notion of Weberian statehood will be further explained in the next section. For an outline of Max Weber's views on trust networks in relation to the state, please see Weber (1999)

the laws regulating them to [...] create[s] informal, commercially oriented networks – Shadow States – that operate alongside remaining government bureaucracies' (Reno 2000, 437). Closely entwined with war economies, rogue states, global crime syndicates and terrorist activity, some argue that such networks are 'plethora[s]of mafias, informal trading and sheer black marketing' (Nordstrom 2004 cited in Meagher 2009, 17) and '[...] can be understood as the HIV virus of the modern state, circumventing and breaking down the natural defences of the modern state.' (Williams 2002, 170). Although this idea of an organised existential danger lurking in fragile states – the shadows of modernity – is a politically powerful mobilising metaphor. Very little empirical data exists to support this claim of a unified political and economic network project. Networked 'non-state' regulation is fragmented and manifests itself very differently across time and space. The very notion of it being 'criminal' or 'illegal' in a global sense is debatable as such objective definitions are contingent on a rule of law determined by a small number of powerful states and intergovernmental organisations whose jurisdiction over these practices is largely self-proclaimed. Synonymising the informal with the criminal has resulted in what Abraham and van Schendel call the 'residual category of "international crime" [that marks] all the practices that forces of authority do not know how to fully comprehend, identify or stop, regardless of whether they are really criminal.' (Abraham and van Schendel 2001, 6) In fact, throughout history 'in-law or outlaw status was determined by the nature of a relationship of a group to the state at any specific point in time' (Gallant 1999, 40). Thus we arrive at the pivotal question of how business practices that are embedded in social networks relate to the performance, institutional arrangements of the state.

Taxation and State-Making

> 'The fiscal history of a people is above all an essential part of its general history. An enormous influence on the fate of nations emanates from the economic bleeding which the needs of the state necessitates, and from the use to which the results are put.' (Schumpeter 1918)

This section provides a brief introduction to the theoretical premise that 'the economy' understood as economic activity that is embedded in social networks is at the very root of state formation, and how that premise applies to what are commonly characterised as 'fragile states'. In particular, research questions one and two aim to explore how taxation practices are shaped and what this tells us about how different actors make sense of 'the state' in their everyday activities. Concurrently, this section also identifies the divergence between how the state-economy nexus developed in Western countries and how this is developing in countries like South Sudan. In doing so, it bridges the first conceptual segment about the sociology of economic life with the definitions and logics of economic governance in fragile states that frame international policy discourses.

Advances in the field of studying informal economies in Africa overwhelmingly point out that the 'informality' of economic activity does not signify an escape from the state or from the formal economy but rather an intrinsic engagement with both (Hart 2005; Lindell 2010; Kate Meagher 2010; Raeymaekers 2012; Roitman 2005). In conflict-affected environments such as South Sudan where state authority is patchy and the public/private divide is blurred, when we acknowledge that informality is at the heart of how the state and the market perform, then 'the key referent of formality has defected across the binary divide, and become absorbed by informality. The rest is simple: no formal sector, no informal sector.' (Klein 1999, 568). But what does this reveal about the nature of the fiscal relationship between state and society in places that have been labelled as 'fragile' or 'failed' states? Weak states that derive the majority of their incomes from external economic rents, such as through aid or natural resource extraction, often deviate from the trajectories of Western states with regard to the emergence of a sustainable and accountable system of taxation (P. Collier 2009). If indeed, states at least partially derive the ability to act from their ties (and the nature of those ties) with forces beyond the state (Offe 1984 and Jessop 2007, cited in vom Hau 2012, 6), including multinational oil and gas corporations and donor governments, how does this affect the modalities of real economic governance? What role does taxation, procurement and business regulation fulfil in the real process of state building?

Resource mobilisation, especially through taxation, is by many authors thought to be at the heart of what defines statehood. Douglas North, one of the main proponents of the New Institutional Economics (NIE) school of thought in fact defines the concept of statehood as '[...] an organisation with a comparative advantage in violence, extending over a geographic area whose boundaries are determined by its power to tax constituents' (North 1981, 21). Taxation is directly linked to the notion of the social contract whereby citizens submit a degree of their sovereignty to a higher sovereign – the state – in return for order, protection and predictability. With respect to development, some authors thus claim that '[t]he modern bureaucratic state becomes a 'taxation state,' upon whose stability the whole political economy depends.' (Keane 1984, 43).

In many 'fragile' states the primary source of income derives from economic rents, most commonly foreign aid or natural resource rents. As a result, the formal taxation systems and the corresponding enforcement mechanisms in fragile states are often incoherent and outdated remnants of colonial rule that have since been subject to piecemeal tweaking as a result of several generations of aid conditionalities (Mills 2012, 112; P. Collier 2009), but do not work in an effective and accountable way. In the Western-centric rational legal view of statehood, this arguably hampers state-society relations and erodes state legitimacy. In fact, mainstream development economics claims that one of the origins of state fragility is the 'pathology of state ineffectiveness in enforcing contracts, protecting property, providing public goods and raising revenues' (Besley and Persson 2011, 3). An ineffective formal tax system is, in this view, seen both as a cause and as an outcome of state fragility. Here the discrepancies between formal governance and real governance again come to light; in mainstream development economics, properly functioning formalised tax institutions are seen as an end goal comprising the most efficient way for a state to ideally organise a polity. As Douglas North notes, ‘The efficiency of the political market is the key to the issue. If political transaction costs are low, and the political actors have accurate models to guide them, then efficient models will emerge.’ (1990, 52) This implies that formal institutions serve to make the political marketplace efficient and by virtue of this to possess a kind of *a priori* universal legitimacy. The study of real economic governance on the other hand, dismisses universalist claims that obscure the embeddedness of the economy in context-specific socio-political relations.

Academic debates about economic governance and the role of the state are largely based on historical analyses of emerging economic governance institutions in Europe (P. Collier 2009; Tilly 1975; M. Moore 2004; van de Walle and Scott 2009). Such analyses suggest that the ‘security-taxation nexus’, meaning the need for states to raise revenues in order to fund perpetual military rivalry with other states, was at the heart of the institutional development of taxation (P. Collier 2009; Tilly 1990). Tilly adds to this by stating that populations often resisted the establishment of state authority to leverage taxes, visible in violent tax rebellions and food riots (Tilly 1975, 71). Comparing this to the current challenges faced by the state of South Sudan, it becomes apparent how fundamentally divergent the economic governance trajectories of ‘fragile’ states can be in relation to the rise of European nation states in the 17th century. South Sudan’s sovereign inception was largely driven by external agendas and the government’s reliance on oil revenues from Chinese, Indian, Malaysian, American and Swedish multinational firms that allow it to retain a large degree of financial autonomy from its citizens. In this respect, Tillian war-makes-states logic does not take into account the fundamental drift from internal to externally-driven state formation trajectories. As Leander notes,

> ‘The implications of this drift have been that states and military organisations receive their resources and legitimacy largely from without and that they do not therefore need to forge the kind of mutual ties that constrained the relationships between European rulers and ruled.’ (Leander 2003, 5–6)

5.2 Economic Governance Institutions in Fragile States

There are many views on what economic governance means and how it works in a context where the state authority is fragmented, contested and competing with other non-state forms of economic governance. The notion of real governance was introduced against the backdrop of a widespread disillusionment with conventional approaches that focus too much on the formal aspects of governance that presume a certain *a priori* role for the state in regulating economic activity (Hagmann and Péclard 2010; Kate Meagher, de Herdt, and Titeca 2013; Olivier De Sardan 2008). This section tries to explain this disillusionment by showing how economic governance in fragile states is conceptualised in the prevailing discipline of development economics and adopted by international fragile states policy. In doing so, it situates economic governance in a wider debate about governance in fragile states. As previously stated, the notion of governance relies heavily on the concept of the institution. Since this concept is widespread in a number of different disciplines to mean different things, this section offers a brief exploration of the currently dominant view of institutions as adopted by international fragile states policy. This will serve as a reference point for later sections on real economic governance.

The term 'state fragility' needs to be understood against the backdrop of a changing international attitude and vocabulary in relation to those parts of the world where state authority in the conventional legal rational sense is fragmented, contested and often perceived as illegitimate by large segments of society. With the perceived emergence of the 'new wars' in the 1990s, characterised by protracted internal conflicts within countries where regimes had previously depended so much on their alignment with the bipolar geopolitics of the cold war (Kaldor 1999), the international community signalled a global decline in state authority. The vocabulary of the 2000s portrays failed and fragile states as countries that do not have the effective and efficient systems in place to govern market forces and domestic political processes. 'Government[40]' in these countries is seen as 'lack[ing] political will and/or capacity to provide the basic functions needed for poverty reduction, development and to safeguard the security and human rights of their populations' (OECD 2007).

Economic governance in fragile states is often framed in the vocabulary of 'improving the efficiency and accountability of the public sector, and tackling corruption, as essential elements of a framework within which economies can prosper' (IMF 2005) This approach to governance is largely rooted in the 'good governance' paradigm that was popularised by the World Bank in the 1990s (World Bank Group 1992). In this respect, economic governance reform agendas in fragile states, whether regarding taxation, investment law or the enforcement of property rights, revolve largely around the ' good governance' flagship of reducing the 'political transaction costs' of organising society (Brück, Naudé, and Verwimp 2013; Datzberger and Denison 2013; Dudwick et al. 2013; World Bank Group 1992). Based largely on the discipline of New Institutional Economics (NIE), high

[40] Referring to domestic political processes played out and mediated at societal level, as opposed to 'governance' which refers more to the framework of regulatory controls at an institutional level (Chandler 2006; Fudulu 2003)

transaction costs, understood as ‘the cost of negotiating and of concluding contracts, and then of monitoring and enforcing them’ (Harris, Hunter, and Lewis 1995, 3) hamper economic growth and undermine stability, but can be minimised and efficiently moderated by formalised institutions (or ‘incentive structures’) (North 1990). But what are these formalised institutions exactly? And how did they evolve from context-specific societal arrangements in the West to become a blueprint for prosperity and stability worldwide?

Weak Institutions

In a broader sense including, but not limited to, economic governance, The World Development report of 2011, an influential and trend-setting publication for institutions such as the OECD, the World Bank, the UN, etc. notes that:

> ‘Weak institutions make a country vulnerable to violence, just as a weak immune system makes a body vulnerable to disease. To re-store a body to health means not only treating the disease but also restoring the body’s ability to fight off disease; similarly with weak institutional legitimacy and governance. The cause of each outbreak of violence may vary, but the underlying reason for societies’ inability to resist stresses is that their institutions are too weak to mediate them peacefully.’ (The World Bank 2011, 86)

In this analogy, it is presupposed that state institutions are part of a naturally occurring system within a given territory, a country, that if healthy can prevent the abnormal condition of violence, which like a disease, may be caused by exposure to external harmful influences or internal dysfunctions, in which case the body – or the country – displays an abnormal reaction against itself. The institutions that are referred to in this analogy in their healthy form are based on universal values of human rights, the rule of law, political pluralism, transparent and accountable government, legitimacy, access to knowledge, information and education, equity, etc.[41] Broadly defined as ‘the “rules of the game” that emerge from formal laws, informal norms and practices, and organisational structures in a given setting.’(World Bank 2000, xii). ‘Healthy’ institutions are the means by which a modern state performs its three core functions: security, welfare and representation (Schwarz 2005) in such a way that conflicts can be mediated peacefully.

This particular conceptualisation of what state institutions are and how they ought to function is rooted in Western philosophical traditions of political science and economics and is based on a teleological historical perspective stretching roughly from the rise of nation states in 17th century Europe to the mainstreaming of neoliberalism in the late 20th century. The notion of the ‘nation state’

[41] For a full overview of the values behind ‘good governance’ please refer to World Bank Group 1992

as a sovereign nonphysical juridical entity, within an international legal system, that is represented by a centralised government that has supreme independent authority over a geographic area is often attributed to the Peace of Westphalia[42] of 1648 and was further developed into what later became the foundation of 'modern' statehood through the contributions of Thomas Hobbes (Leviathan, 1651), Jean-Jacques Rousseau (Of The Social Contract, 1762), Adam Smith (the Wealth of Nations, 1776) Max Weber (Politics as a Vocation, 1919) and a number of other European philosophers. The analogy between violence and disease, as captured in the World Development Report above, together with the notion that state institutions above all ought to protect their citizens and 'save succeeding generations from the scourge of war' (United Nations 1945) gained mainstream legitimacy in the aftermath of the Second World War in Europe when the United Nations Organisation was established.

The specific context from which the institutional arrangements of 'modern' statehood emerged was by no means linear, universalist or non-violent (Tilly 1975; Tilly 1990; Leander 2003). If the analogy between institutions and a human being's immune system would be correct, it would suggest that state institutions are highly specific, partially predisposed according to parentage (the orders against or through which new institutions emerge) and shaped by the antigens they are exposed to. Paradoxically, Max Weber, one of the most influential authors to date on the emergence of Western state institutions that is popularly cited in the state building literature, argued passionately against a generic application of Western institutional logic to non-Western settings. In Weber's views, the ideal-type rational-legal authority which best describes the underpinning logic of Western statehood, was uniquely tied to the philosophical and historical trajectory of the occident. The resulting characteristics of modern statehood, he argued, included a binding authority by the state over its citizens and a monopoly on the legitimate use of physical force in its jurisdiction (Weber 1919), as well as the monopolisation of administrative regulation (through formalised bureaucracy) and control based on a centralised and stable system of taxation (Weber 2006). Weber's ideas remain highly influential to date and contrary to his claim that state institutions develop in highly specific ways, the model policies of state building in fragile post-conflict societies are often referred to as 'Weberian' (OECD 2008a) in which fragility is defined by a state's deviation from a Weberian ideal type (Migdal and Schlichte 2005).

In short, the idea that state institutions can be transplanted – or built – through external intervention is ambiguous. When the World Bank or the international community at large refers to 'institutional development' or 'good governance' in fragile states, this is by and large not in reference to local ordering mechanisms that have traditionally mitigated violence, but to the establishment of a formalised bureaucracy that taxes and provides services to all its citizens in accordance with a formalised legal order (OECD 2008b; Prichard 2010; Peschka 2011), a formalised security sector with specific jurisdictions for external security (military) and internal security (police) (OECD 2005), and which derives its formal legitimacy from complex proceduralised electoral competition and rigid

[42] A series of signed treaties that ended the Thirty Years' War (1618–1648) in the Holy Roman Empire, and the Eighty Years' War (1568–1648) between Spain and the Dutch Republic..

checks and balances (François and Sud 2006). In short, it is an institutional design based on a Weberian blueprint. However, this clearly conflicts with the analogy of state institutions as an immune system. If the strength of state institutions would be based on endogenous immunological memory of exposure to harmful pathogens (in this analogy, the conflicts that lead to violence), then the idea of transplanting institutions that developed under very different circumstances is obviously problematic. In this supposed analogy, the institutional immune system of Western countries would be highly unsuitable and inappropriate to build up resistance to violent symptoms in fragile states.

Indeed, experience from the Balkans (Ignatieff 2003), Iraq (Schwarz 2005), Afghanistan (Verkoren and Kamphuis 2013), Somalia (Menkhaus 2006), South Sudan (Jok 2011), the DRC (Veit 2010), and other places where the international donor community has tasked itself with institution-building suggests that this approach is problematic at the least. In reaction to disillusionment with one-size-fits-all institutional blueprints, authors from various academic disciplines have sought to explore alternative views about institutional development and governance in fragile states. In recent years, some of these views have gradually started seeping into mainstream fragile states policy. One example of this is the idea that patrimonialism – a fundamentally different ideal-type authority than the legal-rational authority ideal-type on which the institutional design of modern states is based – can in some cases yield developmental effects. The notion of 'working with the grain' corresponds with this idea, suggesting that international support ought to identify local institutional logics and then implement their projects in ways that do not go against those logics. As Chapter Five will demonstrate however, donor support in practice is still a far cry away from 'working with the grain'. The next section showcases a number of concepts and debates that illustrate how authors from different disciplines have tried to offer alternative perspectives on (economic) governance in fragile states.

5.3 'Real' Governance

The emerging body of literature on real – or 'hybrid' – governance, referring to the empirically-grounded perspective of governance as composite, context-specific and negotiated, has rapidly expanded over the past decade and is rife with neologisms: hybrid or 'real' governance (Titeca and de Herdt 2011; Olivier De Sardan 2008), mediated or negotiated statehood (Menkhaus 2008; Hagmann and Péclard 2010), hybrid political orders (Boege et al. 2008), institutional pluralism, multiplicity or 'bricolage' (Crisis States Research Centre 2006; Cleaver 2001), twilight institutions (Lund 2006), practical norms or practical hybrids (Olivier De Sardan 2008; Blundo 2006; Booth 2012), political settlements (Di John and Putzel 2009; Khan 2010), developmental patrimonialism (Kelsall et al. 2010), etc. What all of these approaches have in common is a shift in thinking about what fragile states are not, to what they are or might be (Goodfellow 2013).

Moving away from the Weberian ideal-type driven perspective of state institutions and governance, the real governance literature tries to understand how local sources of order and authority relate to the notion of statehood in the 21st century. This in itself is nothing new and can be traced back to the research endeavours by anthropologists and political scientists during the time of colonialism and indirect rule (Kate Meagher 2013b; Kelsall 2008). What is different about these approaches is the ambition to frame these local ordering mechanisms from a less normative stance and without being driven by motivation to utilise research findings to forge compliance mechanisms. The following section aims to explore a few of these concepts in relation to the central research objective, especially with regard to practices and regulation being 'shaped by socio-political relationships'.

Starting Point: Normative Registers

The study of 'real' governance is primarily concerned with explaining divergences between (regulatory) practices and official norms (Olivier De Sardan 2008). It departs from the notion that official norms, as inscribed in the formal institutional arrangements of the state, are only one of many 'normative registers' available to actors in what Hagman and Péclard refer to as 'negotiation arenas', the 'political space in which actor groups bargain material and symbolic dimensions of statehood' (Hagmann and Péclard 2010, 550). The modalities of real economic governance are drawn from a range of different normative registers that are available to actors.

Normative registers can be understood as the regimes that cluster certain norms together, as sets of arguments and premises including 'an implicit ontology of the subject matter: the kind of categories in which it can be described and the kind of actions that are possible.' (Schielke 2009, 166). Normative registers are the toolboxes which different actors draw upon in negotiation arenas and may include, for example, East African regionalism and the EAC, or the governmental mode of the ‘hakuma’[43]associated with militarised and arbitrary alien domination concentrated in urban centres of southern Sudan. When examining the divergences between official norms and regulatory practices, it becomes apparent that there are many normative registers at play. Official norms are derived from the normative register that has been inscribed in the formal institutions of the state, the ‘rules and procedures that are created, communicated, and enforced through channels widely accepted as official’ (Helmke and Levitsky 2004, 727). But they comprise only one of many registers. Other normative registers exist alongside the official state norms and may be very explicit, such as social or communal norms, as has long been studied in the tradition of legal anthropology in which authors describe a ‘normative pluralism’ or a ‘pluralism in social control’ (John Griffiths 2005 cited in Tamanaha 2007, 395). As such, normative registers can best be understood to comprise the vocabulary of norms available to actors. They relate to the specific socio-political power dynamics that all of these other concepts describe though the question of syntax; how different actors use their vocabularies to make sense of a particular situation.

Practical norms and Informal Institutions

Norms are by definition practice-based and there is no bureaucracy in the world that works strictly according to official norms (Olivier De Sardan 2013a). The gap between official norms and actual practices however, appears to be particularly wide within African bureaucracies in general (Anders 2010) and in ‘fragile’ states in particular (Titeca and Herdt 2010). Olivier De Sardan argues that deviations from official norms cannot solely be ascribed to social norms, which would reduce explaining the gap to ‘African traditionalist culturalism’ and ignore the fact that practices that do not comply with either official or cultural/social norms are both widespread and non-random (Olivier De Sardan 2013b, 7). Instead, there is a need for a third typology that explores the ‘various informal, *de facto*, tacit or latent norms that underlie the practices of actors who diverge from the official norms (or social norms).’ (*ibid*, 8). The concept ‘practical norms’ moves beyond the mere existence of multiple explicit normative registers, whether official or social, and focuses on how both state and non-state actors routinise and institutionalise implicit normative arrangements. The notion of practical norms is therefore less predicated on identifying different normative registers, as opposed to exploring the socio-political dynamics that shape the rules actually governing the actions of actors (Olivier De Sardan 2008, 1). As Titeca and de Herdt note, ‘The prevalence of practical norms is therefore rather a function of the inventory of tactics and manoeuvres available to all parties involved, than a reflection of either ‘legal’ or particular ‘social’ norms.’ (Titeca and Herdt 2010, 575).

[43] From the Arabic word for government, described as the ‘bundle of influences and symbols . . . encompassing the military cultures originally introduced by the Turco-Egyptian army in the 19th century . . . spatially located in the urban centres of South Sudan’ (C. Leonardi 2007, 394)

In the following chapter about cross-border trade, the notion of practical norms will be applied to a case similar to that of the Pageri police commander featuring in the central research themes section above. By studying the everyday interactions between taxation officials and traders at a border crossing and documenting the broader explicit normative registers from which they draw, the practical norms of taxation can be derived – meaning the specific and often implicit ways that deviation from or alternating between normative registers is regulated. Within this process, the socio-political relationship between state and non-state actors is essential for understanding how practical norms manifest themselves (Bierschenk 2010; Booth 2009; Titeca and Herdt 2010; Olivier De Sardan 2008).

Other authors have described the outcome of negotiation processes between different groups of actors who wield and yield power using multiple normative registers in the vocabulary of informal institutions broadly defined as 'socially shared rules, usually unwritten, that are created, communicated, and enforced outside of officially sanctioned channel' (Helmke and Levitsky 2004, 727). Informal institutions are by definition composite and their stability depends on the socio-political power relations between the different groups of actors that forged them. Over time and through 'processes of regularisation' (S. F. Moore 2000, 55) or 'self-reinforcing sequences', described as 'the formation and long-term reproduction of a given institutional pattern' (Mahoney 2000, 508), informal institutions become part of the mundane day-to-day modalities of real governance. Authors have sought to describe the institutional realities of fragile states in the vocabulary of institutional pluralism (Hilhorst *et al*. 2014) or institutional multiplicity (Crisis States Research Centre 2006; Goodfellow and Lindemann 2013), drawing from the tradition of legal pluralism that presumes a permeability between state and the non-state institutions.

It must be noted that the definition of an informal institution as presented here largely coincides with the neoinstitutionalist definition of institutions as 'the rules of the game in a society, or more formally, the humanly devised constraints that shape human interactions'(North 1990, 3), which essentially remains within the rational choice paradigm and presupposes informality to equate 'culture' or 'tradition' as very static and generic factors. As North notes, 'Where do informal constraints come from? They come from socially transmitted information and are part of the heritage that we call culture' (*ibid*, 37). In this regard, authors Helmke and Levitsky, whose definition of informal institutions is used throughout this thesis, correctly state that 'economists too often take informal institutions as 'historical givens, or part of a static cultural landscape (...); as a result, they often understate the degree to which informal institutions are modified, adapted or even reinvented over time' (Helmke and Levitsky 2004, 730). In this respect, the use of the term 'informal institutions' throughout this thesis aims to dismiss the notion of 'culture' as a catchall phrase for the range of normative registers associated with social norms. Instead, primacy is given to the specific socio-political dynamics that underpin how different norms emanating from different registers (some of which embody aspects of traditional culture) are negotiated and entrenched into the institutional arrangements that may be called informal only in reference to formal institutions. It thereby strives to adhere to what Olivier De Sardan refers to as ‘a more modern and empirically based notion of informal norms as heterogeneous, ambivalent, and dynamic [that] could have allowed for fruitful dialogue with sociologists and anthropologists, whose very job is to go over this ground, with which economists are largely unfamiliar, in great detail.’ (Olivier De Sardan 2013c, 287).

Institutional ‘Bricolage’

Institutional ‘bricolage’ is the analytical tool that examines how interface bureaucrats manage the diverse, albeit incoherent, toolboxes of (semi) official normative registers at their disposal (Cleaver 2001; Koning 2011; Sehring 2009a). This may include older outdated laws, provisional orders, local legislation or even international law. In this sense, the interface bureaucrat becomes an ‘institutional bricoleur’ who can wield a variety of different official norms from formal texts or policies, while simultaneously circumventing or subverting others. Institutional bricolage suggests that state officials can improvise creative solutions by using pre-defined components by which they are constrained (Cleaver 2001). Unlike the entrepreneur or the engineer, the bricoleur’s relationship with the materials that he uses, the setting in which he uses them and the possible outcomes of using them are predicated on ‘what’s available’ in a setting that he/she did not create or control (Lévi-Strauss 1962).This is not arbitrary however, as the outcome of this bricolage often reflects a tacit political process that benefits from a certain *status quo*, and can form a hardened shield against institutional reform imposed from above (Koning and Cleaver 2012, 286).

As such, institutional bricolage studies the syntax of formal arrangements; why and how actors use the official rules and regulations at their disposal in different ways. What dictates the usage of official norms and delineates the space for bricolage, the main actors, interests, power relations and institutional settings, including, for example, the ongoing war-time practices and authority structures of the SPLA can broadly be understood as the ‘institutional corridor’ (Sehring 2009b). This concept also attributes great significance to the specific socio-political relationships between different groups in society as being embedded in the institutional corridor. As Jenniver Sehring, the author who coined the term, notes with regard to this socio-political dynamic, ‘It sets the parameters for politics; it shapes the conditions of the processes through which actors establish and implement rules. It defines the ‘corridor’ that constrains as well as enables actors’ behaviour by shaping their perceptions, interests, and strategies.’ (Sehring 2009b, 81).

Political Settlements

The fourth chapter which closely examines the informal clientelistic relationships underpinning the government procurement sector in South Sudan adopts a ‘political settlements’ lens for examining the way socio-political relationships shape business practices and economic regulation. The political settlements approach essentially argues that institutions, whether formal or informal, are strongly influenced by inter-elite power arrangements – the political settlement – that exists between rival power centres in a political marketplace (Khan 2010). It places the negotiating dynamics between different groups and particularly elite factions at centre stage of the institutional analysis (Parks and Cole 2010). As Di John and Putzel note: ‘the ‘design of institutions’ [...] particularly formal state institutions, does not determine either political or economic outcomes.’ (Di John and Putzel 2009, 6), Instead, ‘[it is the] underlying political settlement which determines political and developmental outcomes.’ (*ibid*). Political settlements approaches bridge the literature between ‘elite pacts’ or ‘bargains’ and social contract theory (Routley 2011, 72) arguing that they are both context specific yet highly influential for ‘developmental’ outcomes related to growth and poverty reduction (Walton 2010; Kelsall et al. 2010). This has gained the approach some traction within the international donor community over recent years.

A political settlements analysis does not depart from ideal notions of governance but instead ‘explores how the distribution of power is inscribed in state structures and their organisational capabilities [...], bring[ing] elite politics to the forefront of the analysis.’ (vom Hau 2012, 12). This process of inscription is often described with a vocabulary borrowed from Weber’s ideal-type patrimonial authority, commonly referred to in the literature as neo-patrimonialism, which diverges from the legal-rationalist ideal-type authority that corresponds more with the design of Western state institutions (Pitcher, Moran, and Johnston 2009).

This thesis draws from a number of authors who argue that clientelism and patron-client relations manifest themselves in very diverse ways, are not always growth retarding, and definitely not restricted to the African context (Booth 2009; Booth and Golooba-Mutebi 2012; Kelsall 2012; Khan 2005). Much of the political settlements literature is concerned with the creation, allocation, distribution and utilisation of economic rents, or ‘excess incomes’. Rents can take many forms, such as profits from monopoly trading, income from subsidies, income that comes from owning scarce resources, income from corruption (Khan and Sundaram 2000) or incomes generated from allowing foreign corporations to extract crude oil from its territories. According to Khan, ‘The ‘rent-seeking’ activities of powerful groups result in the creation of both formal and informal institutions.’ (Khan 2010, 25). He continues to argue that some types of rents may be very damaging for prospects of ‘productive assets and technological capabilities’ (*ibid*, 31), whereas others may enhance these prospects, or may be essential for maintaining stability and preventing violence. Moving away from conventional formal state-centric perspectives that perceive all forms of rent and informality as a problem (Birdsall 2007; Brück, Naudé, and Verwimp 2013; OECD 2008b; World Bank Group 2011, a.o.), some authors have theorised about the modalities and forms of the rent process, (creation, seeking, distribution and utilisation; Kelsall et al. 2010, 7) that can yield 'developmental' practices or institutions, by comparing patterns across Africa and Asia (*ibid*) and considering how these patterns can be enhanced through foreign interventions by working 'with the grain' of developmental patrimonialism (Booth 2009; Kelsall 2012).

The third chapter of this thesis explores how a political settlement among contending national elites and the logics that underpin that settlement (a wealth and power-sharing arrangement), is an important normative register – a normative point of reference – for lower level interface bureaucrats to draw from when they are negotiating the rules for levying a certain tax or granting a certain license. In this regard, the balance of power becomes inscribed and routinised into the performance of the state.

Intervention Arenas

At least two of the four central chapters of this thesis dedicate some aspects of the analysis to the role of international donor and aid agencies in shaping business and regulatory practice. Conceptually, the hybrid (or 'real') governance literature does not appear to attribute a very significant role to external interveners. On the one hand, the vocabulary of the 'real' is often framed in reaction to the idealised normative notions of the 'good', which is devised by the mainstream development economics that many multilateral donor organisations subscribe to. On the other hand, studies on the modalities of 'real' governance in fragile states have in some regards focussed on local civil society organisations as service providers (Raeymaekers, Menkhaus, and Vlassenroot 2008; Titeca and de Herdt 2011), but the pervasive role of international aid agencies, whether development or humanitarian-oriented, is largely absent from hybrid or real governance analyses (Hilhorst et al. 2014).

Without attributing a dominant focus to international actors, this thesis nonetheless argues that marginalising the role of international institutions, interests, agendas and interventions in the analyses would be theoretically unwarranted. Studies on the role of international aid actors in shaping the everyday realities in fragile states suggest that over the past 15 years, their engagement has expanded exponentially (Chandler 2012; Duffield 2012). Rationalised as preventive engagement, aid organisations increasingly frame their activities as empowerment and working through local capacities, thereby qualifying their own role and the intended effects of their interventions as facilitative and indirect. In practice however, aid organisations are also significant co-governors of economic life through their unintended effects and their interventions shape the context in which they operate in both explicit and tacit ways. Studying these effects requires a more empirically-grounded examination of the everyday practices of aid, also referred to as the emerging body of literature and practice of 'aidnography' (Apthorpe 2005; Gould and Marcussen 2004; Hilhorst 2003; Hilhorst 2007;

Hilhorst and Jansen 2010; Mosse 2005; Mosse 2011). This approach utilises an ethnographic epistemology to explore the everyday practices by which aid workers and policymakers make sense of their role within complicated 'intervention arenas'.

This actor-oriented approach to how international policies translate into intervention practice starts with what may be called the 'social life of policy', which means that policy is socially defined by the actors involved. Policy is the outcome of negotiation[44], and it cannot be taken for granted that policy is meant to be implemented according to its stated intentions. It is the result of interaction between different stakeholders, who try to make policy fit their own perspectives of the problem and goals (Colebatch 2001). In many cases, policy is not intended to be implemented at all, but is designed to serve symbolic purposes such as being seen to be concerned, being seen to fulfil international obligations, or placating parliament and populations at home. In this respect, David Mosse argues that good policy is not necessarily implementable, but first and foremost serves as a register of 'mobilising metaphors' (Mosse 2004). The second dimension concerns the ways in which policy is translated in the operative rationales of implementation. This theoretical and methodological stance steps away from the policy cycle model that views policy as the systematic pursuit of goals and the end result of a purposeful course of action (Colebatch 2001). Instead, programmes are understood as processes or emergent properties (Mosse 2005): the outcome of social negotiation in which involved actors aim to appropriate the project according to their own understanding, interests and ambitions. As Hilhorst & Jansen note, 'The realities and outcomes of aid depend on how actors along and around the aid chain - donor representatives, headquarters, field staff, aid recipients and surrounding actors - interpret the context, the needs, their own role and each other.' (Hilhorst and Jansen 2010, 1120).

Open Moments

The basic premise underlying the central research objective of this research is that socio-political relationships are the key to understanding how business practices and economic regulation manifest themselves. The argument is that socio-political relationships are forged within negotiation arenas (Hagmann and Péclard 2010, 550) and are then subject to a gradual and incremental process of regularisation (S. F. Moore 2000, 50), institutionalisation (Helmke and Levitsky 2004) or embedding (Olivier De Sardan 2013c) in regulatory practice and economic action. However, this line of argumentation presupposes a certain degree of stability and path-dependency in the process which in a 'fragile states' context is far from self-evident. In this sense, fragility can be understood to refer to indeterminacy, or as Unruh notes, 'In war and post-war situations, legitimacy, authority, and rules are much more fluid and open than perhaps at any other time.' (Unruh 2003, 366). As such, the analytical

[44] In this regard, the aidnographic approach draws a parallel with the literature on negotiated statehood which apprehends the notion of 'negotiation arenas' to describe '*[the] confines of the political space in which actor groups bargain material and symbolic dimensions of statehood*'. (Hagmann and Péclard 2010, 550).

toolbox needs to be enriched with concepts that can help analyse the role of 'critical junctures' which broadly denotes how 'institutional development characterised by relatively long periods of path-dependent institutional stability and reproduction [that] are punctuated occasionally by brief phases of institutional flux . . . during which more dramatic change is possible' (Capoccia and Kelemen 2007).

Critical junctures are explained as events or episodes that interrupt incremental 'self-reinforcing sequences', described as 'the formation and long-term reproduction of a given institutional pattern' (Mahoney 2000, 508). The interruption of these patterns by a critical juncture is characterised by 'a situation in which the structural (that is, economic, cultural, ideological, organisational) influences on political action are significantly relaxed for a relatively short period' (Capoccia and Kelemen 2007, 343). Their typology of 'critical' is rooted in the assertion that '[T]hey place institutional arrangements on paths or trajectories, which are then very difficult to alter.' (Pierson 2004, 135). The analytical and methodological challenge of appropriating this concept into the analysis is that much of the existing literature from historical institutionalism rests on historical counterfactual analysis and narrative process tracing, whereas the neoinstitutionalist rational actor analyses are largely based on ideal-type economic models, which conflicts with the notion of 'real' governance.

Alternatively, this thesis largely bases its conceptual understanding of critical junctures within the vocabulary of legal pluralism. Analogous to the 'self-reinforcing sequences' described above, legal anthropologists have explored gradual and incremental 'processes of regularisation' by which actors are 'trying to fix social reality, to harden it, to give it form and predictability.' (S. F. Moore 2000, 50). Critical junctures are described as 'open moments': instances whereby a gradual process of structuration (Giddens 1984) is interrupted and the associated 'rules and structures are suddenly challenged and the prerogatives and legitimacy of politico-legal institutions cease to be taken for granted.' (Lund 1998, 2). During such open moments, pre-existing arrangements widen and make room for 'situational adjustment', a process where actors '[exploit] the indeterminacies in the situation' and '[re]inject elements of indeterminacy into social negotiations. . .' (S. F. Moore 2000, 50). Open moments are conceived as intense periods of social rearrangement that may precipitate a '[T]urning point in which outcomes are deemed uncertain and unpredictable' (Raeymaekers 2009, 57) that can stimulate the making of 'new forms of political action that ultimately challenge conventional notions of "where politics is to be found and what it is" (*ibid*, Greenhouse 2002, 3–4). The open moment offers a more actor-oriented perspective on what happens during critical junctures and recognises that one juncture may not be equally critical to all actors and socio-political relationships involved. In this regard, the concept of the 'semi-autonomous social rule-generating fields' (S. F. Moore 1973; Merry 1988) helps to conceptualise how different institutional arrangements generate different rules, customs and symbols internally, but are also to some degree susceptible to the rules and decisions emanating from other fields which can, and does, affect and invade it (Griffiths 1986, 29).

5.4 Thesis Outline

In summary, this thesis departs from an understanding of governance as shaped by socio-political patterns of negotiation. Consequently, the four following chapters will adopt different conceptual lenses from the hybrid governance toolbox presented above, as deemed most appropriate by the specific research questions. Chapter Two explores how the relationships between different groups of traders and state officials at a border crossing shape the 'practical norms' of cross-border trade and taxation. Chapter Three provides a different perspective on the relationships that shape the everyday practices of taxation and business regulation by examining how these are negotiated through bricolage between different groups within the state, incorporating the 'open moment' of the oil shutdown to explore how these negotiation dynamics change. Chapter Four also explores the contingent nature of the oil shutdown by analysing how the patron-client relationships that governed the procurement sector changed in its aftermath with regard to different entrepreneurial groups and practices. Chapter Five analyses several international donor initiatives that aim to stimulate local entrepreneurship and foreign direct investment (FDI), but struggle to do so on account of an apolitical interventionist rationale that appears irreconcilable with the political nature of South Sudan's small and medium-sized[45] enterprise sector. Finally, the concluding chapter summarises the main empirical and theoretical findings from this thesis and provides a few additional insights on policy relevance and possible follow-up research.

[45]This thesis adheres to the classification of small and medium firms described in the 2012 South Sudan Companies Act art. 323(3), supplemented with jurisprudence from a certified South Sudanese corporate lawyer. Small firms are hereby defined as locally owned enterprises employing between 2 and 7 employees with an initial capital investment of 10,000-100,000 US$. Medium firms are defined as locally or foreign-owned enterprises (if foreign owned, the local partner must own at least 31% of company shares) employing more than 7 people and with an initial capital investment of 100,000-1mln US$. I would like to thank Garang Chut Deng for his assistance in obtaining this definition.

– CHAPTER TWO –

Trade Networks and the Practical Norms of Taxation at a Border Crossing between South Sudan and Northern Uganda

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Abstract:

This chapter provides an ethnographic insight into how the daily realities of state performance along the South Sudanese most southern border of Magwi County are an outcome of negotiations between traders and state officials. We argue that the 'practical norms' of taxation, meaning the actual rules that govern the actions of state officials, are largely framed by the way in which state officials and traders are embedded in different networks. In our analysis, we distinguish between regional trade networks of accumulation that are based on associative ties and appropriate elements of state performance and SPLM/A authority into their business practices, and local trade networks of survival that are based on communal ties and relate to state performance more through the informal institutions of kinship and subsistence security. We demonstrate that the types of network ties and their embedded institutional content that connect traders and state officials yield very different practical norms with different implications for South Sudan's state building process 'from below'.

Introduction

> 'If you give meat to a small child, and then you ask to give it back, the child will not understand and it will cry. But when the child is older, and it accepts to give you back that meat, it will taste sweeter even. Do not you see? We have to be patient.'[46]

This Chapter aims to demonstrate the variations of state performance as shaped by everyday negotiations between state officials and traders at various border crossings between Magwi County in South Sudan and Amuru and Lamwo districts in Uganda. We conceptualise everyday State performance as the 'practical norms' of taxation, providing a non-normative understanding of the rules that actually govern the actions of public actors[47]. We show that these norms are not stable and subject to perpetual negotiation with traders situated in various cross-border trade networks.

The relationship between state building and taxation, not only in terms of administrative capacity but in a wider development context has been well-documented[48]. Yet from an ethnographic perspective of state-performance[49], we focus on the mundane everyday taxation practices that represent the enactment of state authority rather than on the formal institutional arrangements. This chapter will show that this manifestation is contingent on how the negotiations between state officials and traders are framed within different networks. How traders engage in negotiating taxes with an official at a border post hinges on the historic, geographic and cultural (informal) institutional context as well as their mutual embeddedness in political and community ties. In other words, rather than assuming that the everyday realities of taxation are either signs of state criminalisation or regulatory collapse, this paper will explore variations of locally-embedded forms of order that evolve out of these everyday practices. The most essential aspect of this exploration is that these forms of order are diverse and unstable, as opposed to some of the emerging literature on African bureaucratic practices that assumes a certain stability in the negotiations of norms[50].

This chapter draws from a case study[51] conducted along a stretch of the South Sudanese – northern Ugandan border between Magwi County and Amuru/Lamwo Districts respectively and will demonstrate how two disparate categories of cross-border trade networks that intersect at the same border crossings have corresponding disparate effects on the practical norms of taxation. One of these cross-border trade networks consists of large-scale regional traders who interact primarily with officials representing South Sudan's national level of government; the other consists of local

[46] Woman trader's focus group excerpt, Magwi town, November 2012
[47] de Sardan'Researching the Practical Norms of Real Governance in Africa'
[48] Di John, 'Taxation, Developmental State Capacity and Poverty Reduction.'; Prichard, 'Taxation and State Building'; Bird, 'Tax Challenges Facing Developing Countries'
[49] Sharma, 'Rethinking Theories of the State'
[50] Blundo, 'Dealing with the Local State'; Bierschenk, 'States at Work in West Africa'; de Sardan 'Researching the Practical Norms of Real Governance in Africa'
[51] This case study is part of a PhD project about informal trade, entrepreneurship and the state in South Sudan (see: http://isacademyhsfs.org)

survivalist traders that are native to the border area and interact primarily with County and State[52] officials representing the local levels of government.

These two different types of trade networks can be conceptually distinguished as networks of accumulation and networks of survival, a distinction based on Ilda Lindell's earlier work on informal trade networks in Bissau[53] and Meagher's work on the shoe and garment trade networks in Aba, Nigeria[54]. In both cases, networks of accumulation are referred to as successful economic networks shaped by cultural and historic factors accumulating capital through structural reinvestment, as opposed to networks of survival that are characterised by desperation and non-commercial histories.

By contrasting this conceptual distinction between trade networks and their corresponding disparate effects on the practical norms of taxation, this chapter aims to contribute to the body of literature about 'real governance'[55] in 'mediated' or 'negotiated' states[56] by showing that the 'strength of weak states', namely the strength of local informal institutions as an integral part of the state[57], is neither stable nor monolithic.

Networks, Institutions and Practical Norms

The data presented in this paper is structured around the premise that specific rules and norms of taxation emerge – in part – out of interaction mechanisms between traders and state officials. These interactions do not take place in a vacuum; the rules that determine the strategies of the trader are to a large degree a product of the trade network that the trader operates within. Similarly, the rules that actually guide the actions of state officials at the border are produced by a combination of formal and informal institutional arrangements.

Our analysis of the day-to-day relational economic decision-making patterns by traders is based on the 'sociology-of-economic-life' approach, which, rather than understanding economic action from a normative perspective as contained in the universe of rational actors and efficient economic institutions, explores decision-making processes by analysing the economy empirically as 'a cultural and political phenomenon from its dialectic interrelation with other societal spheres'[58]. In contrast to the economic sociology of the 1980s which largely emphasised the rational actor approach[59], the sociology of economic life has a more phenomenological orientation[60], warranting a broader understanding of the incentives that structure economic-decision making as highly context specific.

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52 To prevent ambiguity, 'state' with a lowercase 's' refers to the polity and state with a capital 'S' refers to the federated State as a political entity within the federal sovereign body of South Sudan

53 Lourenço-Lindell, 'Walking the Tight Rope'

54 Meagher, 'Identity Economics'

55 de Sardan, ' Researching the practical norms of real governance in Africa'; Titeca & de Herdt, 'Real governance beyond the 'failed state''

56 Menkhaus, 'The Rise of a Mediated State in Northern Kenya'; Hagmann and Péclard, 'Negotiating Statehood'

57 Meagher, 'The Strength of Weak States?'

58 Beckert, 'The Great Transformation of Embeddedness', 16.

59 Convert and Heilbron, 'Where Did the New Economic Sociology Come From?'

60 Portes, 'Economic Sociology'

The sociology of economic life approach relies heavily on the idea that economic action is embedded in social networks. When items exchanged between buyers and sellers are transferred in the context of long-term and recurrent relations, these exchanges constitute a network rather than a market transaction[61]. In a market transaction, participants are free of future commitments; in networks, transactions are mediated through 'reciprocal, preferential, mutually supportive actions'[62]. Local cross-border traders, for example, are situated in a network of suppliers, local transporters and other local traders with whom they pool their resources to buy in bulk, and small retail vendors and wholesalers who buy from the traders. Trade networks are diverse however; all depend largely on trust but some may be structured more along ethnic ties whereas others may be more personal and 'instrumentally-activated' when circumstances arise[63].

This notion of 'embeddedness' is an important theoretical cornerstone in understanding trade networks. Introduced by Polanyi in the 1950s[64] and revived by Granovetter into the sociology of the economic life school of theory, embeddedness refers to the extent to which economic action is linked to or depends on actions or institutions that are non-economic in content, goals or processes[65]. This embeddedness of economic action in turn, is the unstable result of social and political struggle[66]. In other words, the conditions for economic decision-making are contingent on historic, cultural, and institutional factors that have shaped the network over time.

Our understanding of what state authority entails in the context of the practical norms of taxation is based on the notion of 'negotiated statehood'[67]. A South Sudanese tax official who interacts directly with these traders, also characterised as a 'street-level bureaucrat'[68] or an 'interface bureaucrat'[69], may perform his duties as an agent of the state while in practice, his actions may be guided more by a range of alternative informal institutions. We therefore argue that the way the state works in practice, as performed by state officials, is a product of negotiation between formal and informal institutional arrangements. This phenomenon has also been characterised as a form of 'hybrid political order'[70], or 'institutional multiplicity'[71] whereby state officials draw from a range of institutional resources to legitimise their actions. In the described cases at the southern border of South Sudan where formal state institutions may best be described as fragmented and dysfunctional, our examples will show how informal institutions may compete and structure incentives in ways that are incompatible with the formal rules, or they may be substitutive and structure incentives in ways that advance what formal institutions were designed for, but failed to achieve[72]. In both scenarios,

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[61] MacGaffey and Bazenguissa, 'Congo-Paris', 13.
[62] Ibid
[63] Ibid, 12.
[64] Polanyi, 'The Great Transformation'
[65] Granovetter, 'The Impact of Social Structure on Economic Outcomes', 35.
[66] Polanyi, 'The Great Transformation', 71.
[67] Hagmann and Péclard, 'Negotiating Statehood'
[68] Lipsky, 'Street-Level Bureaucracy'
[69] Bierschenk, 'States at Work in West Africa'
[70] Boege *et al*., 'On Hybrid Political Orders and Emerging States'
[71] CSRC, 'War, State Collapse and Reconstruction', 5.
[72] Helmke and Levitsky, 'Informal Institutions and Comparative Politics', 729.

however, it should be noted that the rules that actually structure the actions of state officials are co-produced by the trade networks and their relation to the state as well as to the area where the state official exercises his/her authority, namely Magwi County in the Eastern Equatoria State of South Sudan.

Methods

This chapter draws on qualitative fieldwork carried out between October 2010 and August 2013. Data was collected mainly in Magwi County, South Sudan's most southern County in Eastern Equatoria State , bordering central-northern Uganda[73]. The main research sites were the three border crossings of Nimule, Owinkibuland and Pogee. The smaller local cross-border traders were also followed between the rural towns of Magwi, Panyikwara, Pageri, Parajok, and Palotaka to the district capitals of Gulu and Kitgum in central-northern Uganda[74]. Key informants within the larger regional cross-border trade networks were mostly interviewed in Nimule and in South Sudan's capital city Juba located roughly 190 kilometres north of Nimule.

Data comprises roughly 50 in-depth interviews[75], qualitative field notes and four focus group discussions with intervals of about three to four months with traders, wholesalers, retailers, middle men, representatives from various local business associations, representatives from Magwi County and municipal administrations and taxation offices, Eastern Equatoria State Ministry of Finance and Revenue Authority officials, Customs officials, both in Juba and at the border crossings, representatives from the national Government of South Sudan (GoSS) Ministries of Commerce and Industry and Finance and Economic Planning[76].

Data collection in Magwi County itself amounted to roughly five months spread out between October 2010 and December 2013. In addition, five cross-border trade trips were witnessed first-hand among local traders between Magwi and Gulu to expand the ethnographic scope to more sites[77].

[73] Before July 2011 officially the semi-autonomous region of Southern Sudan within the Republic of Sudan.
[74] For a detailed map of Magwi County, please refer to http://unmis.unmissions.org/Default.aspx?tabid=4617
[75] Interviews and focus group discussions were conducted in English where possible and in Acholi where necessary. The Acholi interviews were transcribed and re-interpreted by a second translator from northern Uganda.
[76] To address concerns about conducting qualitative fieldwork among people whose livelihoods depend on practices that could be considered illegal in a strictly legal sense, the informed decision was made to anonymise all informants that collaborated on this study. Informants were repeatedly informed about the confidentiality of their cooperation, about their right to review the notes and audio recordings and about the option to withdraw their statements. In addition, data was stored securely and never shared with a third party.
[77] Marcus, 'Ethnography In/of the World System'

South Sudan's Southern Bottleneck Border

On South Sudan's most southern tip, the border town of Nimule forms the gateway for more than 90%[78] of the country's imports[79]. Since trade routes with the North were closed off in early 2011 over border disputes between Khartoum and Juba, the 640km long and recently renovated road connecting Kampala to Juba has become the new country's lifeline. South Sudan does not produce or manufacture anything significant besides crude oil[80] and agricultural produce which remains insufficient for its domestic food needs, rendering it vastly import-dependent. Nevertheless, importing into South Sudan has proved to be far from easy as a 2011 World Bank study about South Sudan's business climate ranks it as the third least favourable country in the world to import into[81].

The border region between Magwi County in South Sudan and the Amuru and Lamwo[82] districts in northern Uganda contains four border crossings: Nimule, Owinkibul, Pogee and Lobone. Nimule accounts for roughly 95%[83] of cross-border traffic in this region and roughly 75% of cross-border traffic across the entire South Sudan – Uganda border [84]. Owinkibul and Pogee account for the remaining 5% within Magwi County for which no official statistics exist. Lobone is rarely used as deplorable road conditions prevented motorised vehicles from passing at the time of data collection.

At the border crossings there are four main levels of government represented in taxation regimes and roughly three categories of traders crossing from Uganda into South Sudan that are subject to taxation. The regional South Sudanese traders that link East-African trade routes to the interior regions of South Sudan interact primarily with officials from the Department of Customs of the GoSS Ministry of Finance and Economic Planning (MoFEP), with officials representing the Directorate of Commerce from the GoSS Ministry of Commerce and Industry (MoCI), and to some extent with officials from the Eastern Equatoria State Revenue Authority (EESRA). The local traders who are native to Magwi's borderlands are exempted from national taxes and interact mostly with officials from the EESRA and with Magwi County officials administering the 'Gibana' tax[85]. The third category comprises foreign traders, mostly Ugandans, Kenyans, Ethiopians, Eritreans and Somalis, but for the sake of focussing the scope of this chapter, this category will feature only in the margins of our analysis[86].

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[78] This accounts for official imports recorded at all official borders including Juba International Airport. Figures are generally unreliable as imports are poorly and inconsistently recorded at most border check points.

[79]WB/IFC, 'Doing Business in Juba 2011', 14.

[80] At the time of writing, oil exports had resumed only days before after a 16-month shutdown initiated in January 2012 as part of a contentious negotiation process between Juba and Khartoum over pipeline tariffs and border demarcation.

[81] *Ibid.*

[82] Before August 2010, Amuru was part of Gulu district and Lamwo was part of Kitgum district.

[83] This rough estimate was provided by the GoSS representative for Commerce and Supply at Nimule checkpoint. Official figures are still non-existent.

[84]UBOS and BOU, 'ICBT Survey Report 2011', 29.

[85]Gibana: a local government tax derived from the colloquial Arabic 'jibu le ana' meaning 'give to me' levied by Magi County officials at the international border with Uganda. See Solomon and Bell, 'County and State Revenue in South Sudan', 11.

[86] For an account of the challenges faced by Ugandan traders involved in cross-border trade with South Sudan, please refer to Schomerus and Titeca, 'Deals and Dealings', 13-17.

Table 3. Taxation at the border by level of government and traders affected

Taxation by level of government	**Type of traders taxed**
Customs (MoFEP, National)	Regional
Commerce and Supply (MoCI, National)	Regional
State Revenue Authority (EESRA, State)	Regional, Local
'Gibana' tax (Magwi County)	Local

Regional trade networks of accumulation

The first type of cross-border trade network that passes through Magwi County's border crossings accounts for the majority of imports, namely the regional trade networks that supply the South Sudanese market with petroleum, building materials and equipment, vehicles, and a range of food and non-food consumer goods transported in bulk. These regional trade networks are comprised of the traders themselves, often belonging to ethnic groups from the greater Upper Nile and Bahr el Ghazal regions of South Sudan[87], their suppliers in Uganda, Kenya, Egypt, Dubai and beyond, their clearing and forwarding agents (discussed below) and their main clients: the procurement offices within various national ministries, state governments, government-owned construction companies and the national defence forces, the Sudan People's Liberation Army (SPLA). Other clients include international aid agencies, hotels and retailers within South Sudan. The government is by far the largest client, however, and many of the traders have close ties to the political leadership in the ruling Sudan People's Liberation Movement (SPLM) party.

Historically, by the beginning of the colonial period most of the regional trade networks connecting southern Sudan with Uganda, Zaire and up North as far as Khartoum were made up of northern Sudanese traders[88], but decades of civil war and insecurity since the mid-1950s have largely cut off these Arab trade routes. Throughout the war, cross-border trade in timber, gold, livestock, petroleum, food supplies and second hand clothing continued and concentrated around the border area between West Nile in North-Western Uganda, Zaire (later the DRC) and Sudan, but at a much lower intensity than before[89]. Towards the end of the war by the mid-2000s, a number of South Sudanese traders closely affiliated to the SPLA/M residing in Ethiopia, Egypt, Kenya and Uganda and some of the traders that had been active in the West Nile cross-border trade started to supply the embryonic semi-autonomous government of Southern Sudan with basic commodities, fuel and building materials. Soon after the comprehensive peace agreement (CPA) in 2005, cross-border trade intensified after a

[87] Before South Sudan was divided into ten federated states, it was composed of three regions: greater Upper Nile (now Upper Nile, Jonglei and Unity states), greater Bahr el Ghazal (now Northern and Western Bahr el Ghazal, Lakes and Warrap State) and greater Equatoria (now Eastern, Central and Western Equatoria state).

[88] Meagher, ' The Hidden Economy', 66.; Manger, 'Trade and Traders in the Sudan'

[89] Ibid.; Leopold, 'Inside West Nile'; Titeca, 'Tycoons and Contraband'; MacGaffey ' The Real Economy of Zaire'

surge in demand for everything from luxury cars to basic food supplies to feed the bloated SPLA after incorporating most of its former adversaries into their ranks. Traders with regional connections in East Africa and beyond capitalised on the demand and imports poured into the country through the small border town of Nimule that had previously been the site of only small piecemeal cross-border trade by indigenous Acholi and Madi traders.

The period between 2005 and 2009 is often described by traders as the 'golden period' when aid and oil money was in abundance with very few checks and balances in place. Lucrative government contracts with profit margins above 100% were awarded to a relatively small cadre of traders who had been closely involved in the struggle for independence to supply the brand new ministries, State governments and the armed forces[90]. Between 2009 and 2011 the more exuberant deals declined as oversight started to take effect, but it was only by mid-2012 that the oil-deprived government's austerity measures finally put a strain on these lucrative contracts[91].

It is important to state that the majority of large traders that pass through Nimule have very little affiliation with the border region itself. During the war between 1983 and 2005, cross-border trade in this area was insignificant compared to the informal networks that flourished around West Nile, some 250km to the West of Nimule. Among their home communities in the interior regions of South Sudan, most of the regional traders would be perceived as Big Men, or 'ZolKebiir' in local Arabic, imposing on them a set of rigid redistributive requirements (further described below) that are perceived as more or less exclusive for the home community. The traders thus experience very little incentive to aid in the development of the border region itself and will typically aim for the path of least resistance when furthering their commercial objectives outside their home areas which is best achieved by leveraging another component of the trade network that consists simultaneously of the main client as well as the main institution that governs movement across the border: the national SPLA/M that dominates both the civil and military authority structures along the border.

Weapons of the Strong: Appropriating State Authority

Formally, the main clients of the larger traders, the procurement offices of a range of civil and military bureaucratic institutions, have no connection with the civil and military regulating authorities along the border. But as the informal SPLA/M networks that underpin and pre-date the existence of these formal institutions continue to be the dominant institutional resources for state officials to legitimise their actions upon, one could argue that the regulating authorities at the border are in fact an extension of the larger trade networks. In this manner, regional trade networks appropriate elements of the state into their business practices, a pattern that has also been referred to by Titeca as 'weapons of the strong'[92].

[90] Twijnstra, 'forthcoming'
[91] Ibid.
[92] Titeca, 'Tycoons and Contraband', 48.

At the border, large-scale traders mainly interact with state officials from the Department of Customs, the Directorate of Commerce and the Eastern Equatoria State Revenue Authority. The Nimule post for all of these departments is a highly sought-after position due to the density of direct transactions it entails constituting a 'juicy' position that is generally reserved for loyal SPLA/M members. Blundo describes a similar distinction between 'juicy' and 'dry' positions in the Senegalese bureaucracy where positions that allow a very quick accumulation of rental are awarded following the logics of political reward[93]. One GoSS official at the Directorate of Foreign Trade noted: 'For us comrades[94], Nimule is a good place. Good security. You can do well with what you make there. But that position is not free. If you did not fight in the war, you cannot work there...'[95]. As such, the political capital of the state official forms the prerequisite to be awarded the position of Customs officer in Nimule. Similarly, the political capital of the trader determines his/her access to that state official. A Ugandan trader interviewed during one of the focus group discussions noted that 'You have to be a member of the SPLM to speak to those senior Customs people. For us [Ugandan traders], they tell us 'you wait', or 'come back tomorrow' if we want to see them.'[96]

Different from the local Magwi traders, the large-scale traders typically do not travel along with their goods. Instead, their interaction with taxation officials happens outside the offices in Juba and Nimule. There are particular venues in Nimule town, certain guesthouses and bars, where customs officials, traders and their clearing and forwarding agents normally spend their time after office hours and where business is discussed informally yet confidentially.

When a truck belonging to one of the large-scale traders crosses the bridge over the creek that forms the natural border between Uganda and South Sudan, the trading company's own clearing and forwarding agent, or one that the trader has a standing relationship with, proceeds to the Customs office to inspect the truck's content. These clearing and forwarding agencies are private enterprises that can only be owned by South Sudanese nationals and are essentially responsible for assisting Customs with inspecting the load. Deng, a regional trader and 30% shareholder in one of the clearing and forwarding agencies noted that 'The clearing agents are private, but they work for the government. They [government officials] tell them, 'You guys can make money, but you are our eyes. You are giving services to the people, but you are our eyes'. So if a clearing agent finds drugs or weapons, they are expected to report to the police'[97]. Although all clearing and forwarding agencies claim to provide the same services and deliver the same results, the fact that some are co-owned by traders and high-ranking Customs and Commerce officials themselves suggests otherwise. This arrangement of consigning state officials as 'silent partners' in clearing and forwarding agencies allows for undisclosed channelling of funds in return for hassle-free passage and the lowest possible rates that

[93]Blundo, 'Dealing with the Local State', 806.
[94] A term synonymous with SPLA/M membership dating back to its socialist alignment with Ethiopia. Rolandsen, 'Guerrilla Government' 34-53.
[95] Interview conducted in Juba, September 2011
[96] Focus group discussion conducted in Bibia (Uganda), July 2011
[97] Interview conducted in Juba, November 2012

circumstances will allow. Government oversight is thereby appropriated into the commercial practices of traders to facilitate easy transit across the border, which goes largely unnoticed and is tolerated by national security agents as long as this does not involve goods that could compromise state security. In return, Customs officials help clear goods fast and efficiently by bending, and where possible breaking the rules for those who have invested in their relationships, provided that the plainclothes security officials do not object.

Another such mechanism of hassle-free passage in return for undisclosed enticement comes through the allocation of 'tax exemptions' sanctioned by officials within the Ministry of Finance and Economic Planning (MoFEP) in Juba. These formal exemptions provide duty-free clearance for certain traders or certain loads altogether. Acquiring a letter of tax exemption from the MoFEP was a procedure initially reserved for humanitarian agencies but also became accessible for large-scale traders that were involved in multiple government procurement contracts in 2007. Based on statements by Customs Director, Fredrick Lokule, media sources[98] report that tax exemptions in early 2012 could amount to 100 million South Sudanese Pounds per month (approximately 25 million USD). Although such estimates are ambiguous since record keeping was highly inconsistent at this time, it illustrates how a small group of traders and their counterparts in MoFEP benefitted from the weak regulatory framework for tax exemption. Tax exemptions were finally brought to a complete halt until further notice by presidential decree in late October 2012 as part of the austerity measures.

What these examples indicate is that informal structures shape the performance of formal institutions in important ways. Both the actions of the traders and the state officials are guided primarily by the informal SPLA/M institutions that produce 'socially shared rules, usually unwritten, that are created, communicated and enforced outside of officially sanctioned channels'[99] and diverge from the ineffective formal state institutions. In these examples, this leads to a scenario where informal institutions compete with formal institutions, but this does not always have to be the case. As both Stokes, and Helmke and Levitsky describe, informal institutions may also shape formal institutional outcomes in a less visible way by creating or strengthening incentives to comply with formal rules[100]. This may occur in a scenario where the rules embedded in the dominant informal institutions converge with those the formal institutions aim to achieve such as in the following example.

Before 2012, the pliability of Customs rules was considerable for affluent traders with political capital. At times, Ugandan and Kenyan traders could expect to pay as much as double the formally designated amount, while the large-scale South Sudanese traders could be charged as little as

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[98] The Citizen Newspaper, March 11th 2012 (http://allafrica.com/stories/201203110315.html)
Gurtong.net, March 13th, 2012
(http://www.gurtong.net/ECM/Editorial/tabid/124/ctl/ArticleView/mid/519/articleId/6618/Customs-Exemptions-Affect-South-Sudans-Revenue.aspx)

[99] Helmke and Levitsky, 'Informal Institutions and Comparative Politics', 727

[100] *Ibid*.; Stokes, 'Do Informal Institutions Make Democracy Work?'

half the official amount or less[101]. However, the recent customs reform policies that were part of a broader 2012 austerity-driven reform package intended to increase non-oil revenues changed these dynamics quite effectively. According to Customs Director, Frederick Lokule, speaking at the World Customs Organisation in June 2012, the revenues collected between January and June had increased by 1,100% compared to 2011. This trend was confirmed by many of the regional traders interviewed for this study, and continues to be effective[102]. Donors and official government statements attribute this success to the improved performance of formal state institutions but one of the most affluent traders interviewed for this study noted that, 'Usually when the government acts it is harsh and short-lived, things go back to the way they were within weeks. At the border it's different. Things have changed permanently. But it's not because of those consultants[103], it's because the oil money is gone and they need income. At the border, they comply because the future of the SPLM depends on that revenue'.[104]

In this latter example, the practical norms of taxation changed and converged with the official norms, arguably because the informal institutional incentives aligned with the official norms, rather than through formalised institutional reform. For the regional trade networks of accumulation this has had far-reaching consequences both because the government is no longer the largest client (due to austerity measures) and because their political capital is no longer guaranteed to provide them with favourable customs rates. What this shift tells us about how associative 'instrumentally-activated' network ties influence practical norms, compared to more structured network ties, will be explored later on in this chapter.

Local trade networks of survival

The second category of trade networks that use Nimule as entry point into South Sudan permeate through the smaller towns and commercial centres in Magwi County and its Ugandan counter-districts of Adjumani, Amuru, Lamwo and Gulu. These are the local endogenous cross-border trade networks comprised of small-time traders, retail shop owners, local transport companies and a few wholesalers that supply the local market with goods like beer, liquor, sodas, cigarettes, biscuits, cooking oil and petroleum purchased from local suppliers in the commercial centres of northern Uganda. These local trade networks are much more ethnically homogenous than the larger regional trade networks and seem to originate in the constraint-driven piecemeal circulation of goods between refugee satellite camps in northern Uganda and small communities that populated Magwi County during the war between the mid-1980s and 2005. Circulation of seasonal surplus agricultural produce between the Acholi and Madi communities north and south of where the border now lies pre-dates the existence of

[101]Selassie, 'Non-Oil Revenue Study of Souther Sudan', 65.

[102] By the time the last revisions were made to this article in October 2013, the situation created by the 2012 customs reforms at the border remained unchanged

[103] Referring to the Crown Agents consultants providing technical assistance to the Department of Customs in Nimule. DFID, 'Support to South Sudan 's Customs Development', 22.

[104] Interview conducted in Juba, August 2013

the border that was drawn during the colonial period however[105]and distinctions between South Sudanese and Ugandan Acholi or Madi are mostly arbitrary and externally imposed[106].

Most of the local Magwi cross-border traders interviewed for this study started their activities in Uganda. In the early 1990s when Museveni's National Resistance Movement (NRM) had created some stability in Uganda's northern region, many South Sudanese Equatorians[107] moved into northern Uganda alongside Ugandan refugees returning from exile in Sudan[108]. This precipitated the establishment of enormous refugee camps in northern Uganda that provided rudimentary security, food and education for the Sudanese refugees as rising instability and intensifying acts of violence perpetrated by Khartoum's proxy, the Lord's Resistance Army (LRA), continued outside the camps.

As noted earlier, much of the informal cross-border trade and clandestine smuggling flourished around the border areas between north-western Uganda and Congo (at the time Zaire), while micro-level petty trade characterised cross-border trade in the area bordering what is now known as Magwi County. The border posts at Nimule, Owinkibul, Pogee and Lobone and the proximate settlements of Pageri, Amé, Parajok, Palataka and Magwi within what is now Magwi County were under constant siege by Khartoum's Sudan Armed Forces (SAF) and the LRA[109] thus making petty trade a hazardous endeavour.

After the 2005 peace agreement, local cross-border trade flourished. The small-scale petty traders who once smuggled baskets of dried fish across the border now quickly developed their businesses and capitalised on the demands of returning refugees in the small rural towns spread across Magwi County and the SPLA barracks in Owinkibul. Lodges, kiosks, pharmacies and small eateries mushroomed and all were supplied with goods purchased just across the border.

It is important to emphasise that these local cross-border traders have lived in this relatively small area for generations. For the +/- 30 Acholi traders interviewed in and around Magwi town, the border is seen as an artificial boundary drawn straight through 'Acholiland' during colonial rule, which concurs with Tim Allen's findings about the Acholi communities in this region[110]. Similarly, Magwi County officials and to some extent also the Eastern Equatoria State officials are also native to the border area. Unlike the regional trade networks of accumulation, the government is not the main client of the local trade networks, but the local tax officials do relate to the traders through ethnic, clan and at times even family ties. This suggests that the interaction mechanisms between local traders and local tax officials are embedded differently from those of the regional trade networks. In addition, both the traders and the officials have a strong affiliation with the historical and cultural context of the border area itself, unlike the large-scale traders and the customs officials for whom this affiliation plays no role in the way negotiations are framed.

[105]Atkinson, 'The Evolution of Ethnicity Among the Acholi of Uganda'
[106]Allen, 'A Flight from Refuge.', 224.
[107] A general term used to describe the South Sudanese tribes from the Equatoria region including the Acholi, Madi, Bari, Kuku, Kakwa, Mundari, Lugbara and many others.
[108]Leopold, 'Crossing the Line'; Harrell-Bond *et al*., 'Counting the Refugees'
[109]Finnström, 'Survival in War-Torn Uganda'
[110]Allen, 'A Flight from Refuge.'

Weapons of the Weak: the Moral Economy of Subsistence Security

As noted previously, although local traders pass through the same border check-points as the large-scale traders, they are exempted from paying taxes to the national levels of government. Customs and Commerce officials describe the local traders as ‘samagshweya’, little fish whose activities seldom permeate beyond the boundaries of Magwi County. Instead, local traders are taxed by State, County and sometimes Municipal (Payam)-level officials. These officials are often of the same Acholi or Madi descent and it is not uncommon for a trader to have a distant relative working within one of the collection offices. Formally, the interaction mechanisms are structured much the same way as with the large-scale traders: the freight is inspected and the tax is calculated *ad valorem* on the basis of the value of the goods. In reality, the practical norms of taxation are determined more by local informal institutions of kinship, redistribution and ethno-political relations as will be illustrated by the examples below. The network structure of the local cross-border trade networks and the way they relate to these informal institutions is much more homogenous, more structured and much less based on political capital compared to the large-scale networks of accumulation.

Compared to the example of large-scale traders making state officials complicit in their business practices in order to influence customs rates, local traders generally do not engage in such practices. Through personal connections local traders may try to persuade tax officials to grant them a favourable rate, but no cases were documented whereby officials became an integral part of the trade network itself, as was the case with the customs officers who were embedded in the larger trade networks of accumulation. Instead, local trade networks relate to the practical norms of taxation in two other ways based more on a value system emphasising reciprocity, redistribution and subsistence security as described in Evers’ work on rural Indonesian trade networks[111].

The first way in which local trade networks relate to the practical norms of taxation is through an external set of informal rules to which both traders and taxation officials are subject. Because traders and taxation officials live and work in the same area, they are simultaneously subject to a range of local institutional arrangements. Traders and tax officials may farm adjacent plots, their children may attend the same schools or they may visit the same church. The following example illustrates how religion can be one of the institutional resources that may be instrumentalised to shape the practical norms of taxation. The context is a Sunday church ceremony in Magwi town attended by roughly 150 people including the Chairman of the (local) Chamber of Commerce, several local traders, shopkeepers and guesthouse owners, as well as the Deputy Payam Administrator and two of the County revenue officials that were interviewed on duty at the Owinkibul border crossing a week prior to the service. The service is in Acholi, but the biblical references are in English: ‘Luke 3: [12] Even tax collectors came to be baptised. “Teacher,” they asked, “what should we do?” [13] “Do not collect any more than you are required to,” he told them. [14] Then some soldiers asked him, “And what

[111]Evers and Mehmet, ‘The Management of Risk’.

should we do?" He replied, "Do not extort money and do not accuse people falsely—be content with your pay."' Chatter emerges from the crowd and people start smiling; the County revenue officials smile too. Then the sermon continues. After the sermon, the Chairman of the local Chamber of Commerce explains that, 'That was just a reminder that some of us are in a position to get tempted. It is us, the community, who have to remind them that we all eat from the same plate.' This anecdote illustrates how an institution like the local Baptist church communicates some of the values embedded in the local moral economy that shape both the practical norms of taxation (do not collect more than you need to) and the local trade networks. As Evers points out, traders may equally be judged amoral if they do not adhere to the moral economy of their kinship or trading network[112], a dilemma faced by many of the local traders that illustrates how economic action is embedded in local institutional arrangements.

The second way in which local trade networks relate to the practical norms of taxation is more direct, namely through traders contesting or even boycotting paying taxes when these become too excessive. Interestingly, in the same vein that local tax officials legitimise informal taxation arrangements through a bricolage of formal regulatory resources[113], so do the traders legitimise their contestation of informal taxation through referencing formal County policy, such as the promise to deliver infrastructural development when this has not been the case. To clarify, the following example pertains to the enforcement of a local government tax previously described as 'gibana' at a less-frequently used border crossing named Pogee about sixty kilometres East along the border from Nimule. The gibana tax is technically informal and does not feature in the official County revenue but is nevertheless levied on the local traders' goods when crossing the border in a quasi-formalised and regulated manner. The local traders had previously been involved in the consultative process that determined the percentages used to calculate this tax and so although it is technically illegal, it is still perceived as an official County tax by the traders. According to the traders, the County administration tried to breach this agreement in late 2010 by imposing yet another business profit tax for local shop owners, many of whom were traders themselves or direct clients. The traders felt this was the proverbial straw that broke the camel's back, as they had already assisted the County administration financially on several accounts in the months prior to the event. As one trader noted, 'We [the traders] are always helping the County, they ask us for donations almost every month. Now our business is suffering and they do nothing.'[114]

Under the auspices of the local Chamber of Commerce, an informal traders' association, the traders called a meeting with the County officials and claimed they would boycott paying any more taxes to the County, including gibana and the new business profit tax, stating that the revenues they generated for the County were supposed to go to the reconstruction of a small feeder road connecting the Pogee border crossing to Magwi town through the smaller settlement of Parajok. This had indeed

[112] Ibid, 6.
[113] Twijnstra and Titeca, 'Everything Changes to Remain the Same?'
[114] Interview conducted in Parajok, February 2011

been an outstanding issue since 2007 when the County administration had promised to allocate local revenues for fixing the road but had neglected to do so. Logically, because gibana taxes collected at the border were technically illegal and did not feature in the County's treasury, the local administration could not appropriate these revenues for a project of this magnitude. Hence, after a heated discussion, the County officials acknowledged their failure in delivering on their promise to repair the road and declared that they would no longer impose the new business profit tax. Gibana rates remained the same, which the traders accepted, and by the last field visit to Parajok in late 2012 no progress had yet been made on the road. One of the most successful local traders later explained: 'When we called that meeting, we knew there was no money. They were broke; there was even no money for salaries. Of course they did not have that money to fix the road, but we had to remind them so they would stop taxing us more. When they tax us too much we cannot do business: they had to listen. They had no choice, where else would they buy their beers? *laughing*'[115].

This sequence of events and the manner in which resistance to taxation was framed illustrates two important findings. First of all, that the practical norms of taxation shaped by the embeddedness of local traders and state officials in structured community networks represent what Blundo refers to as a more permissive social contract[116]; the traders understand that their taxes and contributions maintain the functioning of the County administration, whether informal or formal, a distinction that appears to be of little consequence to the traders themselves. Moreover, the fact that the traders have a stake in determining the level of taxes and can collectively decide at what point these become too excessive suggests that the practical norms are permissive and guided by rules beyond the formal institutional framework of the local state.

Secondly, the manner in which the traders framed their resistance to what they viewed as a breach of the rules governing the practical norms of taxation suggests that formal institutional logics can be appropriated to contest informal taxation practices that are in turn legitimised through the same discourse of formality, such as the gibana tax. Based on the last comment quoted from the trader above, it is clear that the traders had no illusions about their efforts actually contributing to the repair of the feeder road. This example therefore clearly differs from the way the formal customs reform changed the practical norms of taxing the larger traders in which we argued that the informal institutional arrangements shaped formal institutional outcomes by creating or strengthening incentives to comply with formal rules[117]. Instead, the latter example illustrates that even though negotiations about a tax that is essentially informal may be framed through formal institutional logics, this does not imply that formal institutions are functioning. The outcomes propagated by the informal rules that underpin the negotiations diverge from the formal logic that framed the negotiations, as opposed to Helmke and Levitsky's argument that this produces competing informal institutions

[115] Interview conducted in Magwi, February 2011
[116] Blundo and de Sardan, 'Everyday Corruption and the State'
[117] Helmke and Levitsky, 'Informal Institutions and Comparative Politics'

whereby ‘to follow one rule, actors must violate another’[118]. This case actually illustrates that formal rules can be instrumental in effecting informal outcomes thus reproducing the imagery of the state. This resonates with Vlassenroot and Raeymaekers work on political order in the DR Congo in which they describe how formal rules have ‘become kind of a resource, which continues to reproduce the state as a lame but living Leviathan’[119].

Disparate Networks Generate Disparate Norms

The two different categories of trade networks discussed in this chapter vary considerably regarding the type of network ties that link traders and state officials together as well as the underlying structural factors that shape the institutional content of those ties. As has been demonstrated, this produces vastly disparate regimes of practical norms at the very same border crossings.

The larger regional trade networks of accumulation relate to state officials mostly through what Bräutigam classifies as associative ties, based on affective (and political) relations across communal boundaries, whereas the local cross-border trade networks of survival relate to officials more through communal ties, based on ascriptive relations of kinship and communal identity[120]. Considering that this difference between structured entrepreneurial networks based on strong communal ties versus personal networks that instrumentalise a broader range of associative ties has been well documented[121]. The contribution of this chapter lies mainly in how those networks and their institutional content relate to state performance and the practical norms of taxation.

The regional traders that interact primarily with national level state officials are embedded in a broad network that connects global and regional trade routes to the interior of South Sudan. Many of the ties that knit these networks together are associative ties often forged during the traders’ time in exile. Similarly, the elite SPLA/M networks that can best be characterised as the dominant institutional resource on which national level state officials base their authority is equally based on such associative ties. An increasing body of literature by scholars, both from inside and outside the SPLM/A itself, have revealed that contrary to popular characterisation, SPLM/A networks are based much more on associative and historic ties that generate political capital rather than ethnic or communal ties[122]. Concurrently, the manner in which trade networks of accumulation relate to the dominant informal institutions that underpin state performance along the border is contingent on more varied personal networks, which may enhance entrepreneurial flexibility and access to resources, but can also ‘increase instability and inequality within networks’[123]. This resonates with the data about the customs reform presented in this chapter, whereby certain network ties and embedded practices became

[118] *Ibid*., 729.
[119] Vlassenroot and Raeymaekers, ‘New Political Order in the DR Congo?’, 40.
[120] Bräutigam, ‘Close Encounters’, 449.
[121] Meagher, ‘Identity Economics’, 83–104; MacGaffey and Bazenguissa ‘Congo-Paris’, 12–16.
[122] Arop, ‘The Genesis of Political Consciousness in South Sudan’; Johnson, ‘The Root Causes of Sudan’s Civil Wars’; Nyaba, ‘South Sudan: The State We Aspire To’; de Vries ‘Facing Frontiers’.
[123] Meagher, ‘Identity Economics’, 85.

unstable in a relatively short timeframe as a result of shifting political priorities . The same strain was exercised on local levels of government, as the Eastern Equatoria State Revenue Authority was forced to yield their taxation competences to the central government and attempted to compensate for this by introducing new taxes and dispatching more of their revenue officers to 'assist' the Counties with taxing cross-border trade. The effects on the practical norms of taxing local traders at the border were far less extensive and remained within the parameters negotiated between traders and the local state officials as described above.

The local cross-border traders are embedded in more structured networks that are predicated on communal ties of kinship and ethnicity, imposing on them a rigid set of rules related to the moral economy of redistribution and subsistence security. The strong ties that knit the local trade networks of survival together are both a source of predictability and short-term risk management, as well as a hindrance to accumulating capital and making strategic preparation for the future. These challenges have been well documented in the literature and have been referred to as the 'trader's dilemma' (choosing between economic loss and social shame)[124] or the 'Faustian bargain'[125], (strategic preparation for the future postponed for survival and security in the present). In relation to the practical norms of taxation, this chapter has demonstrated that the actions of traders and state officials are both subject to this communal value system which would judge excessive taxation equally immoral as excessive pricing or failing to comply with the moral obligation to redistribute accumulated capital. Even though such communal checks and balances may appear to align with the formal institutional arrangements of the state, they remain predicated on short term subsistence security, as was illustrated by the example of the local government's failure to accumulate revenues to fix the feeder road between Pogee and Parajok.

[124]Evers and Mehmet, 'The Management of Risk', 6.
[125]Wood, 'Staying Secure, Staying Poor', 455.

Conclusions

This chapter has demonstrated that the performance of state authority, conceptualised as the practical norms of cross-border taxation, are to a large degree shaped by the way interactions between state officials and traders are embedded in a network. Variations in the types of ties that knit a network together as well as the underlying factors that shape the institutional content of those ties produce vastly disparate regimes of practical norms. It must be noted, however, that the rules that govern the actions of state officials are also negotiated by changing informal institutional dynamics within the state and not just through interactions with traders. An exploration of these dynamics is beyond the scope of this chapter, but will be described in forthcoming work[126].

The regional traders identified for this study and the networks of accumulation they are embedded in have demonstrated a tendency to appropriate elements of state authority into business practice, which signifies an intrinsic engagement rather than an escape from the state[127] and produces an informal protectionism that Mark Duffield describes as having 'illiberal quasi-feudal tendencies'[128]. However, due to the associative nature of the network ties, these arrangements are unstable and may change rapidly as the case of Customs reform presented above has illustrated. The local traders and the more homogenous tight-knit communal networks of survival in which they are embedded have a tendency to preserve a permissive *status quo* vis–à–vis the state that provides a degree of predictability and short-term subsistence security. However, in the long run the *status quo* constrains both entrepreneurial and developmental capacities, as the case of the local government's failure to repair the local feeder road has exemplified.

What this chapter has sought to contribute to the debate about practical norms in fragile and conflict-affected contexts is that rather than presuming a certain stability in the negotiation of norms,stability varies in highly context-specific ways. Even at the very same border crossings where multiple regimes of practical norms exist side-by-side, one regime may change drastically in a matter of months while the other remains relatively unaffected. The way state officials and traders relate to each other, and the operative informal institutions that frame their interactions, vary significantly suggesting that South Sudan's state building process 'from below', if such a process exists, is messy, unpredictable and in no way monolithic.

[126]Twijnstra and Titeca, 'Everything Changes to Remain the Same?
[127]Titeca, 'Tycoons and Contraband', 49.
[128]Duffield, 'Global Governance and the New Wars', 68.

– CHAPTER THREE –

Everything Changes to Remain the Same? State Reform in South Sudan

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Abstract:

South Sudan is in a unique combination of post-conflict reconstruction and the birth of a new nation in which old policies are re-activated and new policies introduced. By looking at a number of taxation and private sector regulation reforms in South Sudan, the paper will show how the patchy, overlapping and often contradictory regulatory frameworks of the state provide the setting for bricolage strategies by different actors. These actors, and particularly state officials, can rely on a variety of institutional resources in order to implement, resist or remake certain regulatory measures in which they selectively adopt new rules, while neglecting others which are incompatible with existing logics. The paper argues that although the breadth of regulatory measures has increased exponentially, the institutional corridor - the space in which bricolage is performed and on which various actors can rely – remains narrow. New actors might enter the institutional arena such as international donors or international insurance companies which try to influence decision-making and regulatory practices. But despite the potentially transformative role of these measures, wartime authority structures continue to persist. This space is contingent on pre-existing SPLM/A power structures, as well as a deep-rooted resistance to centralised control: these two issues are the most powerful institutional resources at stake. Importantly, these pre-established networks, relations of authority and the practical norms they reproduce are not entirely fixed. As will be shown, intense periods of rearrangement of the social order or 'open moments' (Lund 1998) may provide a window of opportunity for regulatory reform.

Introduction

> 'In most countries, civil servants work in a system, an institution. Here in South Sudan, the civil servants are the institution.' South Sudanese Business man in Juba, January 2011

Between 1955 and 2005 southern Sudan witnessed one of Africa's longest conflicts[129]. In January 2011, following a six-year interim period as stipulated in the Comprehensive Peace Agreement of 2005, a referendum was held to decide whether the southern Region would remain as a semi-autonomous region within the Sudan or to separate completely and gain its independence as Africa's 54th fully recognised state. Following a 98.8% popular consensus to separate, South Sudan gained its independence on the 9th of July 2011. This not only meant that post-conflict reconstruction could continue – a process started after the 2005 Peace Agreement - but also that a new state had to be built. South Sudan's recently acquired independence and its dearth of a consistently formalised regulatory framework of the state did not imply that it started with a 'clean slate'. On the contrary, South Sudan may have inherited more laws, acts, provisions and ordinances than most stable African countries. Due to almost 50 years of violent conflict and its historically embedded resistance to centralised control associated with attempts by repressive regimes to subjugate the South, the regulatory framework has become immensely complex, overlapping and inconsistent. In other words, South Sudan is in a unique combination of post-conflict reconstruction and the birth of a new nation, in which old policies are re-activated, new policies introduced, old and new state- and non-state actors became active again, and in which various donor agencies and non-governmental actors became involved. In this context, the breadth of regulatory measures has increased exponentially, and state officials are able to rely on a wide variety of, at times, contradictory rules and regulations in attempting to pursue their interests. As will be shown, these contradictory rules and regulations may allow state actors to define one and the same practice as both legal and illegal. In these circumstances, not all regulations are applied and followed, while some actors may be more successful in implementing or resisting particular regulations. An important question which this paper sets out to answer is what determines which regulations are being implemented and accepted, and which other regulations fail to be implemented?

By looking at a number of taxation and private sector regulation reforms in South Sudan from after the 2005 peace agreement, the paper will show how the patchy, overlapping and often contradictory regulatory frameworks of the state provide the setting for institutional bricolage by a range of different actors. The actors can rely on a variety of institutional resources in order to implement, resist or remake certain regulatory measures in which they selectively adopt new rules which are appropriate or can be instrumentalised, while neglecting others which are incompatible with existing logics (Sehring 2009: 76). It has been shown widely how in their daily practices, state

[129] An 11-year ceasefire took place between 1972 and 1982. The war claimed the lives of an estimated two million people, most of whom were civilians and displaced more than 4 million people from their homes

officials divert from official regulatory measures and engage in 'practical norms' which are not random, but adhere to a certain logic (Titeca and Herdt 2010; de Sardan 2008). Non-state actors can engage in similar processes of contestation or acceptance of state regulations. This paper aims to show how bricolage occurs, to what ends, and how this process happens at different levels simultaneously since it is not only local-level actors who resist and remake particular regulatory strategies; it also happens at other levels, such as the national or sub-national level.

Particular, but not exclusive, attention will be given to the interface bureaucrat[130], a person employed by the state[131] who is in direct contact with the state's 'users' who plays an important role regarding the way in which a rule or regulatory measure is implemented. In this respect, the interface bureaucrat functions as an institutional 'bricoleur', who, through appropriation, reconfiguration and amalgamation of an existing set of rules that individually retain their appearance as 'state' rules, becomes the master of state embodiment[132]. In this process, the lack of a coherent regulatory framework and overlapping formal narratives do not hinder the functioning of the state agent, but actually enable him to configure and signify his or her position as an agent of the state.

Importantly, the paper will show how this increased regulatory breadth does not mean that different actors have absolute freedom in pursuing their 'bricolage' strategies. While this multiplication of rules and regulations in theory allows a bewildering number of positions and actions, older practices of authority continue to play a dominant role in structuring regulatory realities, particularly regarding taxation. Concretely, it will be shown how informal arrangements by the politico-military elites dating back to both before and after the CPA play an important role in shaping and reshaping regulatory practices at different levels of the state bureaucracy. In doing so, regulatory measures – and particularly taxation – will serve as an important lens to understand power relations, state-building and war to peace transitions.

This chapter is based on roughly two years of qualitative fieldwork conducted in South Sudan between October 2010 and December 2012 by the first author. Data collection included repeat interviews with a diverse group of about 50 'interface bureaucrats', state officials that interact with citizens on a daily basis, as well as with approximately 30 higher-level state officials in the County, State and National levels of government. Furthermore, more than 100 interviews, a dozen focus group discussions and continuous qualitative (participant) observations were conducted among traders and the general public on topics of taxation and insurance. This data is the basis for an on-going PhD

[130] As explained by Bierschenk, 'interface bureaucrats' are state officials that have a direct interface with the 'users' of state administrations (Bierschenk 2010, 4), in many ways analogous to Lipsky's 'street-level bureaucrats' (Lipsky 1980), which we have chosen not to use as the term 'street level' may wrongfully suggest that the interaction is limited to a particular locality and may intuitively omit interactions taking place within the Ministries or the Central Bank. Nevertheless, the two dimensions of (1) a low-ranking state official, (2) in direct contact with clients are the same in both definitions.

[131] The administrative layers of government in South Sudan include the National Government of South Sudan, the ten federated State governments, Local County governments, 'Payam' governments and the lowest administrative unit, the 'Boma' governments.

[132] Our approach differs from that of Legal Pluralism in the sense that our analysis works the other way around: rather than looking at how one actor may apply multiple rules from different legal domains, our analysis starts with one particular rule and tries to explore how different actors use this in their own ways.

project about the relation between entrepreneurship, (cross-border) trade and the institutional arrangements of the state in South Sudan[133].

In the next section, we give a background to the regulatory framework of South Sudan, and an introduction to fiscal regulation. After an analytical background, in which we introduce the concept of the 'institutional corridor', we give three case studies, which then allow us to make general conclusions on bricolage and regulation.

A sprawling collection of rules and regulations

The South Sudanese regulatory framework for taxation and private sector regulation which this paper focuses on primarily, is a haphazard amalgamation of older Anglo-Egyptian policies from before 1956, legislation from successive regimes from Khartoum which were asymmetrically administered in the southern States (Benson 2011) and provisional orders of the SPLA/M. In addition, as part of a fiscal decentralisation trend that is rooted in the SPLA/M's efforts to promote decentralised civil governance structures that started after the movement's first National Convention in Chukudum in 1994 (Chol 1996; Walraet 2008; Rolandsen 2005), a process of rejecting, adapting and/or composing new local tax arrangements in relation to national legislation has defined the bewildering regulatory landscape of South Sudan's tax and business regulation system.

Furthermore, typical for the early-recovery phase of a post-conflict state, international donors and financial institutions have compounded this pre-existing complexity by insisting on a torrent of aid-conditional generic reforms. Since the Comprehensive Peace Agreement (CPA) of 2005, a number of these reforms have led to new bills and acts such as the Local Government Act and the Taxation Act of 2009, some were rejected by parliament, and some remain tabled until further notice.

Tax revenues and fiscal decentralisation

As a cornerstone of the 2011 South Sudan Development Plan (SSDP[134]) (and in line with the neoliberal donor discourse), South Sudan's private sector is heralded to be the driver of economic diversification, a boost to domestic production particularly in the agricultural sector, and most importantly to increase the government's non-oil revenue base through taxation. At the time of writing however, domestic production and manufacturing had still not taken off and the government's only sources of non-oil revenues remained international aid and international import taxation. Yet due to its decentralised system of governance at three legislative levels (National, State and County) with corresponding revenue raising powers[135], national, sub-national and local-level administrations retain their claim to tax these international imports in one way or another. Historically rooted in South

[133] The PhD project takes place within the broader framework of the IS Academy on Human Security in Fragile States, spearheaded by the Special Chair for Humanitarian Aid and Reconstruction at Wageningen University, The Netherlands. For more information, see http://isacademyhsfs.org or contact the authors.
[134] Available for download from the Joint Donor Team website: http://www.jdt-juba.org/?attachment_id=356
[135] as enshrined in the Power and Wealth Sharing Protocols of the CPA, as well as in the Interim Constitution and the '09 Local Government Act

Sudan's asymmetric relationship with oppressive and exploitative centralised regimes from Khartoum which conceived the South as a peripheral backwater (Johnson 2003), this decentralised disposition of governance imposed a heavy administrative burden that 'sharply enhances the need for revenue generation just to finance the administrative structure of government at three levels' (World Bank Group 2010a, viii), thereby creating a precarious competition for revenues.

This institutional competition for revenues can be observed between different levels of government as well as between revenue authorities of the different States and between the different Counties within those states. Since the main source of tax revenue in South Sudan comes from taxing (cross-border) trade, a County or State's geographical location vis–à–vis an international border and its supply routes is key. At State level, attempts to address inequalities between states to raise their own revenue from border-trade include the 2006 interstate taxation agreement stipulating that goods in transit could be taxed at the international point of entry, as well as at every subsequent State border. At County level, legislation provided vague provisions for locally administered 'gibana' taxes, which some questionably administered as an *ad valorem* tax for international trade[136]. In addition, there exists a persistent competition over revenue collection between different levels of government; the national, the sub-national and the local. Characterised as 'complex, uncoordinated and unharmonised' (Selassie 2009: 16), the GoSS Intergovernmental Fiscal Relations Task Force (IGFR) introduced a proposal in 2011 to align the multitude of different State taxes into a common taxonomy and centralise it to the national level of government. Despite initial scepticism about the feasibility of such a proposal[137], the centralisation (or 'harmonisation') of border trade taxation was implemented by the end of 2012 against the backdrop of high demands by the central government for non-oil revenues to cover the country's budget deficit resulting the January 2012 oil-shutdown[138] which deprived the young nation of 98% of its revenues. In the next sections, we aim to explain how efforts to regulate taxation are being implemented and negotiated on different levels.

Bricolage and the Institutional Corridor

As the above section illustrates, South Sudan's regulatory landscape of taxation and private sector regulation are a far cry from being a coherent formalised set of rules, and the state does not seem to succeed in having its regulatory framework accepted. Major progress in understanding the functioning of the state and the processes of regulatory authority, particularly in fragile and conflict-affected areas,

[136] even though other legislation actually stipulates that international border trade may only be taxed by the national and the State governments (Selassie 2009)
[137] Many state governors displayed an open reluctance and distrust towards the initiative. See: http://www.sudantribune.com/spip.php?article44350
In addition, sources within GoSS MoFEP mentioned that most states did not record their collected revenues in a unified way, posing an even greater administrative challenge for the proposal.
[138] After the South seceded from Sudan in July 2011 it inherited the majority of the old united Sudan's oil reserves. However, the South has no refineries and the only pipeline for export runs through Sudan. When the contentious negotiations about transit fees failed in mid-February, the South unilaterally decided to shut down all oil production. This resulted in a 98% loss of government income, a 52% decline in GDP over the rest of 2012 and 16 months of severe austerity measures. At the time of writing, oil production had recently resumed and is expected to be back at pre-shutdown production capacity by 2014.

has been made by conceptualising the state as mediated (Menkhaus 2006) or negotiated (Hagmann and Peclard 2010; Titeca and de Herdt 2011) within broader non-state institutional domains, producing a type of hybrid political order (Boege et al. 2008). One major implication of this view is that rather than labelling such states as ‘failed’ or ‘fragile’ based on a Weberian ideal-type, research and policy should focus on the strength of weak states (Kate Meagher 2012), working with the grain (World Bank Group 2010b; Booth and Golooba-Mutebi 2011; Srivastava and Larizza 2012) of local institutional realities rather than against it. What all of the aforementioned concepts have in common is that statehood and everyday governance is the outcome of an on-going interaction - or ‘negotiation’ - between state and non-state actors. Regulatory practices constitute an important part of this negotiation, which as Bierschenk and Olivier de Sardan(Bierschenk and Olivier De Sardan 1997) highlight, takes place between different ‘poles of power’ which do not have equal power. As a result, the state does not necessarily have a monopoly on regulation (Hagmann and Péclard 2010).

In this literature, the main focus has been on negotiation between different poles of power on a macro- or meso-level, such as rebels and traders (Raeymaekers 2012), the state and civil society organisations (Raeymaekers, Menkhaus, and Vlassenroot 2008), the state and the church (Titeca and De Herdt 2011), and so on. By placing ourselves in this literature, we are able to see how regulation, and taxation regimes are influenced by negotiations over power and authority, in which different categories of actors - state and non-state, local, national and international - are involved in processes of ‘negotiation, contestation and bricolage’ (Hagmann and Peclard 2010: 539). However, it is firstly important to mention that these negotiations do not only happen between poles of power (e.g. between churches and the state), but also within these poles of power, a question which is largely neglected in this literature. The state is not a unitary actor: for example, state officials at different levels and locations might have different competing interests, and the state as a pole of power might itself be a site of negotiation. In this paper, we want to analyse how the South Sudanese state in itself is negotiating its regulatory framework among its different levels and locations. Secondly, these poles of power do not only exist, and negotiate, on a macro- or meso-level (the church, rebel groups, the state, and so on), but also on a micro-level: local-level individual actors play an important role in the negotiation of the regulatory framework and the day-to-day governance of the state.

This is also, or particularly, the case in South Sudan, where state actors play an important role in the application of the state regulatory framework, and of how statehood itself is being negotiated. From the perspective of the ‘interface bureaucrat’ in South Sudan – the tax collector, the revenue official, or the clerk at the licensing office in the central bank – this wide array of inconsistent and overlapping rules provide a diverse toolbox of institutional devices with which he can configure his position vis–à–vis his ‘users’. Although one may be tempted to assume a large degree of agency on behalf of the interface bureaucrat, in reality the space for improvisation and selective application of rules is limited by a number of factors, for which the literature on institutional bricolage is particularly helpful.

The first is that the official is still bound by the rules he chooses to apply; interface bureaucrats rarely 'make up' rules or simply ask for money without any justification. This is very clear in the examples below where officials legitimate the taxes they collect or the rules they apply by referencing various legal texts of the State such as the Constitution, a County ordinance or a State law, informal as those taxes might actually be. In other words, their actions are still contingent on a degree of formality, even if that effectuates a highly informal practice. In this respect, the interface bureaucrat is truly an institutional bricoleur; one who can improvise a creative solution by using pre-defined components by which he is constrained (Cleaver 2001). Unlike the entrepreneur or the engineer, the bricoleur's relationship with the materials that he uses, the setting in which he uses them and the possible outcomes of using them are predicated on 'what's available' in a setting that he/she did not create or control (Lévi-Strauss 1962). As an official of the state, the bricoleur's toolbox contains a heterogeneous set of formal rules and regulations that retain their appearance as 'state', providing each individual rule with an authoritative power vis–à–vis the 'users', even when the practices he legitimates with them are outside the domain of the state. As such, the way the bricoleur reconfigures the rules of the state he chooses to apply, as one would arrange words in a sentence, he thereby legitimates practices that are neither formal nor informal. They are not chaotic or anomalous; rather, they are regulated, organised and structured, yet unofficial in their outcome (Titeca and Herdt 2010:578). In other words, the power the official wields to legitimate his practices is derived from the formal discursive language of the state. This argument is in line with the literature about hybrid governance and the notion that state institutions (and their language) are not redundant in a context of state fragility or failure, but become locally anchored and enmeshed with informal non-state institutions (Titeca and de Herdt 2011; Cleaver *et al.* 2013; Hagmann and Péclard 2010).

The second factor that limits the selective application of rules by the official is what we refer to as the 'institutional corridor'. In similar fashion to Sehring's comparative analysis on the institutional reform between Kyrgyzstan and Tajikistan, the institutional corridor comprises 'the context for the implementation of the reform, the main actors, interests, power relations, institutional setting; this is not a catchall phrase for all societal phenomena but is restricted to those institutional arrangements that influence the implementation in the field under consideration, the institutional corridor the implementation process has to go through.' (Sehring 2009: 52). Linking this to De Koning's work on institutional bricolage in community forestry, our understanding of the institutional corridor is analogous to her metaphor of 'throwing rocks into the pond', in which rocks are the formally designed institution thrown into the pond of local institutions, knowledge, technologies, practices and conditions. This process has three possible outcomes: the rock dissolves in the water or 'aggregation', in which the external institution becomes recombined with local institutions, and in which both types live in harmony. In the second possibility – alteration – 'the water resembles soft ice and the rock leaves a mark or a dent in it' (De Koning and Cleaver 2012: 283) through which the outcome varies from small adaptations to complete reinterpretations. Lastly, in articulation the introduced reform 'bounces off a shield of local perceptions of traditions and identity' (De Koning and Cleaver 2012: 286). Similarly, the institutional corridor can be compared to the thickness of the ice in the pond: when the institutional corridor is wide, the newly introduced reform aggregates into the existing institutional logics, when it is more confined, it is likely to result merely in surface-level alteration or adaptation to reinforce existing logics.'

Applying this concept to the situation in South Sudan, it becomes apparent that a context in rapid transformation does not necessarily present a situation where institutions are completely in flux and easily changed. Path-dependent continuities play an important role, often rooted in pre-existing institutional arrangements. In South Sudan, many of these continuities are embedded in SPLM/A power networks and in local-national power plays that predate the signing of the CPA in 2005. The institutional corridor in South Sudan, the range of options the institutional setting leaves for interface bureaucrats' choices, is in fact quite narrow as will be demonstrated in the following cases. There is, nevertheless, some space for actors to modify these path-dependent continuities. These can be changed in what we referred to above as 'open moments' (Lund 1998) in which the social order is re-arranged. This change does not happen overnight, and depends for example on the degree of democratisation in the country (Sehring 2009:7 7), external pressure or internal discontent.

The third factor limiting the selective application of rules is the fact that institutional bricolage is not ubiquitous among different bricoleurs, as the position and by extension the toolbox of each individual actor varies. In other words, not every bricoleur has as much bargaining power. This power is largely dependent on the number of authoritative resources which are allocated to, and mobilised by the actor. These authoritative resources can take various forms: they can be financial power, or power through access to political or kinship networks. And, not all state officials are active bricoleurs: the more authoritative resources are at hand for a bricoleur, the more active or creative he/she becomes (De Koning 2011: 227–228).

In the next sections, we will look at cases in which reform was appropriated and/or subverted through processes of bricolage to re-effectuate pre-existing arrangements, suggesting that the institutional corridor was very narrow in these cases. The first case analyses how State and County-level interface bureaucrats appropriate local governance reform policies and reject aspects of taxation reform to collect international border taxes. The second case refers to how national-level interface bureaucrats subvert insurance sector reform. After exploring these two examples, a third example will be provided to indicate that change is possible. When unexpected events radically change the availability of resources and the priorities of the leadership, there exists an 'open moment' that can broaden the institutional corridor and allow for significant reform to aggregate. In the case of South Sudan, the customs service reform at the national border resulting from the 2012 oil-shutdown-induced austerity measures is such an example. This shows that on the one hand, the space for bricoleurs is contingent on this institutional corridor, while on the other hand the informal institutional roles may evolve with their inscription in new formal rules (Abrami and Schlueter 2009). Each of the three cases will show that the logic for certain aspects of reform being implemented and others not, becomes apparent when considering the breadth of the institutional corridor.

County and State taxation of international trade

We will start by analysing the bricolage practices of County tax-collectors from Magwi County in Nimule, the largest border crossing in terms of traffic of people and goods in South Sudan, located in the Eastern Equatoria State (EES) (see Map 1). In practice, all County tax-collectors at the border reported levying a 2% *ad valorem* County tax on the value of goods entering South Sudan by local traders who were indigenous to Magwi County, given they would not move beyond the County borders. In exchange, the local traders were exempted from paying cross-border taxes to the national government. This arrangement, referred to as 'Gibana'[139] was confirmed and narrated identically by all eight County officials interviewed at various crossings at different times, as well as by all 30+ local traders interviewed subsequently. Taxation officials described it as a local tax sanctioned by the local government council, based on the 2009 Local Government Act. During one interaction between a local trader and a County Gibana collector, the official even referenced an article of the transitional Constitution that states, 'Local governments shall have powers to levy, charge, collect and appropriate fees and taxes in accordance with the law' (RSS Legislative Assembly 2011, article 165 clause 7), to emphasise the legality of the tax. Nevertheless, the Gibana tax on international border trade in Magwi County does not feature in the County budget, nor has it been officially passed by the local government council. It is also a tax that is in violation of the 2009 taxation act that stipulates only national and State-level authorities can impose taxes on international border trade. In this case, the County interface bureaucrats collecting taxes were openly selective on what rules they chose to use and what rules they omitted from their day-to-day practices. But how is it determined what rules can or cannot be used to collect these taxes that were 'state' in their appearance but clearly 'non-state' in their consequences since there was no record of Gibana tax in the County treasury, and they are at the same time illegal? In other words, what is the power base of the County official's ability to successfully engage in these (bricolage) practices?

[139] Colloquial Arabic for 'Jibu le ana' meaning 'give to me', formalized in the local government act section 74 [1] E

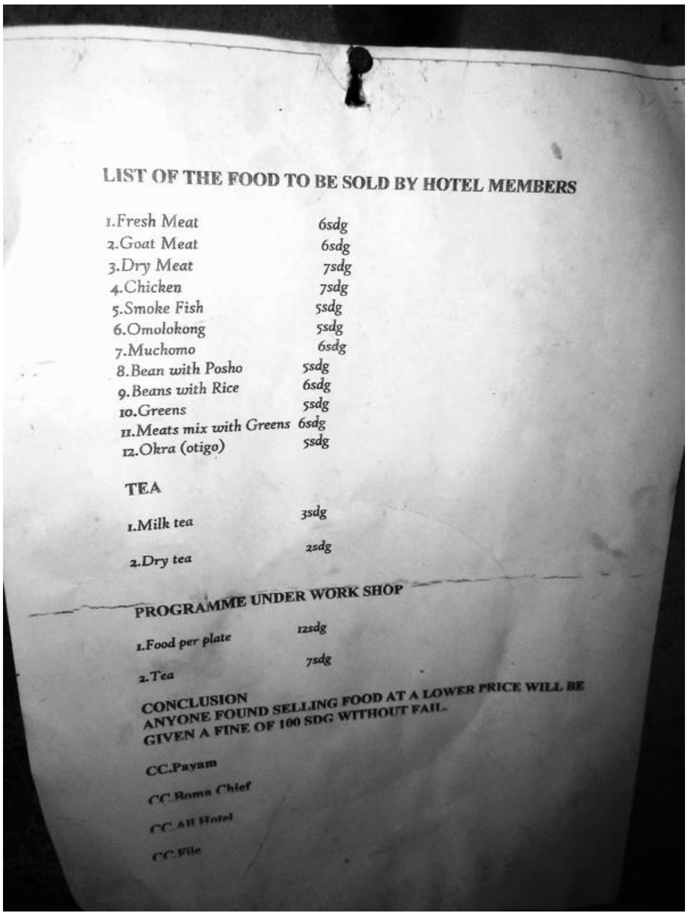
Photo 1: Magwi traders sit outside a small shop in Panyikwara, Eastern Equatoria

Photo 2: Loading empty beer crates onto the ‘tipper lorry’ en route to Gulu in northern Uganda

Photo 3: An Eastern Equatoria State Revenue Authority outpost at the Pageri border crossing with northern Uganda

Photo 4: A Magwi-bound ‘tipper lorry’ waiting for clearance by the Ugandan Revenue Authority at the Bibia border crossing in northern Uganda

Photo 5: A Sunday Church service in Magwi town, Eastern Equatoria



LIST OF THE FOOD TO BE SOLD BY HOTEL MEMBERS

1.Fresh Meat	6sdg
2.Goat Meat	6sdg
3.Dry Meat	7sdg
4.Chicken	7sdg
5.Smoke Fish	5sdg
6.Omolokong	5sdg
7.Muchomo	6sdg
8.Bean with Posho	5sdg
9.Beans with Rice	6sdg
10.Greens	5sdg
11.Meats mix with Greens	6sdg
12.Okra (otigo)	5sdg

TEA

1.Milk tea	3sdg
2.Dry tea	2sdg

PROGRAMME UNDER WORK SHOP

1.Food per plate	12sdg
2.Tea	7sdg

CONCLUSION
ANYONE FOUND SELLING FOOD AT A LOWER PRICE WILL BE GIVEN A FINE OF 100 SDG WITHOUT FAIL.

CC.Payam

CC.Boma Chief

CC.All Hotel

CC.File

Photo 6: A notice issued by the Magwi County administration imposing a price floor for local hotels and restaurants. Price floors set above market equilibrium ensure prices stay high, thereby favouring the position of local traders.

Photo 7: A local vendor sells dried fish during market day in Malualkon, Northern Bahr Al Ghazal

Photo 8: northern traders arrive at market day in Wanjok, Northern Bahr Al Ghazal.
Since March 2011, cross-border trade between Sudan and South(ern) Sudan has been severely restricted.

Photo 9: A view of the Juba Bridge from one of the many upscale Nile riverside hotels in Juba.

Photo 10: Street view of Malakia area in Juba, traditionally one of the centres of commerce in Juba.

Photo 11: Independence celebrations in Juba on independence day, July 9th 2011

Photo 12: A pro-separation banner displayed during the weeks prior to the independence referendum on January 9th 2011

Photo 13: Juba businessmen drink their morning coffee while scanning the local newspapers for tenders.

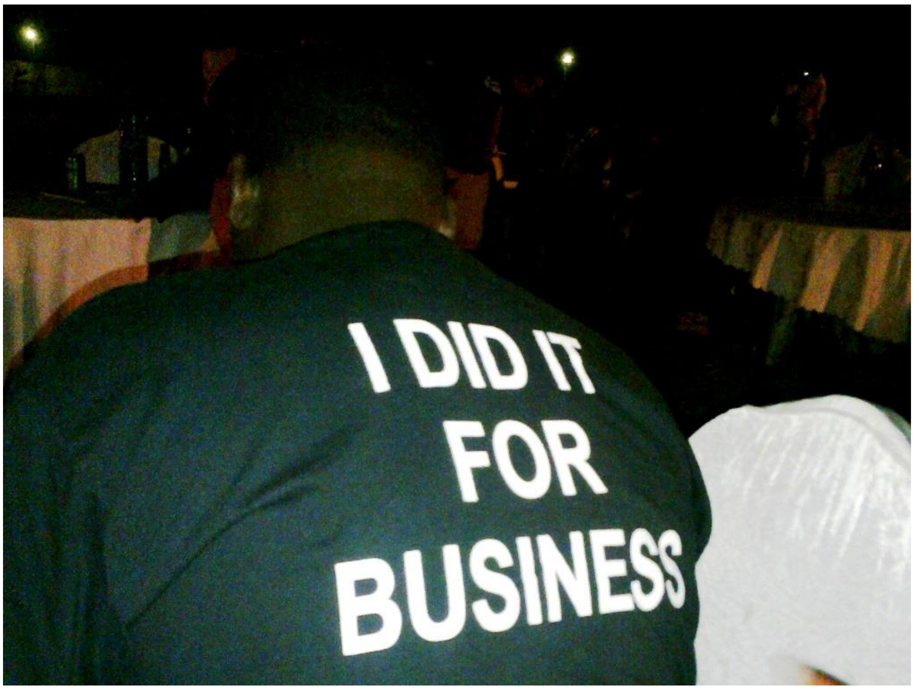


Photo 14: A returnee diaspora businessman clearly stating his motivation to return to South Sudan

Photo 15: The construction yard of an upcoming local entrepreneur on the outskirts of Juba near the Jebel Kujur mountain.

Photo 16: A Hummer H2 Luxury vehicle parked with a flat front tire on Malakia road in Juba.

Map: The Republic of South Sudan, with its southernmost border town of Nimule and the State Capital of Eastern Equatoria State, Torit

Three authoritative resources played an important role in the County officials' ability to collect this 'illegal' tax. The first is rooted in pre-CPA SPLM/A practices along the same border whereby traders were taxed using percentage charts issued by the local SPLM/A leadership between the mid-1990's and 2005 as part of a trend to boost the Movement's decentralised civil governance capabilities. As early as 1997, local SPLA authorities carried a laminated chart of 'customs' rates for the greater Equatoria Region (before the establishment of the 10 states) which is the basis for today's 2% Gibana tax collected by County interface bureaucrats, as well as a number of other border taxes levied on other categories of traders by other interface bureaucrats working for the State revenue authority and for the National Customs service[140]. In this manner, local officials have appropriated aspects of post-CPA legislation to legitimise the reproduction of pre-CPA SPLM/A practices.

Consistent with these pre-CPA SPLM/A practices was the element of enforcing rents through consultations with the local community. Before the CPA, the region now known as Magwi County was rife with armed groups with which the SPLM/A had to compete for legitimacy among the local populace. All groups imposed their burdens on the local communities through taxation, plunder, and (forced) recruitment amidst which the SPLM/A tried to retain the upper hand by actively involving the local communities in the decision-making process about how compulsory contributions were to be negotiated and administered. In similar fashion, the present-day Gibana tax levied by County officials was set at 2% through a consultation meeting with the local chamber of commerce representing the indigenous traders after concerns and protest was voiced about the increasing taxes levied by a range of officials between 2006 and 2009. This 'formalisation' of tax collection into a set figure of 2% was welcomed by the traders who felt their concerns had been taken into account, signifying a degree of ownership in the formalisation of the institutional arrangements of the state, and also signifying the relative power of the traders: tax collectors could not simply impose random taxes on the traders.

[140] A 2010 World Bank study reported this same schedule being used by a customs official at one of the border crossings in Central Equatoria State (World Bank Group 2010a, 52).

A third authoritative resource relates to justifying the deliberate evasion of other national legislation that prohibits local government officials from levying taxes on international border trade, featuring both in the CPA, the Interim Constitution and in the 2009 Taxation Act, all stipulating that the National and State governments may levy 'border trade charges', but not the local governments. Formally speaking, because of these provisions, the 2009 proposal of the local government council of Magwi County to collect Gibana at the border was never adopted but tabled indefinitely. Unaffected by this discrepancy, the County tax officials base the legality of their practices on the fact that the Eastern Equatoria State Revenue Authority (EESRA), the next level of government in the hierarchy also claiming competences to tax the same local traders, have agreed to let the County officials tax their 2% Gibana. This arrangement was formalised during the same meeting in 2009 with the local chamber of commerce, whereby the State and the County revenue officials agreed to a 70%-30% split of the taxes levied upon local traders. This signifies a long-standing practice in South Sudan's local civil administration predating even the 1994 SPLM/A convention whereby national level measures can be circumvented by sanctioning the evasion through the proximate level of authority, in this case the State government. In other words, because the State government is institutionally closer to the local government than the national government, national legislation can be evaded on the basis of the State's permission, which was granted during the 2009 consultation meeting between revenue administrations of the County, the State and the local traders. In these circumstances, distance and proximity are important authoritative resources: the national government is more distant than the State-level government, whose capacity of legalising particular actions holds more power than the national government.

Comparable practices took place among EES interface bureaucrats collecting taxes at the very same border crossing. State officials equally based much of their legitimacy to collect border taxes on the local government act and fiscal decentralisation discourse. But when in early 2012 the previously mentioned national Fiscal Intergovernmental Task Force formally started to push for centralising border taxation to the national level in order to optimise non-oil revenues, the central government in agreement with the EES government ordered the Eastern Equatoria State Revenue Authority (EESRA) officials to withdraw from their border posts. Lacking some of the authoritative resources that the lower-level County officials had, specifically the resources to evade national regulations on the basis of an intermediate level sanctioning it, State officials had no choice but to withdraw from their border posts. However, less than six months later, the EESRA interface bureaucrats had adopted a 10% State-level value added tax (VAT) levied on goods destined for or transiting through EES[141]. This new tax, sanctioned by the EESRA and communicated to all major business owners, business associations and the EES branch of the South Sudan Chamber of Commerce, was effectively the same cross-border tax that had been yielded to the central government, only collected at different points along the trade

[141] The new VAT first came to the researcher's attention through a local trader who showed the official letter from the EESRA, and was subsequently explained in a focus group interview with EESRA officials in their offices in Torit, November 2012

route and within the capital city of Torit, and with a different title (VAT)[142]. This illustrates how top-down reforms such as the tax harmonisation have only a limited impact on local practices. The central government's reform was eventually circumvented by EESRA officials by appropriating another tax from a heterogeneous set of legal justifications and labels. This actually shows how local actors acted as bricoleurs in order to effectively block the expansion of the local institutional corridor. While tax harmonisation measures were formally accepted and implemented, they were *de facto* powerless and overruled by local-level actions.

In sum, although particular taxes are illegal from a national perspective, the sub-national actors involved creatively relied on a number of resources to enact their legality. In analysing these authoritative resources, we gained a better idea of the institutional corridor on which actors can rely. The high-level of path-dependency in these resources is important: they are largely pre-CPA SPLM/A practices that determine which elements were appropriated into local practices, and which were rejected. This is further elaborated in the next case study.

Insurance industry licensing practices

The second case-study relates to regulatory reform in one of the fastest growing industries in South Sudan in which there is an increasing involvement of regional and global corporation: the insurance sector. The regulatory framework for the insurance industry in South Sudan is confusing to say the least. Since the supervisory authority shifted from Khartoum to Juba in late 2011, it has been a challenge to establish provisional working modalities. Strictly legally speaking, the regulation of the insurance industry in South Sudan is contingent on the Insurance Act of 2003, which was signed by the chairman of the SPLM at the time (Stitt 2012). Although it was termed an 'Act' it was more of a provisional order, meaning that it still had to be endorsed by an elected legislature. After the signing of the CPA in 2005, this endorsement was deprioritised and instead a new bill was drafted in 2010 that was to replace the 2003 act. The formalisation of this bill has been a protracted process since 2010 and remains tabled at the Ministry of Justice awaiting endorsement by Parliament (*ibid*). In reality, while the insurance sector is governed by certain aspects of the 2003 Act, other aspects are provisionally borrowed from the 2010/2012 bill, and in some cases neither of the two is applied. The Bank of South Sudan (BoSS) has been designated as the regulatory authority, although it is emphasised that this is a temporary measure. The BoSS both lacks the proper legal grounds to regulate the industry as well as the resources and capacity to do so, even if the bill is passed[143]. In addition, there have been concerns that the BoSS as a supervisory body is too close to government, thereby creating a conflict of interest

[142] This new tax was actually not a VAT tax, as VAT cannot be administered effectively at a State level, unless a system of import collections and export refund is applied on interstate trade (Selassie 2009, 59; Solomon and Bell 2011, 28). This technicality did however not feature in the EESRA officials' explanation.

[143] Interview with the Director of Supervision in the Bank of South Sudan (BoSS), May 2012

as the government is a majority shareholder in at least two of the insurance companies active in South Sudan[144].

As this brief overview of the regulatory framework for the insurance sector suggests, there are in fact many rules and regulations that can be used to govern access by international corporations which are beyond the legal text of the (pending) new insurance bill. This lack of transparency creates the ideal circumstances for interface bureaucrats to hand-pick the rules as they see fit to further their interests. As this chapter argues, however, this 'bricolage' is by no means arbitrary but is strictly governed by the institutional corridor.

Insurance in South Sudan itself is a relatively new phenomenon. The international players in this market, three at the time of writing with a fourth in the process of obtaining a license, compete with two other categories of insurance providers for local market share: locally established insurance companies and local branches of insurance companies that formerly operated in South Sudan from Khartoum. The latter category contains three insurance companies that had been operating in South Sudan since before independence and there are about seven local companies[145]. Public awareness about insurance in South Sudan is generally limited to the compulsory third party liability insurance needed to register a vehicle or motorcycle which can be purchased at any of the firms' branches within the traffic police departments responsible for issuing vehicle registration and number plates. The companies represented at traffic police stations, mostly local companies including firms that formerly operated from Khartoum, provide insurance for very low premiums but with a remarkably low settlement rate. This practice causes concern for the international firms whose services are tailored to a more informed public that may choose to pay a higher premium for better coverage and reliable settlement schemes. They regard the low premiums offered by local companies as unfair competition since they would never be able to offer such low premiums whilst offering the quality services and reasonable settlement rate that their international reputation is contingent upon.

In 2011 after independence, the three international firms voiced their concerns through the Insurance Association, a business forum under the South Sudan Business Forum (SSBF) established by the World Bank, insisting that the upcoming insurance bill would include, among other things, a stronger regulating authority that conducts audits annually and compulsory licensing with high capital requirements. Especially the licensing through capital requirement was considered a crucial aspect of the bill as it determined the kind of players active in the market and subsequently, the public's perception and trust in the industry's integrity. Since the BoSS started issuing licenses for insurance companies in South Sudan in 2009, it had selectively used the entry capital requirement of 4.5 million USD, which the licensed international firms had abided by, but none of the local companies did. However, when the bill was drafted by a local consultant in 2010, the capital requirement had been

[144] Interview with the project consultant coordinating the Insurance Association at the South Sudan Business Forum (SSBF), May 2012

[145] Based on the situation in December 2012. During a brief visit in August 2013 at least four new local insurance companies had put up signs at the Juba traffic police headquarters.

reduced to 100,000 South Sudanese pounds - approximately 30,000 USD or 150 times less than the bank was requiring at the time. In addition to this enduring ambiguity about the content of the reform itself, officials within the BoSS as well as within the Ministry of Finance and Economic Planning openly state that this reform will not be feasible with the limited resources and staffing.

What this case demonstrates, is that even if the proposed reform is implemented, the supervisory authority will certainly not be able to enforce it. Especially the legal ambiguity of the capital requirements provides interface bureaucrats in the licensing department of the BoSS with the ideal conditions to circumvent this reform. An important factor in explaining this situation lies in pre-CPA SPLM/A practices. The dominant political movement has historically made use of private sector firms such as insurance companies and foreign exchange bureaus as resources to reward servitude in the movement before the signing of the CPA. Most of the local insurance companies as well as the local branches of the firms formerly operating from Khartoum are said to be owned by SPLA veterans and their close relatives who have accumulated significant political capital through their loyalty and sacrifice during the war. A number of informants from within the insurance sector explained[146] that since these former commanders and their families were not able to benefit from any type of pension plan after the signing of the CPA, alternative pensions were awarded by means of shares in local SPLM-owned firms or licenses to operate, among other possibilities, a foreign exchange bureau or an insurance company. The delay and institutional ambiguity of the current efforts to regulate the insurance industry can better be understood in relation to the advantages for SPLA/M actors who want to preserve this informal reward system. In other words, similarly to the previous case of State officials subverting taxation reform, the institutional corridor of pre-existing arrangements is too narrow for the reform to aggregate into. This example also shows how different bricoleurs have different resources at hand, as the international insurance companies have a more limited institutional toolbox: they could rely on the Insurance Association, but this only proves to be a weak resource compared to the resources on which local insurance companies can rely.

An 'open moment' for customs reform?

As the previous two examples have indicated, the space for reform as delineated by the institutional corridor in South Sudan appears to be quite limited. Despite the fact that the toolbox for different political and administrative actors – such as interface bureaucrats or insurance companies– to act as institutional bricoleurs is packed with a wide array of heterogeneous regulatory arrangements suggesting a large degree of freedom and space for institutional reform and innovation, the underlying arrangements are in fact quite rigid and fixed along the lines of pre-existing power configurations. This provides a rather grim outlook for change as path-dependency is high, suggesting that

[146] In at least eight interviews with employees and management staff with 4 different insurance companies this explanation was referenced (one local insurance company, two companies formerly operating from Khartoum and one international company). In addition two different State-level bureaucrats at DG level in Upper Nile and in Jonglei State also noted the profile of ownership of these insurance companies. Informants within the BoSS and MoFEP did not disclose this information.

institutional emergence of the state is in fact mostly a facade behind which older practices continue to be reproduced.

This assumption, however, would be misguided on the premise that the examples above illustrate a context that is relatively stable. Local practices evolve gradually as national reform progresses slowly and interface bureaucrats adjust their appropriation, contestation or subjugation of reform into local realities within a relatively fixed frame of informal networks. However, to this perspective of gradual structuration must be added the notion of 'open moments' (Lund 1998, 2). These are '...occasions when the social rules and structures are suddenly challenged and the prerogatives and legitimacy of politico-legal institutions cease to be taken for granted.' (*ibid*) For the political elites, 'open moments' offer a double-edged possibility of reassertion or erosion of power, or as noted by Bastiaensen et al. such moments may also provide the momentum for the elites to 'open a window of opportunity to grant greater political leeway'(Bastiaensen, Herdt, and D'Exelle 2005: 981). In the case of South Sudan, when the institutional arrangements that delineated the institutional corridor were under stress by politico-military command structures of the SPLM/A surrounding a particular unexpected event, such a window of opportunity may present itself.

As noted above, in early 2012 the government of South Sudan shut down all of the country's oil production, as a result of a deadlocked negotiation process with Sudan over oil transfer fees through the pipeline to northern Sudan. At that point, South Sudan effectively lost 98% of its revenues precipitating potential economic collapse. The World Bank argued that it 'has never seen a situation as dramatic as the one faced by South Sudan.'[147] Considering that the government's main source of revenue after the oil rents were from taxes levied on imports, reforming the South Sudan Customs Service became a national priority in a matter of months. Whereas previously, customs interface bureaucrats based their conduct on a number of practical norms at the border in relation to the traders (Twijnstra, Titeca, and Hilhorst 2014), in which not all traders were charged equally and in which there were a range of quasi-legal tax exemptions. After the oil-shutdown, customs revenues were to be collected from all traders, irrespective of who the trader is and what his/her connection is to the SPLM/A. All prior tax exemptions were annulled by presidential decree, donors assisted with consultants to implement a computerised system to monitor the revenues and the security forces at the border were instructed to monitor the conduct of customs officials. As a result, within six months after the oil shut down, customs revenues at the Nimule border crossing had increased by 1100% compared to 2011[148]. Confirmed by interviews with more than 30 different large-scale cross-border traders, the room for negotiation with customs officials in Nimule was reduced dramatically. This reform does not seem to be temporary: different from the reforms described above that were implemented for a few

[147] Noted in a leaked confidential memo from March 1st 2012 from which the World Bank later distanced itself.
[148] Announced by Customs Service Director General Maj. Gen. Frederick Lokule speaking at the World Customs Organisation in June 2012

weeks or months, and then circumvented by other taxes, about a year and a half later[149], customs rates were still fixed, transparent and registered.

What this example indicates is that at a time when the state, as embodied at national level as well as symbolically at all levels by the politico-military leadership of the SPLM/A, is threatened in its survival, space for reform is created. This 'open moment' had the effect that the institutional corridor - which had been narrow in a relatively stable context when the oil rents were so abundant that customs revenues were not considered a priority - was almost instantly broken open. The national reform was effectively implemented and aggregated into the institutional corridor.

In this respect, the top SPLM/A leadership's defiance of Khartoum, which is how the oil-shutdown was legitimised, is a much more powerful authoritative resource than the ones described above such as the primacy of local arrangements over national legislation. One could argue that the success of the Customs Service reform lies in the fact that the formal content of the reform was synonymous with the most important authoritative resource to effect institutional change in South Sudan, namely explicit resistance to northern pressure.

Conclusions

In line with the literature on negotiated statehood or hybrid governance, it is demonstrated how taxation and regulatory processes in general are profoundly negotiated. Through the case of various regulatory measures in South Sudan, we have shown how interactions between state and non-state actors play an important role in this: intense negotiations take place between traders and the state and between foreign insurance companies and the state. Yet, the most important interactions take place within the state: our cases, which illustrate taxation practices at different levels of the state (national, State, and county level), show how profound negotiations take place between different categories of state actors. Central to these negotiations is a profound legal ambiguity: a wide range of rules and regulations are at the disposal of state officials. These rules at times contradict and overlap and allow a wide range of often contradictory interests to be represented – certain practices can at the same time be declared legal and illegal. As a result, the way in which taxation – and the state as a whole – is being governed is necessarily patchy- in which a patchwork of actors with different strategies are engaged. It has been shown how actors at national and various sub-national levels have different interests, as do national and international insurance companies. Therefore, there exists no uniform negotiation around taxation, but rather a multitude of actors pursuing different interests involved in diverse bricolage processes. As a result, the regulation of taxation in South Sudan has a distinctly plural character. This does not mean that taxation is not being organised, but it does signify that certain rules and regulations are more successful in regulating behaviour than others. This is related to the ability of different actors to

[149] At the time of writing in August 2013.

engage in processes of bricolage, which –as we have shown - is shaped by relations of power (Cleaver 2012) and the institutional corridor.

The institutional corridor is the space in which 'bricolage' is performed and on which various actors can rely in their bricolage practices. As has been demonstrated in the context of South Sudan, this space is contingent on pre-existing SPLM/A power structures, as well as a deep-rooted resistance to centralised control – these two issues constitute the most powerful institutional resources at stake.

Firstly, SPLA/M power structures play an important role. At the national level, international donors and international insurance companies proved to be incapable of pushing through their interests and in influencing the regulatory practices of the insurance sector. These practices proved to be a strong mirror of existing power relations and structures of authority in which the international actors clearly have much less leverage than national actors. Decision-making is largely monopolised by SPLA/M actors who had an interest in maintaining a situation of ambiguity and proved to be much more successful in pushing through their interests. Also illustrated in the first example, local-level County interface bureaucrats rely on a variety of institutional resources in which various (unspecific) legal references played an important role, as well as past SPLM/A practices of taxation. Yet, the example also shows how officials could not tax unlimited: analogous to how the SPLM/A acquired their local legitimacy for taxation before the CPA, County officials had to agree on a compromise with the traders, which were able to contest these practices. This compromise in turn became an important resource in legitimising an illegal tax. In other words, processes of reshaping and reinventing are not linear, but involve a constant negotiation and contestation between different 'authoritative actors' around particular issues (Cleaver 2012). Power is therefore not only situated with the state actor/bricoleur itself, but also outside of it: state officials do not operate in a vacuum. Other actors, such as traders or religious actors, can be equally powerful, and can contest certain measures. The state official's power is therefore not only relative in relation to other state officials, but also in its relationship with non-state actors.

A second important issue determining the institutional corridor is the disparity between national policies and local implementation. This is a result of the large distance which existed during the war between the national state and the sub-national levels, as well as between the SPLA/M leadership and the lower ranked commanders on the ground. This is clearly shown in the first example, which shows how national-level policies are subverted by local (County and State) actors through a creative re-combination of different legal processes. In other words, while a whole range of new measures are taken at the national level (often under pressure from international donors), these often have a limited impact on the lower levels of government. This is not only related to the physical distance between the sub-national and national levels of government, but also to the history of local resistance to national control. This situation reminds us of what De Koning (2011: 215) calls 'alteration', which can be defined as a situation in which a 'bureaucratic institution leaves a mark on the local institutional framework but does not achieve its original objective' (De Koning 2011: 215).

Whereas De Koning uses this terminology to refer to state – non-state interaction, the term is also useful in describing the relation between different categories of state actors. Particular measures are introduced, and can in reality be used by different levels of the state, but their power is limited – the first two examples show how sub-national governments effectively no longer collect taxes at border points. These measures have however not reached their original objective, instead leading to a further fragmentation of the formal regulatory space, which are not fundamentally impacting on the institutional corridor.

The above shows how two authority structures continue to play an important role in structuring regulatory measures, in this case taxation structures. It also informs us about the nature of post-conflict reconstruction: the cases overwhelmingly show the large continuity of wartime practices in the post-conflict state, or how 'a peacetime project is run as a wartime project'(Schomerus and Titeca 2012). New actors might enter the institutional arena – such as international donors or international insurance companies – and try to influence decision-making in a particular direction. But despite the potentially transformative role of these measures, relations of authority and patronage from the wartimes continue to persist through which the institutional corridor remains quite narrow (Sehring 2009b). In other words, the pervasive ambiguity of formal institutional arrangements does not suggest that bricolage is arbitrary; our examples clearly show that these practices take place in 'an already established network of power and representations' (De Certeau 1984, 18), which both limit and enable these practices along path-dependent logics.

These pre-established networks, relations of authority and patronage and the practical norms they reproduce, are not entirely fixed however. As the third example has clearly shown, when an event occurs that precipitates an 'open moment', an intense period of rearrangement of social order, these institutional arrangements are also in flux. A severe economic shock like the 2012 oil shutdown constitutes such an open moment, which may provide a window of opportunity for certain reforms to be implemented that under previous circumstances would have been circumvented or appropriated differently to simply re-produce a previous status quo. The content of such a reform to be implemented at the time of an 'open moment' has to be compatible with the underlying authoritative resources however or as De Koning and Cleaver note, 'a key aspect of this process is that the "something different" must work through a routinely accepted logic' (De Koning and Cleaver 2012: 282), because as Lund describes, such an event can also reinforce the previous power configurations (Lund 1998) and thereby narrow the institutional corridor even further.

Lastly, all of this shows the profoundly ambiguous role of formalisation in these regulatory practices. The above examples clearly show how formal measures and the fact that a particular practice is formalised does not necessarily give these rules prominence over informal practices: formal rules are very often neglected and are not put into practice. In other words, while formalisation is an important part of state building, it often has little effect as it is being overturned by informal practices which are also part of the same state, such as SPLA/M networks. In other words, we have what Lund

(Lund 2006, 699) refers to as a messy reality in which there is no clear dichotomy between ‘formal/government on the one hand, and informal/non-government on the other’. This is further demonstrated by the fact that although the different actors are operating in a situation characterised by a large degree of informality, they often rely on a broad range of formal elements in bricolaging their informal goals. Formal elements are therefore not powerless either, and often are an important resource in the institutional toolbox of the actors concerned: it has been shown how particular informal measures are formalised, because this allows particular state actors to better pursue their interests. Formal measures therefore do not have a monopoly on regulatory practices, but are one of the resources available for the institutional bricoleur.

– CHAPTER FOUR –

‘Recycling Oil Money’ Procurement Politics and (Un)Productive Entrepreneurship in South Sudan

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Abstract:

Since its inception as a semi-autonomous state in 2005, the South Sudanese government procurement sector has been a booming business. Funded predominantly by oil incomes, the government procurement regimes have become instrumental institutional mechanisms for the allocation of rents within the southern Sudanese patrimonial political marketplace. In early 2012 the rent process that had sustained the procurement sector’s clientelistic arrangements became suddenly unsustainable, when the South Sudanese leadership put a stop to all oil production in defiance of Khartoum’s control over the only export pipeline. Under severe economic strain, procurement departments were suddenly expected to become more efficient and cap up to 50% of their spending. In this context, another cadre of entrepreneurs comprising largely returnee diaspora (or ‘reaspora’) with higher technological capabilities and transnational linkages started gaining ground within the government procurement regimes signifying the emergence of a potentially ‘developmental’ feature in the rent process. While the austerity measures arguably precipitated the emergence of certain developmental features, they also uprooted the political settlement that existed by virtue of the oil rents which culminated in the December 2013 crisis and pushed the young country to the brink of civil war.

The Rent-Fragility Nexus in State Building

> 'Without those [government] contracts I would have never made it; no commercial banks or NGOs helped me . . . in the end, what matters is how you spend your profits. Some buy property [abroad], or send their kids to expensive schools in Europe, I used it for my business [in South Sudan]. I guess you can say I'm recycling oil money.'[150]

Since the 'fragile states' vocabulary started gaining ground in international development policy discourse roughly a decade ago, the economic drivers of instability and conflict have received much attention. It is argued that a high dependency on international development aid or on a single extractive industry, such as mineral or crude oil resources, erodes state-society relations and the capacity of a government to be responsive and accountable to its citizens (Di John 2002; Mcgillivray 2006; Collier 2009). In this regard, 'the problem' of fragile states is often framed in terms of dysfunctional economic governance institutions. Although definitions of state fragility are diverse and ambiguous, one characteristic that most countries so labelled have in common is that formal governance structures tend to be incoherent, contested, and in flux (Christoplos and Hilhorst 2009). Economic regulation is often highly politicized and tends to diverge more from the official rules than in stable states. Various authors have demonstrated that the public-private divide is more fluid in such places and that the socio-political relationships between (groups of) non-state economic actors and state actors have a significant impact on how economic regulation is really enacted (Raeymaekers 2007; Titeca 2012).

One economic feature that is often correlated with state fragility is the pervasiveness of economic rents or 'excess incomes'[151] created to serve particular economic and political interests, as opposed to the various forms of rent creation and use that are inherent in development processes (Zenawi 2012). Many authors describe 'rent-seeking' practices whereby elites secure their position in a political marketplace by allocating lucrative opportunities to their clients as pathological deviations from the official institutional frameworks that were developed during colonial administrations and subsequent aid-conditional governance reforms (Kelsall 2012: 677; Chabal and Daloz 1999). However, A growing body of literature that compares various Asian and African development trajectories over time also shows that patron-client based governance arrangements that are predicated on rent-seeking behaviour are not necessarily anti-developmental and growth retarding (Khan 2010; Kelsall *et al*. 2010; Moore and Schmitz 2008; Golooba-Mutebi 2013; Blunt, Turner, and Lindroth 2012). A closer understanding of the kind of patron-client ties that generate different kinds of rents and how these are distributed and utilized over time opens up a range of scenarios, suggesting that

[150] Interview with a South Sudanese contracting entrepreneur conducted in Juba, October 2012. The respondent first returned to South Sudan from Australia in 2007 and has been active in the government procurement sector since early 2008.
[151] Economic rent is usually defined in the literature as an income from any factor of production (land, labour, or capital) in excess of the amount required to draw it into its current use (that is, its opportunity cost) (Booth 2012, vi).

under specific conditions, rent-seeking may not be as anti-developmental as is often assumed. The evidence accumulated in this body of literature, also referred to as the 'political settlements' or 'political economy' approach, is largely derived from developmental (stable) states. Alternatively, this chapter applies insights from the political settlements literature to the more 'fragile' context of South Sudan, the world's youngest sovereign state.

This chapter explores the way rents are allocated and utilized through government procurement regimes in the new Republic of South Sudan, a country governed by what the international community considered a non-state guerrilla movement until a decade ago. Its government, the Government of South Sudan (GoSS), is comprised almost exclusively of members of the ruling party the Sudan People's Liberation Movement (SPLM) and its military wing, the SPLA (also the national army). Despite their quasi-unified appearance, however, both institutions are a far cry from monolithic. During the interim period between the Comprehensive Peace Agreement (CPA) of 2005 and the region's secession from Sudan in 2011, the adhesive that essentially held the heterogeneous constellations of factions and interests together was a 'bargaining outcome among contending elites'(Di John and Putzel 2009: 4), funded by rents derived from crude oil extraction. As the political settlement literature suggests, such a bargaining outcome 'underpins the state and is embodied in forms of political organisation [which are] essentially about the allocation of rents' (*ibid*: 15).

As this chapter will show, the rentier arrangements on which South Sudan's political settlement was founded during the interim period became entrenched throughout the state apparatus, in stark contrast with its official policies in which South Sudan may almost be described as a neoliberal experiment. Its official development plan (GoRSS 2011) is a testimony to the World Bank and envisions a vibrant private sector and a 'lean' government whose role is limited to setting the ideal parameters for a favourable investment climate. In practice, however, rather than limiting its role to creating an 'enabling environment', the government of South Sudan became the private sector's largest patron in the wake of the CPA and business revolved predominantly around trade arbitrage and government-contracted construction of roads, bridges, prefabricated ministries and hotels. Governed through informal patron-client arrangements between powerful local entrepreneurs and the politico-military elite, the government procurement sector corresponded directly with the balance of power between different communities enshrined in South Sudan's broader political settlement.

In early 2012, however, the South Sudanese leadership decided to shut down oil production, cutting down 98% of its income[152] overnight. Drastic austerity measures within government procurement regimes implied a closer consideration of 'value for money' when awarding a tender. These developments signified a gradual shift in government procurement policies towards another group of more productively-inclined entrepreneurs. Largely comprised of returnee diaspora, or 'reaspora' (Welch 2010: 297), this group was able to supply the government more efficiently at a

[152] See: http://www.worldbank.org/en/country/southsudan/overview

lower cost than the larger tenderpreneurs[153] had been able to do. The procurement officials, seen as the 'gatekeepers' to the rentier arrangements on which the young country's political settlement was founded,[154] in turn started to develop a more permissive attitude towards the reaspora entrepreneurs. This chapter aims to contrast these developments with what the political settlements literature refers to as '[...] different patterns of patron-client competition [that] are compatible with the rapid emergence of a capitalist sector'(Khan 2005: 722) and by doing so will argue that the 2012-2013 austerity period provided a double-edged opportunity that allowed for certain 'developmental' traits to surface within the rent process while simultaneously eroding the political settlement in South Sudan's patrimonial political marketplace.

Methods

Primary data collection took place between October 2010 and December 2012[155] and was based on a qualitative ethnographic research strategy.[156] Insights pertaining to earlier events are based on retrospective interviews, media sources and reports. Data collection techniques included repeated semi-structured interviews with the same key informants over a prolonged period of time, participant ethnographic observation and conducting focus group discussions. The total number of face-to-face interviews amounts to roughly 200, distributed over a total research population of about 85 informants.[157]

Rentierism in South Sudan

South Sudan is the world's youngest internationally recognized sovereign state. Emerging from decades of civil strife and inheriting a legacy of violence and a weakly formalized institutional framework, the new country faces myriad problems ranging from food insecurity to urban land disputes and from ethnic tensions to a looming 'Dutch Disease'[158] from its dependency on crude oil. The ruling party, the Sudan People's Liberation Movement (SPLM) has rapidly been transformed

[153] 'Tenderpreneur': a phrase allegedly coined by the South African Communist Party leader Blade Nzimande in his December 2009 report to the party's special congress in Limpopo to describe 'businessmen who corruptly enrich themselves through government contracts, and politicians who use their power base to secure business contracts, respectively'. The term has been used more broadly by African media sources since then (incl. Kenya and Nigeria).
[154] The phrase 'gatekeepers' in this context was taken from an interview conducted with a senior figure in the Aweil (Northern Bahr El Ghazel) business community in Aweil town, March 2011.
[155] Secondary data collection continued up to the time of writing in February 2014. In addition, a limited number of ± 10 VOIP interviews with key informants were conducted after the 15 December crisis.
[156] The research framework adhered to an ethics policy of anonymising all research informants, audio-recorded informed consent for the use of interview material, and secure data storage. No primary data was shared with a third party and research informants maintained the right to withdraw or review their statements throughout the duration of the fieldwork.
[157] Research participants included national and state government officials within ministries of finance and various procurement departments (N=18), organizers and staff members from five different business associations, including the national Chamber of Commerce and its State branches in Torit, Bor and Malakal (N=10), and a diverse group of traders and medium to large-sized business owners (N=±60), of whom roughly half would classify as 'reaspora entrepreneurs', i.e. returnee diaspora who are actively involved in South Sudan's medium to large-sized enterprise segment. A select dozen reaspora entrepreneurs were interviewed more frequently and followed closely throughout the duration of the research.
[158] In economics, 'Dutch Disease' refers to real exchange rate appreciation, high labour costs, and structural imbalances in economic development as a result of the increased exploitation of natural resources and a decline in the manufacturing sector. Politically, 'Dutch Disease' is said to erode accountable governance institutions as it decreases a government's reliance on tax revenues (cf. Poteete 2009).

from a guerrilla insurgency movement to a political party that comprises 94% of parliament, the vast majority of national, State[159] and local bureaucracies as well as the national army which carries the name of the party's military organization: the SPLA. In addition, South Sudan continues to be at loggerheads with its arch-nemesis Sudan over political and economic issues related to border demarcation, oil transit fees and proxy warfare through local militias.

South Sudan's revenues come from two sources: oil rents and international aid (de Waal 2013). There is virtually no domestic production or manufacturing capacity and tax revenues account for less than 5% of the country's income (Selassie 2009; Benson 2011). The SPLM/A as a political movement has always been dependent more on external rents rather than from the incomes from its own population (Johnson 2003; Branch and Mampilly 2005). This fostered a clientelist culture of rent-seeking within the movement that subsequently formed the foundation for the economic arrangements on which South Sudan's political settlement was based from the 2005 CPA onwards (De Waal 2009). These socio-political arrangements that dictate the way rents are created, distributed and utilized within South Sudan's political marketplace have gradually been cemented into the bureaucratic functioning of the state in a number of ways, which can be observed in the way the state employs, taxes, regulates business (Twijnstra and Titeca 2014) or organizes its procurement regimes, as this chapter will demonstrate.

But what does this imply for South Sudan's economic governance institutions? As other authors have pointed out, there are many ways in which patron-client networks and their embedded logics can weave into formal governance structures, whereby certain types of neo-patrimonialism may be more 'developmental' than others (Kelsall et al. 2010). Some authors suggest that certain African scenarios such as Ghana and Uganda in the 1980s and Rwanda at present, display patterns wherein clientelist bureaucracies, illegality and corruption may well be the prime source of income for the political activities of the ruling elite, but rents are organized in such a way that it does not damage the investment climate (Booth and Golooba-Mutebi 2011). Although not uncontroversial,[160] the argument that '[p]articularly crucial, it seems, is the way in which clientelism is bound up with the creation, utilisation, and distribution of economic rents, and whether this occurs in an organized, or unorganised way'(Kelsall et al. 2010: 3) offers an interesting entry point for the analysis of patron-client constellations and their effects within the South Sudanese procurement regime before, during and after the 2012 oil shutdown.

As such, this chapter explores the nexus between elite politics and different modalities of entrepreneurship in South Sudan. With regard to the political settlement, it is shown that the SPLA/M's economic strategies were generally predicated on short-term stabilization rather than long-

[159]To prevent ambiguity, this article will refer to the State with a capital 'S' as South Sudan's second administrative level forming part of the federal Republic of South Sudan, and to the state with a lower case 's' for the Republic of South Sudan as a sovereign polity.

[160] Some scholars have pointed out that in the case of Rwanda, on which much of the evidence for African developmental patrimonialism rests, this reasoning is not entirely valid as Rwanda's large companies controlled by the ruling elite have become increasingly reliant on the state's scarce fiscal resources, thereby compromising the state's ability to manage rents in a manner that would enhance growth and productivity (Gökgür 2012: 33).

term development. Although these strategies conceivably secured the intended short-term stability, their long-term implications are less favourable. As Di John and Putzel note, ‘The elite bargains that may lead to the establishment of what might be considered a resilient political settlement may also act as a barrier to progressive developmental change’ (2009: 18). With regard to different modalities of entrepreneurship, this chapter examines what Mushtaq Khan refers to as the technological and entrepreneurial ‘capabilities’ of entrepreneurs and the holding power they can deploy with respect to the ruling coalition (Khan 2010: 70). Khan notes that when productive activities emerge among entrepreneurial groups, ‘they are not organized as islands of formal economies in the midst of a sea of informality; rather, the productive activities emerge out of and are deeply embedded in, the mix of formal and informal institutions that characterize the political settlement’(Khan 2010: 28).

Procurement Politics

Before the 2005 CPA between the SPLA/M insurgency movement and the Government of Sudan, economic activity in the region that now comprises South Sudan consisted mainly of informal trade (Leopold 2005; Walraet 2008). The majority of larger traders were of nomadic descent from northern Sudan, while the smaller traders came mostly from South Sudan’s semi-nomadic pastoralist tribes (Manger 1984). Before the first civil war started in 1956, local production and trade in livestock, hides and skins, timber, ivory, and gum acacia (formerly known as gum arabic) was common (Johnson 1989; MacGaffey 1991; Tosh 1981), but nearly forty years of civil strife have left much of that trade and its infrastructure in ruins. Sudan’s extensive petroleum exploration started in the 1970s, but virtually none of the oil rents benefitted the southern part of Sudan until the signing of the CPA in 2005 (Johnson 2003; Patey 2010).

The CPA wealth-sharing protocols[161] changed this dynamic significantly when the semi-autonomous government of Southern Sudan started receiving 50%[162] of Sudan’s oil revenues, totalling approximately $10bn between 2005 and 2011 (Global Witness 2011). Simultaneously, a torrent of UN agencies, NGOs and foreign businesses poured into southern Sudan alongside a flow of returnees from East Africa and Khartoum, precipitating a spike in demand for the most basic commodities and services such as prefabricated containers, tents, vehicles, generators, fuel, bottled water, and food, all of which had to be imported. It was at this time that a cadre of well-connected South Sudanese businessmen with close ties to the political leadership started capitalizing on the power they held within the patrimonial political marketplace to gain access to lucrative government procurement tenders (see also: Schomerus and Titeca 2012).

The combination of an unprecedented influx of oil and aid rents and the absence of fiscal checks and balances during the first few years following the CPA have led to a number of large-scale corruption scandals such as the infamous ‘*dura saga*’ of 2008 in which more than 500 South Sudanese

[161] See CPA, Ch. III Naivasha Protocol 5.6.

[162] The CPA grants 50% of revenue from producing southern oil wells to the GOSS, after contributions to an Oil Revenue Stabilization Account and oil-producing states. Nonetheless, in addition to frequent delays, reservations remain regarding the actual calculation of price and production figures. (Patey 2010: 626)

and Ugandan companies were contracted by the semi-autonomous government of Southern Sudan to stock up in excess of half a billion US$ worth of *dura* (sorghum) for the national grain reserves to create a buffer against seasonal food insecurity. However, an estimated 90%[163] of the contracted companies never delivered the grain, as the Ministry of Finance and Economic Planning (MoFEP) allegedly honoured contracts without checking the companies' capacities to deliver and the State governors presiding over the reserves allegedly signed off on lucrative payments without verification.[164] As a result, estimates suggest that a select number of local companies (and government officials) concealed roughly US$200m[165] of which no records were kept within MoFEP at all.[166] Some of the traders who were involved in the supply of *dura* at this time confirmed that most of the contracts were allocated to a select group of traders ('big guys') by the procurement officials within MoFEP.[167] In practice, this procedure did not include any due diligence or background checks (Ajak 2013); many of the companies had no experience operating in the formal economy, lacked capital, equipment, and in quite a few cases even literacy.[168] Yet seemingly overnight, this selected group of trade arbiters became South Sudan's tender tycoons, accumulating large sums of US dollars amidst incoherent formal accountability structures. How these rents were subsequently utilized is not entirely clear; there is an ongoing parliamentary inquiry that may shed more light on this with regard to the missing *dura* funds.[169] The most common explanation provided by informants is that some of the concealed funds were invested in real estate (mostly hotels) in Juba, but that the lion's share was transferred abroad or spent on luxury items and extravagant lifestyles.[170]

The well-connected South Sudanese companies that were central to this pattern of rent distribution and utilization during the 2005-2011 interim period were all active members of the South Sudan Chamber of Commerce, Agriculture and Industry,[171] formally an independent organization representing South Sudan's business community but *de facto* a quasi-government institution with close ties to the MoFEP, the presidency, and the three consecutive ministers of finance colloquially referred to as 'the three A's', Akwen, Athian and Athorbei, who employed a policy of favouring South Sudanese owned companies over foreign companies despite the stark differences with regard to experience level, cost and capacity. After initial allegations that government officials were implicit in the *Dura saga*, the MoFEP suspended all payments to companies that had been involved, including those that did deliver. The larger companies represented by the Chamber of Commerce, however, were

[163] Exact figures are very difficult to ascertain as no records were kept. The figure of 90% is taken from a Sudan Tribune news article published on 11 June 2013, see http://www.sudantribune.com/spip.php?article46896
[164] See http://www.gurtong.net/ECM/Editorial/tabid/124/ctl/ArticleView/mid/519/articleId/7146/Missing-Billions-And-Sorghum-Saga-in-South-Sudan.aspx
[165] Equivalent to the estimated 500m Sudanese pounds, see: http://www.sudantribune.com/spip.php?article46189
[166]http://www.sudantribune.com/spip.php?article32992
[167] Based on interviews with traders who were actively supplying the government with *dura* in 2008 and 2009
[168] *Ibid.*
[169] See: http://www.sudantribune.com/spip.php?article39956
[170] This explanation coincides with the phrase from President Salva Kiir Mayardit's US$4bn letter that will be discussed later in this article, where he noted that 'Most of these funds have been taken out of the country and deposited in foreign accounts. Some have purchased properties, often paid in cash.' (2012)
[171] SSCCAI, or in short Chamber of Commerce, in Arabic 'el Ghurfa el Tijariya'

able to mount an active and successful lobby against this suspension and continued to receive payments.[172]

These incestuously close ties between the national MoFEP, the Presidency and the Chamber of Commerce illustrate how the distribution of oil rents through national bureaucracies into the private sector was managed during the CPA interim period. Rent allocation was based on logics of patronage, lack of transparency and quick gains. Many informants explained that this mode of rent distribution was in fact crucial during the CPA period when it secured loyalties from a vastly politically and ethnically diverse group of actors, thereby creating a more cohesive SPLM/A, which was considered to be fundamental during the politically uncertain period prior to independence.

There were occasions when the President or the judiciary attempted to intervene in the rent-seeking practices on which the economic arrangements were based, but failed to do so when met with considerable resistance from the home community of the official in question. The event that best exemplifies this occurred in 2007, when the first minister of finance, Arthur Akwen, was arrested for suspected acts of corruption, but was immediately set free when the detention centre where he was held was stormed by an organized mob belonging to Akwen's home community from Northern Bahr El Ghazel.[173] This illustrates how precarious enforcing the rule of law can be when it upsets the delicate balance among multiple rival power centres with corresponding 'intermediate' elites that both buy and sell loyalty in the marketplace (De Waal 2009: 103).

Another example of how patronage networks are fostered by economic arrangements pertains to the relationship between the Chairman of the Chamber of Commerce and the Office of the President. In October 2010, the Chamber of Commerce was scheduled to hold its first official election for the position of chairman. The two main contenders were both from the Greater Bahr El Ghazel region, one a 'lost boy'[174] returnee from Cuba who was closely related to the president's home community of Akon in Warrap State, the other a young entrepreneur originally from the adjacent Aweil-East County in Northern Bahr El Ghazel State but residing as a refugee in Uganda during the war. Both contestants had campaigned heavily, but the 'lost boy' contestant who had based his campaign on advocacy for more small-business support had wielded widespread popular support and was expected to win the election. Ultimately, however, the formal procedures were suspended before results were announced by a presidential decree appointing the younger contestant from Aweil-East to the position of chairman. The motivations for this decree were never communicated, but many traders suggested there was a direct link between this decree and an earlier collaboration between the younger contestant and the president during the 2010 election campaigns.[175] In addition, the younger

[172] Based on interviews conducted in Juba between 2010 and 2013 and on official Chamber of Commerce correspondence with the Presidency in 2010 (see: http://paanluelwel2011.files.wordpress.com/2013/01/rss-grain.pdf)
[173] See: http://www.sudantribune.com/spip.php?article46896
[174] A term used to describe a group of around 20,000 young boys of mostly Dinka and Nuer dissent who were displaced during the conflict and ended up in refugee camps in Ethiopia and Kenya. Around 600 were sent to Cuba in government-sponsored collaboration with the SPLA in 1986 (Berger 2001).
[175] Based on >30 interviews conducted between 2010 and 2013 among members of the Chamber of Commerce who voted in the 2010 chairman election for the Chamber of Commerce

contestant's home community in Aweil-East County has not only praised the young entrepreneur's role as a provider and a leader who looks out for their interests in Juba,[176] but also form an important faction within the military ranks of the SPLA. As such, the power to position oneself within these described patronage networks is contingent on several different 'power registers',[177] in which economic power, backing by a lower-level constituency and access to existing political and military networks all play a role. Rather than being statically ascribed by one's communal proximity to the ruling elite, the importance of each of these characteristics appears to depend on a particular situation or event.

As these examples have demonstrated, the political settlement that dictates rent distribution follows a logic of securing loyalty by allocating material benefits to contending power centres, a strategy commonly referred to as President Kiir's 'Big Tent Philosophy' (Garang 2013: 4). This strategy was predicated on incorporating as many of the ruling coalition's former or potential adversaries into its military ranks and civil administration as possible to preserve a fragile stability, paid with oil rents. Accordingly, the allocation of rents through a range of formal and informal channels within the state apparatus reifies the image of a unified South Sudan under a monolithic SPLM/A, which the movement's top leadership reasoned was crucial during the CPA interim period. Considering South Sudan's vast cultural and historical diversity, the primary beneficiaries of this form of rent allocation came from very diverse backgrounds, but their access was nonetheless predicated on circumstantial alliances and political allegiances with the communities they represented and were thus not always equally inclusive (Branch and Mampilly 2005). In this light, the productive capabilities of the entrepreneurs (or rather trade arbiters) that benefitted from this form of rent allocation were not what defined their access to government contracts, but rather their holding power with elites from their home communities and the role of those communities within the national political marketplace.

Yet in the slipstream of the tenderpreneur tycoons and from within the confines of Juba's riverside camps, international restaurants, expatriate bars, and prefabricated hotel lobbies, another group of entrepreneurs, many of whom had recently returned from the diaspora, would soon emerge more prominently within South Sudan's tenacious procurement regimes. During the CPA period, the significance of this group of 'reaspora' entrepreneurs was largely anecdotal and of little political significance, as will be described below. The oil shutdown-induced austerity period of 2012-2013 changed this dynamic, however, precipitating a less peripheral role for reaspora entrepreneurship.

Reaspora Entrepreneurship

Besides being an important time in which South Sudan's political and economic settlements became entrenched in what would soon become an independent state, the interim period was also characterized by a continuous influx of returnees. Most came back from the internally displaced person's (IDP)

[176] Based on interviews conducted in Wanjok, Aweil-East County between December 2011 and March 2012
[177] K.Titeca, forthcoming

camps around Khartoum, from Dadaab refugee camp in Kenya, or from other refugee camps in Ethiopia, Kenya and Uganda, as well as from other parts of east and southern Africa and Egypt. A minority of the returnees were from diaspora communities beyond Africa where they had sometimes resided for decades or had even been born, the largest of which were in the United States, Canada, Australia and the United Kingdom (Linden, Blaak, and Andrew 2013). 'Reaspora' entrepreneurs often returned to South Sudan with expectations of starting up social enterprises, a common phenomenon among diaspora groups returning after conflicts involving the establishment of some sort of income-generating commercial venture, while simultaneously contributing toward 'building back better' the country that they had been separated from for so long by applying their experience, education, international connections and the savings they had accrued over the years (Brinkerhoff 2012; Dahles 2009; Turner 2008). As noted earlier, however, South Sudan's private sector was largely monopolized by the tenderpreneurs and most reaspora entrepreneurs struggled to gain access to the patronage networks that effectively governed everything from business registration to the allocation of land and from acquiring the right permits to securing protection for one's investments.

Many from the reaspora holding Western passports and university degrees would seek employment with the international aid organizations, IFIs, or NGOs, but the lucrative international staff positions were competitive and most had larger ambitions than to settle for a local staff position at lower pay than the jobs or businesses they left behind when deciding to move back to southern Sudan. A similar reservation restrained many reaspora from seeking employment in the civil service as government salaries were also very low compared to the standard of international salaries that they were more accustomed to. This was compounded by the fact that they often did not identify with what many referred to as the 'working culture' within the bureaucracies, where distrust, resentment and even harassment towards reaspora was not uncommon.[178]

Business was a popular vocation among the southern Sudanese reaspora. Business ideas and envisioned models often focussed on developmental impacts (knowledge transfer, healthcare, agriculture, etc.), but often lacked realism and a thorough understanding of local market dynamics. A few examples include the establishment of mobile clinics to reach remote areas, establishing a more efficient water distribution network, an agribusiness project hiring former prison inmates and providing them with agricultural training, publishing a monthly discussion and news magazine and community fish farms in the Sudd swamp region. As one such entrepreneur noted, 'Many of our ideas were naive in hindsight. We thought things would be cheap and that our projects would be welcomed by the community. But things are damn expensive, so the money ran out.'[179] This illustrates that most reaspora had not anticipated how quickly their financial capital could be compromised by their lack of social capital. Another reaspora informant noted, 'People didn't keep their word, contracts were signed and money was paid but then nothing happened… The US$20,000 that I had saved driving a taxi in

[178] Based on 20 different interviews with (former) reaspora civil servants, conducted between 2010 and 2012
[179] Interview conducted in Kampala, June 2011

Australia was gone in three months with nothing to show for it.'[180] Reaspora entrepreneurs often failed to grapple with the informal rules of enforcement involved in the arrangements they made and were discouraged by the lack of perceived recognition of the sacrifices they had made to return to Sudan. For many, government procurement soon became a 'necessary evil', or as one put it, 'After feeling depressed for a while I just accepted it. I needed to start small and try to do some of the work that everyone was doing at the time, which was to get a government contract.'[181]

For those of the reaspora who came from more influential families or who had kept close ties with well-positioned SPLM/A officials, securing a government contract was not difficult. 'There was more work than there were companies at that time, so we were not really seen as a threat by the big guys who held most of the contracts,'[182] noted one Juba-based reaspora entrepreneur. For others who lacked an entry point into the patronage systems of the government procurement sector, access came at a price which only few reaspora were immediately able to decipher. As one returnee who had lived most of his life in Australia noted, 'I don't know how to read these people and whether I'm offending them or not. A few times I've just said "what will it take for me to get this contract?" then if they say "it's business" that means I can make them an offer, but it took me some time to figure that out. I've lost a lot of business because I did not have that experience.'[183] Nevertheless, government contracting was perhaps the most common stepping stone for reaspora entrepreneurs to establish themselves in the Juba business community. As one reaspora entrepreneur explained, 'We became the small fish in a big pond with much bigger fish. As long as we kept our heads down and went with the flow, we were making money.'[184]

Many reaspora contractors kept a low profile during the interim period. Nevertheless, there were a number of strategies that set them aside from the majority of the tenderpreneurs. For example, when most contractors would secure a new deal to supply the government with anything from food to office supplies, their delivery was contingent on a large number of middlemen and subcontractors that would all deliver some aspect to the final goal for a proportional kickback fee. As a result, the entire process became very expensive and highly prone to all sorts of delays. One reaspora contractor explained, 'When you look at the money you charge for transporting the goods from Mombasa to Juba, you can almost buy your own truck for that same money . . . Now, all our supplies come with our own trucks, we have our own offices in Mombasa, Kampala and Nimule, so we own the whole supply chain from Mombasa onwards.'[185] In a later interview, the respondent added, 'We mostly kept these strategies to ourselves and stayed under the radar. . . The difference was that we were always

[180] Interview conducted in Juba, November 2010
[181] Interview conducted in Juba, February 2012
[182] Ibid.
[183] Interview conducted in Juba, October 2012
[184] Interview conducted in Juba, November 2012
[185] Interview conducted in Juba, November 2010

looking for ways to reinvest the money we made because government contracting was never our end-goal.'[186]

As this section has demonstrated, a growing number of reaspora entrepreneurs between 2005 and 2011 were only marginally involved in government contracting. What mainly set them aside from the larger tenderpreneurs were the ways in which they reinvested their capital. Many reinvested in buying their own vehicles, boats or machinery, started small-scale commercial agriculture, travel agencies, IT companies, construction, or even small-scale production lines. The economic impact of this remained anecdotal, however, as the South Sudanese economy continued to thrive on oil rents and an artificially high exchange rate that provided very few incentives for significant diversification. Arguably, reaspora entrepreneurs lacked significant holding power and access to the patron-client systems in order to fulfil such a role as productive entrepreneurs. Since access to the procurement regimes was less contingent on one's productive capabilities than on one's proximity to the patrimonial political marketplace, reaspora entrepreneurship was confined to playing a marginal role in the country's economic development.

Oil Shutdown

After celebrating its long-anticipated independence in July 2011, South Sudan was granted autonomy over its oilfields, encompassing more than 75% of the former Sudan's oil industry (Global Witness 2012). At roughly 350,000 barrels per day, oil revenues between July 2011 and late January 2012 were estimated at US$3 billion (*ibid)*. Enthusiasm was short-lived however, as negotiations with Khartoum over transport fees for using the only existing pipeline connecting South Sudan's reserves to Port Sudan eventually resulted in the unilateral decision by the South Sudanese leadership to stop oil production altogether in late January 2012.[187] This decision, although endorsed by massive popular support due to its bold defiance of Khartoum, put the country under severe economic strain until oil production finally resumed 15 months later in April 2013.

To compensate for the loss of 98%[188] of its income, the government announced a number of far-reaching austerity measures including a broad cap on spending, taxation and customs reforms[189] and a stop on hiring new employees across all national ministries. Another measure, which was not announced publicly but communicated in directives issued by various national and state ministry undersecretaries, was that procurement officers in all offices except that of the SPLA were to 'postpone payment of outstanding contracts until further notice'.[190] Before 2012, the government already had a notorious reputation for being in arrears when it came to paying suppliers, but the

[186] Interview conducted in Juba, April 2012

[187] Khartoum demanded a transit fee as high as US$36 per barrel while Juba was not prepared to pay more than US$1. See: http://www.reuters.com/article/2012/02/24/us-southsudan-idUSTRE81N1U220120224

[188] See Global Witness 2012 or http://www.worldbank.org/en/country/southsudan/overview

[189] For an overview of these taxation reforms and their consequences, please refer to Twijnstra & Titeca (2013).

[190] Taken from a directive sent to all procurement officers signed by the Undersecretary at the Ministry of Commerce and Industry in March 2012; similar directives were sent to procurement offices in the Ministry of Finance and Economic Planning and the Ministry of Transport, Roads and Bridges.

decision to suspend all outstanding payments completely was unanticipated. Consequently, the larger tenderpreneurs quickly assembled an active lobby through the Chamber of Commerce to pressure the government. This time, however, the financial oversight had intensified and in many cases the money was simply not there. In addition, procurement officers had been instructed by their superiors that spending had to be capped, sometimes by more than 50%, which inevitably affected the selection criteria within the tendering process.[191] When suddenly forced to compete on the element of cost, tenderpreneurs struggled with the costly array of subcontractors and middlemen that their operations depended upon. Instead, companies with more direct control over their supply chains that were able to deliver goods at a faster rate and at a lower price, became more likely to win a bid. During the first six months after the oil shutdown, these changes affected the smaller contractors including many of the reaspora entrepreneurs the same way it affected the larger companies, but in the long run, the degree of dependency on income from government contracting and the ability to tender competitively on cost became the two most important factors for whether or not a company would survive the austerity period.

The result was that South Sudan's private sector hit a bottleneck. There was a dire shortage of foreign exchange being released by the central bank which inflated the value of the US dollar on the black market by more than 30% (Ajak 2013), which in turn increased the prices of everything being imported. A bank manager from one of Juba's newest commercial banks noted that 'everyone is sleeping; it is as if the growth of the local private sector has come to a complete standstill'.[192] This provided the incentive for companies that had already begun diversifying their activities to intensify their non-government portfolios, as one entrepreneur explained, who has come out of this phase as one of the leading productive entrepreneurs, 'We still supply the government, but we keep it on a low fire. Instead, we invested all that we had into equipment and with the technical support provided by one of the embassies we managed to establish a metal workshop where we now produce our own water tanks and fuel tanks. Since the dollar has gone up, it is cheaper to produce them here than to import them.'[193]

Consequently, the composition of the local private sector in South Sudan started to change gradually between January 2012 and late 2013.[194] Although many of the big tender tycoons remain operational in the wake of the resumption of oil production in mid-2013, the data collected for this study suggests that South Sudan's private sector went through the political equivalent of what is known in evolutionary biology as a 'population bottleneck', a sharp reduction in size of a population due to environmental events such as earthquakes, floods and droughts or in this case, a politically-induced drought of oil rents. The companies that remained active, or even capitalized on the relative lack of competition during this period, were increasingly preferred by government procurement officials who remained under perpetual pressure from their superiors to cut costs. This trend signified

[191] Based on interviews with national and State procurement officials in 2012
[192] Interview conducted in Juba, August 2013
[193] Interview conducted in Juba, September 2013
[194] The last data was collected during a final field visit in September 2013.

a break from the policies that were implemented under the three former ministers of finance (the aforementioned 'three A's') who had pushed to favour the tender tycoons over the more competitive local and international companies in the tendering process. However, the same economic shock that triggered this turnaround also took its toll on the fragile political settlement that was held in place within the political marketplace. When the rent process became unsustainable, the corresponding political settlements gradually weakened. The consequences of this have been demonstrated by the violent and regressive events following the 15 December 2013 crisis described below.

'It's the Economy, Stupid!'

South Sudan's political settlement during the 2005-2011 interim period was sustained by virtue of a rent process that became unsustainable after oil production was shut down. Losing 98% of its income, South Sudan's rent-creating, seeking, distributing and utilizing mechanisms, which had previously preserved a rudimentary stability within its political marketplace, were no longer viable. To illustrate, the South Sudanese civil service witnessed non-salary spending cuts of over 50% in the weeks following the shutdown. By October 2012, salaries and housing allowances had been cut by as much as 50% across State and GoSS ministries, leading to widespread discontent.[195] Unable to sustain its bloated civil and military service, South Sudan borrowed all it could from commercial banks and foreign lenders[196] and centralized its revenue collection from all of the States to the national ministry of finance. Within months of the oil shutdown, tensions between a number of State leaders and the national government increased. One trader and lecturer at the university of Juba noted in late March 2012, 'We're missing the two things that kept us unified during the CPA: oil money and a common enemy.'[197] Instead, the prior rent process and its institutionally embedded rationales became the new frontier for political naming and shaming, as epitomized by the president's infamous USD $4 billion letter.

On 3 May 2012, President Salva Kiir Mayardit wrote a letter to 75 anonymous officials and individuals in which he openly stated that:

> 'An estimated $4 billion are unaccounted for or, simply put, stolen by current and former officials, as well as corrupt individuals with close ties to government officials. Most of these funds have been taken out of the country and deposited in foreign accounts. Some have purchased properties, often in cash . . . I am writing to encourage you to return these stolen funds (full or partial) to this account. If funds are returned, the Government of the Republic of South Sudan will grant amnesty and will keep your name confidential . . . We fought for freedom, justice, and equality. Many of our friends died to achieve these objectives. Yet, once

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[195] Including acts of aggression aimed against senior leadership such as the police inspector in Lakes Sate who was shot in the arm by fellow police officers after announcing budget cuts. See: 'South Sudan denies austerity measures have cut salaries', Sudan Tribune, 25 October 2012 http://www.sudantribune.com/spip.php?article44334

[196] Approximately US$5 billion. See: http://www.voanews.com/content/south-sudan-civil-service-foreign-loans-salaries/1795044.html

[197] Interview conducted in Juba, March 2012

> we got to power, we forgot what we fought for and began to enrich ourselves at the expense of our people.[198]'

This potential threat of 'naming and shaming' a select number of intermediate elites that had profited greatly from the political settlement during the interim period arguably signified that alliances were starting to shift in the political marketplace. The previous balance between multiple rival power centres was starting to appear increasingly unstable as the financial resources to sustain them were unavailable, thereby edging closer to a 're-opening' round of elite bargaining, which history suggests often coincides with the instrumental use of violence (De Waal 2009).

Yet within the state's bureaucracies, where the prior rent process and corresponding rationales had become so deeply entwined with the state's institutional performance, the austerity measures appeared to have a different impact. Many of the patronage-based politico-economic ordering mechanisms that permeated the state apparatus were predicated on the availability of oil rents and thus became rapidly unsustainable under the new circumstances of fiscal strain and increased scrutiny. As one procurement officer working within a national government ministry noted in an interview in mid-2012, 'It's tough, we are expected to continue procurement like before but the money is not there . . . So we have to use the little money that is available wisely. Before, we could contract maybe three or four companies for one tender, now we just have to pick one.'[199] This common trend in the procurement sector after the oil shutdown signified a more competitive dynamic than before. Yet despite the necessary caps and the reduction in the number of contractors who could qualify for government bids, procurement officials were still expected to follow up on the delivery of the goods and services procured, perhaps even more so than before. 'We have to be transparent, now that the government is living off savings and loans we cannot afford to make any mistakes,'[200] noted one procurement officer from within a Central Equatoria State procurement office. Yet another procurement officer working at a different national ministry also noted,'We have to buy more with less money now, so we are really pushing those [business] guys to submit very competitive bids.'[201]This suggested that the effective criteria for winning a bid were slowly shifting to more performance-based norms.

This shift caused concern for many of the 'tender tycoons' who feared that the new circumstances could compromise their competitive patronage-based advantage for securing government contracts. In the months following the oil shutdown and the subsequent border clashes with Sudan over the Panthou/Heglig oilfields, many of the trade arbiters that had benefitted from their privileged position in prior years attempted to re-secure their position vis-à-vis the political leadership in efforts that appealed to sentiments of solidarity and pre-shutdown logics. The Chamber of

[198] Excerpt from H.E. SalvaKiir's letter from 3 May 2012, (see: http://www.channel4.com/media/c4-news/pdf/presidentletter.pdf)
[199] Interview conducted in Juba, June 2012
[200] Interview conducted in Juba, August 2012
[201] Interview conducted in Juba, June 2012

Commerce organized meetings whereby prominent members announced generous donations to the comrades on the frontline. Accompanied by lengthy speeches and socialist-inspired SPLM/A rhetoric, blankets, food, money and other supplies were pledged amidst applause from fellow members, senior government officials and members of the politico-military elite. Yet the fact remained, in terms of procurement management, that they were under pressure to make do with sometimes less than 50% of the previously available resources and increased scrutiny (real or perceived) to deliver the procured goods and services effectively.

Consequently, as the austerity period continued, it became more common for procurement officers to award contracts to companies that had gained experience contracting for international companies or international organizations in the years before the oil shutdown, simply because they were able to deliver results that would please the procurement officials' superiors. As noted by most of the reaspora entrepreneurs involved in government contracting during this period, the working relationships with senior procurement management especially became more permissive. As one entrepreneur involved in ICT and networking services noted, 'It turns out I actually won the bid for the contract with the ministry, even though the other guy was closely connected and had serviced their network before. I think they were concerned about the quality of his services. Why that concern was not there earlier, I don't know, but I think it's because they're under much more pressure now to spend their money wisely.'[202]Although fiscal management within the procurement offices was still not transparent and suppliers were never quite sure if and when they would receive payment, the reaspora-run companies appeared to gain relative ground within the government procurement sector compared to the less productive companies. Almost a year into the austerity period, one senior procurement officer noted, 'We find ourselves working more with smaller but more serious companies than before. A lot of them are owned by the guys who came back from outside, and we now find that their connections and experience help them to import things faster and at lower cost . . . We were always working with them. Maybe now we value them more, that is possible I think.'[203]This view was shared by many reaspora-run companies. More than two thirds of the entrepreneurs interviewed for this study whose business strategy had been based on a mix of government contracting and other more productive activities such as agriculture and construction indicated that the austerity period had not affected them too much, as their contracting work continued alongside their other activities.

What this demonstrates is that the austerity-driven reforms within government procurement regimes have arguably begun to show the early contours of more developmental patron-client patterns of rent allocation as outlined by both Khan and Kelsall& Booth. First of all, the relative increase in holding power among the more productive entrepreneurs vis-à-vis the government (procurement officials and their superiors) is significant and has been correlated in other scenarios with 'productive activities [that] emerge out of and are deeply embedded in the mix of formal and informal institutions that characterize the political settlement.'(Khan 2010: 28). This coincided with the auxiliary erosion of

[202] Interview conducted in Juba, October 2012
[203] Interview conducted in Juba, November 2012

the political settlement whereby the loyalty of different groups within the ruling coalition was beginning to shift. Hence, since relying on one's affiliation within the political marketplace was becoming increasingly uncertain, the importance of drawing from other 'power registers', notably one's operational business acumen[204], arguably became relatively more important during this phase of elite bargaining.

Secondly, findings suggest that the patterns of rent utilization by reaspora entrepreneurs tend to be more focussed on re-investment into a diversified and more productive portfolio of economic activities. Linking this to Kelsall and Booth's findings that long-term productive patterns of rent utilization are important requirements for developmental modes of patrimonialism to emerge, the *relative* increase of rent allocation to reaspora entrepreneurs through procurement regimes could arguably also be interpreted as a 'developmental' turnaround. If a relatively larger share of the country's primary income – the oil rents – are re-invested into productive economic activity, such as commercial agriculture or local manufacturing, this will eventually contribute to a more diversified and labour-intensive economy. Unfortunately, political stability is a dire prerequisite for such developmental features to take hold, which was regrettably not in store for South Sudan in the aftermath of the oil shutdown. Over the course of 2013, the growing discontent and shifting balance of power within the SPLM/A exacerbated and eventually led to the political crisis of 15 December 2013 that brought the young state back to the brink of civil war.

Conclusions

Drawing on a political settlements perspective, this chapter has argued that the formal and informal modalities of the rent process are critical in the analysis of South Sudan's state building trajectory, inherently tied as it is to country's political constellations (Khan 2010; Khan 2005; Kelsall et al. 2010; Di John and Putzel 2009). Since the CPA of 2005, South Sudan's imminent statehood was largely predicated on a rent process rooted in pre-CPA practices, characterized by the creation, seeking, distribution, and utilization of rents according to the patron-client logic that has colloquially been termed the 'big tent' strategy of buying loyalty from a broad range of actors within South Sudan's patrimonial political marketplace (Garang 2013; De Waal 2009). The political settlement and the economic arrangements that sustained it provided a much-needed rudimentary stability in the short run, but effectively lacked the long-term vision to address the increasingly tangible symptoms of 'Dutch Disease' and the risk of inheriting the institutional blueprint of a fragile rentier state upon its sovereign inception in 2011. During the interim period, this rent process and the power relations that structured it were reflected in the patronage networks that included both well connected and largely unproductive 'tenderpreneurs', who thrived on government contracting and trade arbitrage, and their

[204204] A phrase commonly used in business development, broadly defined as: 'keenness and quickness in understanding and dealing with a business situation in a manner that is likely to lead to a good outcome; the ability to make good judgments and quick decisions based on the knowledge and understanding of the financial, accounting, marketing and operational functions of an organization' (source: http://www.acumenlearning.com/http://www.acumenlearning.com/)

counterparts in the politico-military elite. The rents that funded these arrangements were rarely re-invested into productive diversified economic activities, as President Kiir noted in his 4-billion-dollar letter, 'Most of these funds have been taken out of the country and deposited in foreign accounts.' This is not to imply that South Sudan's private sector lacked the productive capabilities to do so, but rather that these capabilities were largely absent from this specific class of tenderpreneurs with access to government contracts. Instead, South Sudan's more productive and innovative economic potential appeared to emerge from the growing cadre of returnee diaspora (or reaspora) entrepreneurs, although this group largely lacked access to the power networks within the political marketplace.

The January 2012 oil shutdown and the ensuing austerity measures uprooted the rent process and the embedded power constellations that maintained it, providing a double-edged opportunity for change, or what Lund refers to as 'occasions when the social rules and structures are suddenly challenged and the prerogatives and legitimacy of politico-legal institutions cease to be taken for granted.'(Lund 1998: 2). Within the government procurement regimes, this precipitated a number of constraint-driven reforms and a notable change of attitude among the procurement officials towards the reaspora entrepreneurs. Procurement departments had been operating under severe economic strain and increased scrutiny, which enhanced the efficiency and value-for-money criteria in the tendering process, much in the same way that revenue collection by the National Customs Service had been subject to efficiency-enhancing reforms during the same period (Twijnstra and Titeca 2014). Arguably, the shifting alliances within the political marketplace triggered by the oil shutdown rendered an entrepreneur's ability to rely on patronage-based 'power registers' less certain than relying on other registers, notably one's own operational business acumen. The notable shift towards a more permissive attitude by procurement officials vis-à-vis the reaspora entrepreneurs attests to this, and could be argued to signify the early contours of a more 'developmental' rent process. Reaspora entrepreneurs experienced what they considered a significant increase in holding power within the procurement regimes during the 2012-2013 austerity period. During the austerity period and immediately afterwards, a relatively larger share of oil rents was allocated to this cadre of more productive entrepreneurs that tended to re-invest capital accrued from government contracting into more diversified and labour-intensive economic activities than trade arbitrage. This signifies a *relative* shift in the modalities of rent allocation and utilization through government procurement regimes towards a more developmental trajectory.

Ironically, these embryonic developmental features only emerged in the wake of a politico-economic crisis that simultaneously eroded the political settlement. As this chapter has described, the reaspora's relative increase in holding power came by virtue of the uncertainty that dominated the political marketplace during the 2012-2013 austerity period. Hence, the described 'developmental' modalities of the rent process that were starting to materialize were coupled with a shifting political constellation and growing discontent within the SPLM/A. The leadership's patrimonial 'big tent' strategy had become unsustainable without the oil rents, and the cracks in the political settlements concluded during the CPA period were becoming more visible. This finally culminated in the political crisis that began on 15 December 2013, which at the time of writing in February 2014, only two months later, had already displaced more than 800,000[205] people from their homes. Death toll estimates tend towards 10,000[206] but remain largely unreliable due to their political nature.

This would appear to be South Sudan's 'Catch-22': the required settings for developmental features to begin to emerge are contingent on 'unsettling' the political marketplace, which in turn exponentially increases the likelihood of violence (De Waal 2009). In this case, once violent conflict erupted, the developmental features that had been inherently associated with long-term productive rent utilization collapsed like a house of cards. As one of the reaspora entrepreneurs who had recently secured foreign investment for the large-scale renovation of Juba's Nile river port shipyard noted in a phone call on 26 January 2013: 'We are back to square one. Within one month, we have gone back ten years to before the CPA.'

[205] Estimate from UNHCR South Sudan Emergency Situation External Regional Update 3, 8 – 13 February 2014. See: http://www.unhcr.org/52fa45199.html

[206] Estimate based on the 12 January UN press release 'South Sudan: UN mission cites 'clear indications' death count much higher than early estimates' See: https://www.un.org/apps/news//story.asp?NewsID=46912&Cr=south+sudan&Cr1=

– CHAPTER FIVE –

Blind Spots: Local Entrepreneurship and Private Sector Development in South Sudan

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Abstract:

Local entrepreneurs in South Sudan struggle to find international support. With a few exceptions, they are a blind-spot on the radar for international aid organisations. Paradoxically, the policy discourse on Private Sector Development (PSD) in fragile states has in recent years started attributing great importance to local entrepreneurship. Why this paradox? We argue that in practice, the a-political interventionist rationale characterising donor support in South Sudan conflicts with the politicised nature of the private sector. As a result, we demonstrate how interventions side-line local entrepreneurship, reinforcing an image of a 'missing middle' and diverting attention to international firms as 'capacity builders'.

Introduction

In business, fragility often translates into unpredictability. Successful entrepreneurs must be prepared to embrace a high-risk/high-return trade-off. Some of the root causes of this unpredictability may include competition between rival political factions (Khan 2010), blurred lines between public and private (Abraham and van Schendel 2001), a lack of formal enforcement of contracts and property rights (Besley and Persson 2011), and various modalities of clientelism that underpin the real performance of state with regard to the private sector (Kelsall et al. 2010). The ways in which business regulations are enforced, how informal institutional arrangements penetrate the formal regulatory regimes, and how access to economic opportunity is negotiated through local power configurations, determine the space for successful local business. In South Sudan, the lack of access to credit for some local SMEs remains a political issue rather than an issue of unavailable resources (Twijnstra 2014a). Especially before independence in 2011, oil rents and donor money were widely available to those firms that could leverage their connections with ruling elites in government whereas many ambitious entrepreneurs returning from exile, who had lost these close connections, struggled to find the capital and protection required to operate in South Sudan (*ibid*).

This chapter examines how international donor organisations aim to provide various types of support for local entrepreneurs and explores the underlying assumptions and institutional factors that this support is based on. We start by positioning entrepreneurship support in fragile states within various policy trends since the turn of the century, including private sector development (PSD) and human security frameworks. Popularised in recent fragile states policy discourse about 'working with the grain' (Booth 2009; Kelsall 2008; Castillejo 2011; Srivastava and Larizza 2012; Vernon and Baksh 2010), entrepreneurship support requires a more permissive operative rationale on behalf of the intervener regarding informal practices and political dynamics between the public and private sector. The question is whether the operative rationales are indeed changing. Are donor interventions becoming more pragmatic and permissive when it comes to empowering the local 'drivers of economic change'?

Drawing from a body of literature and experience referred to as 'aidnography' (the ethnography of the working of aid interventions), we focus on a number of concrete and direct entrepreneurship support facilities by the Dutch Embassy in South Sudan and a number of its partner organizations. We show that the operative rationales of entrepreneurship support are constrained by anti-political procedural modalities of development. Development in practice shies away from accommodating locally derived informal socio-political arrangements and resorts to seemingly de-politicised programmes that either empower vulnerable groups or provide technical support to enhance the capacity of the state, building on an image of what a state isn't rather than what it is (Hameiri 2007). As a result, local entrepreneurs that navigate political realities to enable their businesses, are side-lined as potential drivers of change. .

Methods

This chapter focuses on the role of donor organisations in shaping the modalities of real[207] economic governance in South Sudan, meaning the way donor organisations actually engage/intervene in the everyday regulatory practices of economic activity. Real governance in this sense is a countervailing notion of ideal (or 'good') governance (Olivier De Sardan 2008), referring more to how donor organisations ought to engage/intervene according to their own policy models. This more empirically-grounded method of studying the everyday practices of aid originates in the emerging body of literature and practice referred to as 'aidnography' (Apthorpe 2005; Gould and Marcussen 2004; Hilhorst 2007; Hilhorst and Jansen 2010; Mosse 2005; Mosse 2011), that utilises an ethnographic approach to study the everyday practices by which aid workers and policymakers make sense of their role within complicated 'intervention arenas'.

This actor-oriented approach to aid policies starts with what may be called the 'social life of policy', which means that policy is socially defined by the actors involved. Policy is the outcome of negotiation and it cannot be taken for granted that policy is meant to be implemented according to its stated intentions (Mosse 2004). It is the result of interaction between different stakeholders, who try to make policy fit their own perspectives of the problem and goals (Colebatch 2001). In many cases, we find that policy is not meant to be implemented at all, but is designed to serve symbolic purposes such as being seen to be concerned, being seen to fulfil international obligations, or placating parliament and taxpayers at home. The second dimension concerns the ways in which policy gets translated into implementation. Our approach steps away from the policy cycle model that views policy as the systematic pursuit of goals and the end result of a purposeful course of action (Colebatch 2001). Instead, we view programmes as processes (Mosse 2005) or emergent properties: the outcome of social negotiation in which involved actors aim to appropriate the project according to their own understanding, interests and ambitions. As Hilhorst and Jansen note, 'The realities and outcomes of aid depend on how actors along and around the aid chain - donor representatives, headquarters, field staff, aid recipients and surrounding actors - interpret the context, the needs, their own role and each other.' (Hilhorst and Jansen 2010, 1120).

This chapter is based on qualitative data collected from local and international entrepreneurs regarding their views, attitudes and expectations of donor support (looking from the outside in), and qualitative data collected from actors along the 'intervention chain', ranging from policymakers to intervention advisors, consultants and embassy staff (looking from the inside out). The data here presented were collected between early 2010 and late 2013.The two central research methods were the individual semi-structured interview and participant observation through interactive research.

Semi-structured interviews conducted specifically in relation to the research questions pertaining to the role of local entrepreneurship in donor-driven private sector development

[207] As coined by Olivier De Sardan who referred to it as 'the manner in which the State is really managed and how public policies are really implemented. This is in contrast with the normative definition of 'good governance' promoted by the World Bank and the main development partners.' (Olivier De Sardan 2008, 1)

interventions totalled roughly 35. These included 15 interviews with national and expatriate policymakers in Juba at various embassies, the Joint Donor Office, the World Bank and several INGOs; 12 interviews (of which three repeat interviews) with Dutch private sector representatives that attended the Netherlands African Business Council (NABC) trade mission in October 2011; and 7 interviews with applicants from the four PSI-Plus projects (both local and international partners). In addition, data were used from more than 30 other interviews with local South Sudanese entrepreneurs who attended events related to the trade mission or the PSI plus projects, and up to 70 more interviews with local entrepreneurs across South Sudan that were conducted for other case studies, but from which the data were also relevant for the present analysis.

The methodology was partly interactive in nature, meaning that while retaining its independence, the research was to some extent set up in close collaboration with research subjects. The interactive research activities that provided the setting for participant observation included a three-month research internship at the Department of Sustainable Economic Development (DDE) within the Dutch Ministry of Foreign Affairs in 2010, co-organising a matchmaking event for the NABC trade mission to Juba in 2011, facilitating a brainstorm session on preliminary research results at the Dutch Embassy in Juba for representatives from the donor community and local private sector in 2012, and organising a one-day interactive co-creation workshop at the Dutch Ministry of Foreign Affairs in 2013 that brought together representatives from the Dutch and South Sudanese private sectors, policymakers, Embassy staff and INGO representatives in an exploration of ways in which the new Dutch policy on trade and aid resonated with experience and local realities in South Sudan.

Donor Discourse

Policy discourse among predominantly Western donor organisations with regard to international development undergoes a paradigm shift every decade or so, but always gravitates between the triangle of the state, civil society and the private sector as entry points for intervention. After the 1960s-1970s emphasis on the state as the lead actor for delivering development and the 1980s-1990s surge in interest in civil society organisations for embodying the interest of ‘the poor’, the last 10-15 years have emphasised the private sector as a more prominent actor for delivering development (Knorringa 2010, 7).

In addition, over the past decade or so donor organisations have started focussing their efforts increasingly on issues pertaining to ‘fragile’ states. In 2011, the World Development Report – a publication issued by the World Bank[208] that both identifies and sets important policy trends in international development – was entirely dedicated to the nexus of conflict, security and development. The report signalled an alarming 17% of the world’s population living in fragile and conflict-affected countries, none of which had achieved a single millennium development goal (MDG). It called for a

[208] It must be noted that the World Development Report does not reflect the policies of the World Bank itself, but formulates important recommendations by leading development economists that subsequently guide the development of World Bank policy papers and strategies. See: http://go.worldbank.org/MPUHAJOPF0

paradigm shift in international assistance stating that the problems faced by these fragile states cannot be fixed by short-term or partial solutions in the absence of institutions that provide people with security, justice, and jobs (The World Bank 2011). The Bank identified increasing attention to private sector-led employment and PSD as one of six key themes that could enhance development in fragile conditions (Peschka 2011).

This convergence between Private Sector Development (PSD) and fragile states engagement began in mid-2000s, epitomised by, among others, the United Nations policy for post-conflict employment creation, income generation and reintegration (International Labour Office 2009) and a range of other policies aimed at strengthening financial institutions, legal reform and business regulations, promoting FDI, market linkages and value chains in fragile and conflict-affected states.[209] In order to understand how these policies translate into practice however, it is critical to understand the broader underpinnings of Western donor engagement in fragile and conflict-affected states that evolved over the past few decades since the end of the Cold War.

[209] For an exhaustive bibliography of policy-related publications about PSD in Fragile and Conflict-Affected states, please visit: http://www.enterprise-development.org/page/cae-online-library

Fragile States Policy and 'Non-State Actors'

The vocabulary of the 2000s portrays failed and fragile states as countries that do not have the effective and efficient systems in place to govern market forces and domestic political processes. 'Government' in these countries is seen as dysfunctional and 'lack[ing] political will and/or capacity to provide the basic functions needed for poverty reduction, development and to safeguard the security and human rights of their populations' (OECD 2007). This framing of 'the problem' of fragile states as a problem of capacity allows the international community to adopt a facilitative mode of empowering the state, which is mainly based on the transfer of technology, resources and knowledge. This policy trend can be seen as a reaction to failures associated with the more liberal interventionism of the 1990s as epitomised by Western engagement in Iraq ('90-'91), Bosnia ('92-'95), Somalia ('92-'93), East Timor ('99) and other places. Instead, the fragile states discourse justifies aid programmes as preventive, facilitative and as addressing the root causes of conflict rather than addressing its political consequences (Duffield 2010).

The international disengagement from the political sphere can be seen in two prominent trends in intervention in fragile states; institutional reform and service delivery by non-state actors. The World Bank refers to these trends as two key 'lessons learned' about stimulating 'good governance' in fragile states, 'Defining the role of non-state actors in building capacity, especially the private sector, NGOs, and regional organisations.' and 'Addressing incentives and institutions in order to strengthen governance.'[210] In both cases the intervention objective is to build capacities, which is largely operationalised as a technical exercise (OECD 2008a).

With regard to institutional reform, fragile states policy insists on a much stronger regulatory role for international actors at the level of governance, pertaining to the structures and institutional arrangements (or 'rules of the game') that organise a polity, than it did in the 1990s (Chandler 2012). In the domain of PSD, donor engagement focuses primarily on helping recipient governments to build their institutional capacity concerning the enforcement of contracts and property rights, the rule of law, regulatory frameworks for investment, taxation, and private sector regulation, etc. (Datzberger and Denison 2013; Peschka 2011; H. De Vries and Specker 2009). Building these capacities essentially aims to transplant a set of ideal-type institutions into the dysfunctional regulatory frameworks of the recipient state (Ferguson 2002; Hameiri 2007). The dominant implicit assertion here is that fragile states have got their institutions wrong according to a widely accepted norm shared by the Western countries that consider themselves to have mastered the problems of the political sphere. The recent attention to PSD appropriates the 1990s 'good governance' paradigm that facilitated the entrenchment of the terms of the neoliberal Washington Consensus[211] into state building endeavours across many 'stable' developing states (The World Bank 2011; 1992).

[210] See: 'Stimulating Good Governance in Fragile States: Addressing the Challenge of Fragile States' at http://go.worldbank.org/6GS91MWG50

[211] Based on the ten specific policy recommendations compiled by John Williamson that summarised the most common advice being provided by the IMF, the World Bank and the US Treasury Department at the time in relation to the economic reform policies in Latin America (see: Williamson 1990)

Regarding the role of non-state actors, 'human security' approaches work through a wider array of channels than the state alone. Departing from the notion that the state lacks the capacities to deliver basic services to all of its citizens, donor organisations have appropriated the pragmatic approach of employing non-state actors to (temporarily) take over these roles of the state (OECD 2008b). By 'building' the capacities of church organisations to administer schools, or of business cooperatives to manage the distribution of clean water, the modalities of international engagement permeate far beyond the domain of the state (Bold, Collier, and Zeitlin 2009). One of the magic concepts in this regard is 'conflict sensitivity', broadly defined as a non-state actor/organisation's capacity to 'understand the (conflict) context in which it operates; to understand the interaction between its operations and the (conflict) context; and [to] act upon the understanding of this interaction in order to avoid negative impacts and maximise positive impacts on the (conflict) context and the intervention.' (International Alert 2004, 11). This has become the norm for 'defining the role of non-state actors' in fragile environments. Donor organisations set an agenda to which international NGOs – and increasingly international firms (Davis 2013; International Alert 2010; OECD 2011; Peschka 2011) – align their strategies and priorities in order to access funding. Subsequently, INGOs and international firms as vanguard development partners, identify local non-state actors and 'build their capacity' to be conflict sensitive (i.e. to avoid 'negative' impacts) and thus be as non-political as possible. Any degree of political involvement is seen as conflict-insensitive or corrupt. The problem is, as this chapter illustrates, that for local SMEs in South Sudan this largely disqualifies most non-state organisations whose existence is contingent on their proximity to the socio-political power dynamics in the country's political marketplace.

Local Entrepreneurs as 'Drivers of Change'

As the above section has demonstrated, the nexus of PSD and working with non-state actors in fragile states gradually evolved since the turn of the century. More recently, we signal a growing attention to working with and trough local firms in fragile states above the level of the survivalist micro-enterprise. The entrepreneur is increasingly promoted as the 'driver of economic change'. 'Social entrepreneurship' has become the buzzword of choice over the past three to four years, characterising entrepreneurs as innovators in need of 'patient capital'.[212] Providing support to promising local social enterprises, donor organisations insist is more sustainable because it avoids aid dependency by providing a more robust and stable source of income and knowledge transfer (Bornstein and Davis 2010; Easterly 2008). Entrepreneurship features in recent fragile states policy literature as the motor of the economy (Leo, Ramachandran, and Thuotte 2012), providing equitable growth and employment (International Labour Office 2009; World Bank Group 2010b), enhancing accountability through

[212] 'Patient capital has all the discipline of venture capital - demanding a return, and therefore rigor in how it is deployed - but expecting a return that is more in the 5 to 10 percent range, rather than the 35 percent that venture capitalists look for, and with a longer payback period' (Friedman 2007)

taxation (Adam, Collier, and Davies 2008; H. De Vries and Specker 2009), and, last but not least, as the local ears and eyes for foreign investors (Royal Netherlands Embassy 2011; World Bank/IFC 2013).

This growing interest in entrepreneurship in fragile states among development practitioners and scholars[213] is part of a broader trend of entrepreneurship becoming a significant 'mobilising metaphor' (Mosse 2004) in international development discourse. The focus on entrepreneurship as a possible driver of developmental change in fragile states is also in line with the recent trend of donor organisations adopting the language of 'working with the grain' in fragile states (Srivastava and Larizza 2012; Vernon and Baksh 2010). Based on insights from political economy analyses and the political settlements literature, this vocabulary utilises a more permissive and greyscale approach to informal political arrangements and clientelism, arguing that some informal configurations may in fact enhance pro-poor growth (Kelsall 2012; Booth and Golooba-Mutebi 2012; Khan 2005). With regard to entrepreneurship, the literature attributes great importance to both the technological capabilities of local entrepreneurs as well as their 'holding power' with the ruling elites (Khan 2010). From an interventionist rationale, this suggests that local entrepreneurs are suitable actors to deploy an 'economic counter-insurgency strategy' against corruption and nepotistic practices, an approach that is best known from the US counter-insurgency policies in Afghanistan (Fuller, Ficklin, and Stein 2011) and Iraq (Berman, Shapiro, and Felter 2008). This role ascribed to local entrepreneurs can be found in more recent World Bank publications with regard to PSD in fragile states, which the following quote demonstrates:

> 'As they [trust and social cohesion] are rebuilt, relationships and networks can provide small and medium [enterprises] actors in a value chain a basis for collective action against predation and rent seeking, as well as greater government responsiveness and accountability. In fragile contexts, there is still a role for governments, but it is a facilitating rather than a leading role.' (Dudwick *et al*. 2013, 3–4)

Local entrepreneurship in fragile states is thus becoming an increasingly important theme in international donor policy discourse. But how does this policy rhetoric translate into practice? How does working with entrepreneurs fit in the operative rationales of the human security and resilience discourse that guides much of the international engagement in fragile states? In the following section, we aim to explore these questions by examining a number of concrete examples of donor interventions that aim to support entrepreneurship in the Republic of South Sudan.

[213] For an overview of the academic interest that development economists have taken in this topic, please refer to the special issue on Entrepreneurship and Conflict by the Journal of Small Business and Entrepreneurship (Volume 24, Issue 2, 2011)

South Sudan: Context and Interventions

In 2005, a peace agreement between the Sudan People's Liberation Army/Movement (SPLA/M) insurgency movement and the Government of Sudan marked the end of one of Africa's longest civil wars spanning 50 years from 1955 to 2005 with an eleven year ceasefire between 1972 and 1983. During a six-year interim period precipitating the South's independence as the continent's 54th autonomous sovereign state in 2011, oil revenues and donor funds poured into a region that until then had one of the world's poorest functioning state apparatuses. State regulation was splintered and highly decentralised, and the region's only viable economic activity revolved around oil extraction by foreign companies such as Chevron (USA), Petronas (Malayisa), ONGC (India), CNPC, (China) and Lundin (Sweden).

The 2005 – 2011 interim period was characterised by a fragile internal peace and short-term political and economic strategies to sustain the much-needed southern stability for the upcoming prospect of independence (Schomerus and Allen 2010; Garang 2013). During this period, the local private sector predominantly comprised traders emerging from the informal sector to work as contractors for the government or the international aid organisations, supplying anything from generators to prefabricated containers, and from bottled water to fuel, all of which had to be imported from Uganda and Kenya (Schomerus and Titeca 2012; Twijnstra, Titeca, and Hilhorst 2014). In addition, a growing number of local construction firms were established that tendered for lucrative government-funded infrastructure contracts, or built prefabricated hotels and restaurants in the capital city of Juba, all with a very short horizon, high returns on investment, and a daunting lack of regulation (Twijnstra 2014a). Foreign direct investment also came in the form of extractive quick-win prefab hotels with 1 to 2 year horizons by high-risk investors from Eritrea, Ethiopia, Lebanon and China who immediately remitted their profits back to their respective countries (Grant and Thompson 2013; Martin and Mosel 2011).

As 2011 drew nearer, confidence in a stable independent South Sudan grew as more foreign firms started to show an interest in South Sudan and horizons started expanding beyond quick-wins. This coincided with a growing number of well-educated and ambitious people from the diaspora returning to South Sudan to cast their vote in the run-up to the January 2011 referendum, hoping to find a job in an international organisation, work as a consultant, or start a business of their own (Linden, Blaak, and Andrew 2013; Twijnstra 2014a). However, many returnees – especially those from Europe, North America and Australia – found resettlement more challenging than expected, as they were often confronted with distrust and contempt by incumbents who had stayed in the South during the war or who had resided in neighbouring refugee camps[214]. Nevertheless, a small but rapidly expanding group of returnee diaspora that managed to leverage their kinfolk connections with the ruling elite or through their political involvement during the struggle became more prominently

[214] Based on 40+ interviews conducted with returnee diaspora in Juba between 2010 and 2013

involved in the local private sector. A diversification of economic activities during this period around independence was nascent but incentives were limited due to an abundance of oil rents and a strong local currency (Ajak 2013).

In late January 2012, less than six months after South Sudan's independence, the period of abundantly available economic rents came to an end when the government decided to shut down oil-production during a series of protracted negotiations about oil-transfer tariffs in which the two former foes Sudan and South Sudan were again at loggerheads. This changed the new country's economic outlook drastically and pushed through a number of reforms geared to optimising non-oil revenues and stimulating rapid diversification within the private sector (Twijnstra and Titeca 2014). By 2013, oil production resumed and South Sudan began to repay some of its exuberant debts made with commercial banks and foreign lenders during the austerity period. By late 2013, although a number of the earlier austerity-driven reforms had gradually started to show positive effects, political instability within the ruling SPLM party again led to a relapse into violent conflict that soon became ethnically tainted. At the time of writing in early 2014, cease-fire negotiations were ongoing in the capital of neighbouring Ethiopia as clashes between government and rebel forces continue, having so far claimed more than 10,000 lives and displacing more than half a million people in less than a month[215]. International trade and investment in South Sudan have since come to a complete standstill and its pending East African Community (EAC) membership has been deferred '[...] until the country is stable enough to collectively know what it wants.'[216]

Donor engagement in South Sudan

South Sudan has on many occasions been referred to as a 'donor darling', which resonates in the support it has received from western governments and political movements since the early 1990s. South Sudan's independence would have been an unlikely prospect without the vast support of the international community, some of which was in relation to its oil reserves, but most of which was on the basis of on humanitarian solidarity and geo-political (regional) interests[217].

The previously cited policy trend of increasingly focusing international aid on private sector development (PSD) can be seen at all levels of foreign engagement in South Sudan, from small-scale development projects to multi-million dollar World Bank administered donor trust funds. Most PSD interventions are principally justified by their alignments with one of the overarching national government (GoSS) policies, such as the 2011 – 2013 South Sudan Development Plan[218] or with one of its pre-independence predecessors, such as the 2010 – 2012 GoSS Growth Strategy[219]. These

[215] Statement made on January 9th 2014 by the International Crisis Group
[216] East African Business Week, 19th of January 2014
[217] Of South Sudan's top ten donors in terms of official development aid (ODA) over 2012, being the US, the UK, Japan, Norway, Sweden, Canada, the EU, Netherlands, Denmark and Germany respectively (see: http://www.oecd.org/countries/southsudan/), only US and Swedish-based firms are involved in crude oil extraction.
[218] See: http://www.jdt-juba.org/?attachment_id=356
[219] See: http://www.investsouthsudan.net/Documents/GoSS_January-2010_Growth-Strategy.pdf

national policies, which are in turn all profoundly donor-driven and composed in close collaboration with the UNDP and the World Bank, reiterate the importance of PSD in a number of ways. First and foremost, it is asserted that South Sudan's resource dependency on crude oil is one of the region's deepest root causes of conflict and political instability. Thus, diversifying the South Sudanese economy into other sectors such as agriculture, local production and manufacturing, and non-oil resource exploration such as timber, gold, copper, etc., is key (GoSS 2009a, 10; GoRSS 2011, 34). In these policy papers, the government argues that economic diversification – especially into agriculture and livestock – is a crucial strategy to counter perpetual food insecurity and is vital to provide the country with a more stable and labour-intensive source of income. The government's revenue base would shift from external oil rents collected from foreign multinationals to tax revenues collected from its own domestic private sector, which is presumed to cultivate a more democratic and inclusive legitimacy vis-à-vis its citizenry.

The government policies clearly emphasise that the private sector is expected to take a lead role in this process of diversification and that the government's role is largely non-interventionist and limited to creating a conducive 'investment climate' (GoSS 2009a; GoSS 2009b). Legislation clearly favours the local private sector over international investors. One example of this is the Companies Act (GoRSS Ministry of Justice 2012) which makes a local partnership with '...a financially able South Sudanese who shall have not less than 31% shareholding in such companies' a compulsory requirement for a non-South Sudanese firm to register in South Sudan[220].

Most international aid and development organisations in South Sudan have integrated some sort of PSD focus into their country programmes, which can be divided into the aforementioned two categories, technical support for institutional reform at government level (National, State and County), or capacity building of non-state actors including, but not limited to, farmer cooperatives, women's groups, churches, local NGOs, and a limited number of programmes geared towards enterprise development and attracting foreign direct investment (FDI).

Regarding institutional state reform, The World Bank, the IFC and the UNDP work largely on PSD activities related to the 'investment climate'[221], providing technical support to improve legal frameworks and improve the new country's 'ease of doing business' as ranked by the World Bank and largely based on indicators such as how many days it takes to register a firm or how many formal documents one needs to import a sea-container from Mombasa to Juba (World Bank/IFC 2011). However, interventions have had little tangible impact in improving the coherence and institutional performance of the state, considering that business regulation and taxation procedures continue not to be transparent and are tedious[222]. The donor community conveniently attributes this fact to 'low or

[220] South Sudan Companies Act 2012, section 323(5)
[221] See for example the World Bank/IFC's South Sudan Private Sector Development Programme (SSPSDP), link: http://www.worldbank.org/projects/P128239/south-sudan-private-sector-development-project?lang=en
[222] Regarding the regulatory frameworks for trade and commerce, South Sudan received an overall 'ease of doing business' ranking of 159 out of 183 by the World Bank in 2011 (World Bank/IFC 2011). A further survey conducted about doing

very low capacity throughout the public financial management system' or the 'work ethic in the civil service' (Redmond 2011, 12). In practice however, the success or failure of a particular reform may be more predicated on its compatibility with real informal socio-political dynamics rather than on a presumed lack of local capacities, as has been described in other work based on findings from this research project (see: Twijnstra and Titeca 2013).

On the other side of the spectrum, there are a myriad of aid organisations providing support to the 'most vulnerable' groups in society including returnees, internally displaced persons (IDSs), women, former combatants and unemployed youth. Within the vast array of interventions provided by these organisations, ranging from emergency relief to water and sanitation programmes, there are several activities that aim to stimulate the local private sector. These include providing support to smallholder farmer cooperatives, livestock value chain development for local pastoralist groups, seeds-for-work programmes, and vocational training schemes that aim to provide rural youths with self-employment competences. Although it is beyond the scope of this chapter to generalise the success or failure of these programmes, it can be said that 'business', in the humanitarian vocabulary, generally refers to survivalist micro-entrepreneurship, whereas small-to-medium sized firms[223] rarely feature in livelihood programmes.

Donor support to local entrepreneurs above the level of survivalist micro-enterprises, whether direct or indirect, is much less than might be expected considering the policy rhetoric. Interestingly, this is not due to a lack of knowledge of the private sector. INGOs depend on local firms for their local procurement requirements, and thus have contractual relations with a range of firms. However, with very few exceptions these firms do not qualify as PSD target group, as will be illustrated by the case study of Abu Jakuma's firm below.

Between 2010 and 2013 there have been a few occasions where donor organisations commit to promote foreign direct investment (FDI), either through specific events such as trade missions[224] and investment conferences[225], or through programmes that provide incentives to foreign financial institutions and firms who invest in South Sudan. The trade missions and investment conferences are generally well-attended by the senior leadership of the country, by foreign dignitaries, regional and international investors and members of the banking sector. The local private sector plays a marginal role at these events and is almost exclusively represented by the South Sudan Chamber of Commerce, Agriculture and Industry or a similar government-sponsored business association[226]. Other activities include capacity building projects for local business fora and business competitions that provide support for local entrepreneurs to secure a loan from one South Sudan's commercial banks. Neither of these have been very successful: business fora largely did not (formally) exist and were thus

business in the G7+ in 2013 rated South Sudan the 2nd most tedious place to register a business (with 11 procedures at different ministries and levels of government), only surpassed by Haiti (World Bank/IFC 2013).

[223] Adhering to the legal definition of a 'small private company' in the 2012 South Sudan Companies Act,

[224] In 2011 alone, there were trade missions in Juba from the Netherlands, Belgium, Germany and Japan

[225] Such as the 2012 CWI investment conference, see: http://www.cwisummits.com/SSSMar2012

[226] For a more detailed description of the Chamber of Commerce's role in South Sudan's local private sector, please refer to Twijnstra, 2014

established, but with little representative value according to the vast majority of local entrepreneurs[227], and business competitions often lacked follow up support and monitoring. The following section will take a closer look at three different initiatives by one specific donor organisation in Juba regarding direct support to local entrepreneurs.

Interventions in practice

This section demonstrates how some of the interventions based on the international community's involvement illustrated above work in practice. We focus here on three concrete case studies involving particular events or programmes that aim to provide direct support to local entrepreneurs in linking them with foreign companies and investors. In doing so, we show that the role of local entrepreneurs structurally does not feature in the operational rationales of these interventions, despite the policy rhetoric that attributes great importance to local entrepreneurship.

Trade missions: supply or demand?

In October 2011, just four months after South Sudan had gained its independence from Sudan, the Dutch Embassy in collaboration with the Netherlands-African Business Council (NABC) – a body representing the business interests of Dutch firms in Africa – organised a trade mission in which 23 Dutch medium-to-large size firms and a number of Dutch government officials came to Juba for three days to explore the local business environment. The official purpose of the mission was to enhance trade relations and stimulate joint ventures between Dutch and local companies. It became apparent however, that many of the participants joined the mission with different objectives and expectations, which would contribute to a lack of anticipated outcomes. As one of the NABC organisers noted, 'Embassies invite the NABC and the firms to visit these volatile places and expect long-term investments that will lead to stability and job creation, but most of the firms are initially just looking for an export market for their products and services'[228]. From the Embassy's perspective, the rationale behind hosting the NABC trade mission was based on their multi-annual strategic plan that notes, 'Given the Government of the Republic of South Sudan's intention to give an important role to the private sector, [...] it is the Embassy's intention to play an active role in facilitating trade and investments by Dutch companies.' (Royal Netherlands Embassy 2011, 16). The latter is more predicated on long-term investments and joint ventures whereas many of the attending firms explained their interest more as being curious about exploring a new market. The local South Sudanese firms that were invited to the event on behalf of the Embassy, in turn, viewed the mission as an opportunity to acquire a foreign partner for expertise, for access to European markets or for investment to expand

[227] Pertaining to, among others, the Sudan Women Entrepreneurship Association (SSWEA) and the South Sudan Business Forum (SSBF) that were both established by the World Bank's Private Sector Development Programme (SSPSDP), but receive very little actual recognition by the majority of entrepreneurs interviewed for this study.
[228] Interview conducted in The Hague, May 2011

and diversify their current activities rather than to specialise or to invest themselves into becoming a local distributor or franchise of a multinational firm[229].

Of the 23 Dutch firms that attended, the majority represented the animal feed, livestock and dairy production industries. Construction, machinery and welding were also represented, and one or two firms from the floristry, transport and renewable energy sector. During the mission there was a tangible enthusiasm among delegates to explore the opportunities in the world's newest country. Illustrative for this enthusiasm was their response, upon arrival at Juba International Airport, when the applicable visa fee of more than 2,500 USD for the whole mission was renegotiated by one of the mission organisers, with the presiding immigration officer, to less than half the amount. A number of delegates responded to this by saying 'It appears everything is negotiable here! [...] a very promising prospect for business'[230]. Over the next few days, some of this enthusiasm dampened, as many of the delegates were confronted with South Sudan's premature productive sectors, rendering many of their highly specialised products and services to a large degree inapposite. Nevertheless, meetings were planned with local government officials, embassies and international organisations, other foreign firms already active in South Sudan, and local entrepreneurs. Many contacts were made, some follow-up plans were devised and on the final day, even an application for a Dutch government joint-venture subsidy (PSI – see next section) was announced by one of the visiting firms.

By October 2012, a year after the mission, only three of the 23 attending firms maintained some level of involvement in South Sudan, one of which was the renewable energy joint-venture (described below), another that already had a presence in southern Sudan before the 2011 mission, and a third firm dealing in heavy construction machinery that initially planned to set up a local branch in South Sudan but adjusted their plans after the 2012 oil-shutdown and downsized to piecemeal supply to local dealers. In terms of long-term investment, job creation and stimulating the local private sector – all objectives that can be found in the Embassy's multi-annual strategic plan – it can be argued that the mission's impact has so far been anecdotal. Many of the attending delegates as well as the Embassy itself have expressed disappointment with the mission's limited outcomes. Why would roughly 9 out of 10 firms invest their time and resources to travel to South Sudan without establishing any kind of subsequent activities?

In subsequent interviews with nine representatives from the attending firms, it was re-affirmed that most delegates attended the mission out of curiosity about potential export opportunities rather than with a genuine interest to invest. Of the delegates representing firms involved in specialised construction processes, such as industrial welding or drilling, many noted the context was 'premature' or 'not ready' for their high-grade and relatively expensive equipment and services. Other delegates who represented firms dealing in new and second hand heavy machinery, trucks, tractors and trailers, noted that the risks were too high in reference to the political situation and the country's

[229] Based on interviews conducted with +/- 20 local business owners who attended the 'matchmaking' event on the second day of the trade mission.
[230] From field notes, Juba, October 2011

underdeveloped legal frameworks. One such delegate noted that ‘There’s no way of telling who you buy land from’; ‘[...] what if the government turns left where it promised to turn right? We can’t take that risk.’[231] he added. Others representing large specialised multinational construction firms attributed their lack of interest to their impressions of the local private sector; ‘everyone is a specialist, supposedly, but very few have anything to show for it. Sure, it’s a new country and everyone [local entrepreneurs] is just getting started, but how are we supposed to separate the wheat from the chaff without support?’[232] This last remark made by one of the trade mission delegates suggests what many delegates felt was an entitlement to more support by the Dutch government and the Embassy for showing an interest to invest in a ‘fragile state’. A young delegate from the construction sector noted ‘they want us to create jobs and invest in these tricky places, but we have to square [operationally sustain] that commercially. We can’t do it without support and resources to cover our risks’[233]. In one case, several of the attending firms representing the dairy and livestock sectors compiled a comprehensive plan following the mission for a livestock and dairy production facility. In this process, however, the companies were completely focused on the role and possible support of the Embassy which led to complicated discussions over commercial viability and conflict-sensitivity without ever talking to prospective local business partners or performing a market analysis. Eventually, the proposal was stalled over disagreements between the Embassy and the firms[234].

The increasing popularity of the Dutch investment-for-development formula[235] had created expectation among the firms that attended the NABC mission that the Embassy would open doors and finance the exploratory phase of their proposed activities in South Sudan. The Dutch government and the Embassy provide support for Dutch firms interested in investing in South Sudan, such as through the PSI Plus facility (see next section), but notwithstanding the personal dedication of some of the Embassy’s staff to match Dutch firms with local partners, the Embassy’s resources and staffing for supporting PSD is nominal. The promising policy rhetoric, however, creates a mind-set among Dutch entrepreneurs that is focussed on securing Embassy support, more than seeking out suitable local business partners.

This trend of deprioritising the identification of a suitable local partner firm was also noticed by many of the attending local South Sudanese firms. In fact, with a few minor exceptions, the majority of the 50+ local entrepreneurs who attended the matchmaking event during the trade mission noted that little or no follow-up contacts were made after the delegation had left South Sudan. During interviews with these local firms, it was often stated that the profile of the Dutch firms did not meet the demands of the local market (and local firms) with their expectations about how specialised and mature the productive sector was and how stability could be provided by a foreign organisation such

[231] Skype interview conducted in October 2012
[232] *Ibid*
[233] *Ibid*
[234] Based on skype interviews conducted in October 2012 and e-mail correspondence between the three different firms and the Dutch embassy representative for private sector development
[235] For a recent subsidy scheme that illustrates this formula well, please see this publication about the Dutch Good Growth Fund (DGGF): http://www.somo.nl/publications-en/Publication_4006

as the Dutch Embassy. One successful local entrepreneur noted that ‘If you want to invest in a stable country, you should not come here. There are opportunities here and the risks are manageable, you can see how the Chinese are doing [it], not through the Embassy.’, ‘I do not understand why they do not just come to us’[236] he added.

At a subsequent event organised in the Netherlands in 2012, a number of the local South Sudanese and the Dutch firms that attended the mission in 2011 met to explore the challenges of linking the Dutch and the South Sudanese private sectors. This event was designed to stimulate exchange between private sector actors, policymakers and NGO practitioners on this topic and simultaneously served as an interactive research methodology for collecting follow-up data and insights from a wide range of actors that feature in this chapter[237]. During this event, one of the Dutch embassy staff noted that a format that would place the demands from the South Sudanese private sector at the centre of the exchange would yield more substantive linkages, which was corroborated by many other attendants, especially the local entrepreneurs. Without discrediting some of the positive effects that the 2011 NABC trade mission has created in its wake (such as the PSI project explained below), the format of starting with the interests of the Dutch firms and placing a high emphasis on subsidies and the Embassy’s support largely obscures the possible role that can be played by the South Sudanese local private sector.

[236] Interview conducted in Juba, December 2012
[237] This event was organised by the authors in collaboration with the Dutch Ministry of Foreign Affairs in the Netherlands. For an overview of the objectives and outcomes, please refer to the online article ‘Pull, do not push! Servicing the motor of a fragile economy’, published by The Broker on 11 February 2014 (http://www.thebrokeronline.eu/Articles/Pull-don-t-push!-Servicing-the-motor-of-a-fragile-economy)

Joint ventures: silver bullets?

Since 2009 the Netherlands Government has provided a private sector investment (PSI) grant for international firms that want to establish an innovative joint venture in a fragile or conflict-affected area[238]. As an offshoot of the regular PSI subsidy for Dutch and non-Dutch firms wanting to invest in stable developing countries, the 'PSI Plus' facility can cover up to 60% (not exceeding € 1.5 million) of a firm's required start-up capital as well as the security and insurance expenses involved with doing business in a fragile environment. The criteria include the need for an innovative proposal in terms of the type of product or service, production method or the way in which the service is provided, the feasibility to grow and attract follow-up investments and the need to work with a private local partner company or 'neutral person' from the country itself, although the local firm (or person) cannot submit the application.

It is important to note that the PSI Plus programme is a policy instrument devised by the former Dutch Ministry of Development Cooperation[239] and is intended to stimulate 'local economic development and local entrepreneurship'[240], unlike its predecessor PSOM (Programme for Cooperation in Emerging Markets) which was partially funded by the Ministry of Economic Affairs and was mostly intended to assist Dutch firms in expanding into emerging markets. An evaluation of the PSI facility in 2010 emphasised that an average project created 81 direct local jobs and 1300 indirect local jobs with local producers and suppliers (Triodos Facet 2010), thus also placing employment creation at the core of its (policy) objectives.

During the period of data collection in South(ern) Sudan between 2010 and 2013, four accepted PSI Plus project proposals were documented in Juba. Of these four projects, one is no longer operational and the other three are yet to commence. At the time the last interviews were conducted in Juba in early 2013, none of the projects had yet received the first instalment of the awarded subsidies, even the projects that had qualified for the subsidy in 2009 and 2010. In trying to understand how the subsidy scheme worked in practice, the overarching question that guided the inquiry into these four projects was 'how has the PSI Plus subsidy affected your plans to expand/establish your business in South Sudan since it was awarded?' The following section provides four brief accounts that illustrate how the subsidy worked in practice for these four projects between 2009 and early 2013.

The first PSI Plus subsidy was awarded for the establishment of modern offset printing services in 2009. The applicant, a Dubai-based entrepreneur with business relations all over Africa, submitted the proposal together with a local partner firm run by a business associate with whom he had worked before in Liberia, Sierra Leone, Dubai and South Sudan since 2006. The proposal was to upgrade their

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[238] This variant of the PSI subsidy scheme is called PSI Plus (see: http://english.rvo.nl/subsidies-programmes/psi)

[239] The PSI subsidy was officially established as a successor of the PSOM (Programme for Cooperation with Emerging Markets) in 2008 under the Ministry for Development Cooperation. During the 2010 -2012 administration this Ministry was integrated into the Ministry of Foreign Affairs, after which it was again re-instated in 2012 as the Ministry of Foreign Trade and Development Cooperation (see: http://www.government.nl/issues/development-cooperation)

[240] As reified by Foreign Minister Ben Knapen in 2012. See: 'Knapen: PSI bedoeld voor lokale ontwikkeling', Rijksoverheid nieuwsbericht, 24-01-2012 (http://www.rijksoverheid.nl/nieuws/2012/01/24/knapen-psi-bedoeld-voor-lokale-ontwikkeling.html)

printing press, which had been running in South Sudan since late 2007. The proposal included training of local staff, upgrading the equipment, bringing in more expertise, etc. The most recent data shows that by 2013 the project was yet to receive the first instalment of the awarded grant, which the firm's ownership largely attributed to the subsidy's stringent bureaucratic requirements that were ill-attuned to the constantly changing local market dynamics.

The second PSI Plus subsidy was awarded for the establishment of an abattoir and butchery, also in 2009. The project was submitted by a partnership between a UK-based engineering firm and a locally registered Dutch/Australian-owned firm than ran a deli/supermarket in Juba. The proposal envisioned Juba's first abattoir processing facility. Although the project was ambitious, the partnership managed to organise their local supply chains, invest in equipment and secure most of the right permits within the first year after the grant was awarded. Ultimately, the project was discontinued in 2011 when, after numerous attempts. the partnership was unable to secure a lease for the land it required. This is a common challenge for foreign investment in South Sudan as legislation related to land ownership and entitlement are incoherent and arbitrarily enforced (U.S. Department of State 2013).

The third PSI Plus grant was awarded for the establishment of a multi-brand vehicle services workshop in 2010. This proposal was submitted by a Dutch firm together with an Equatorian South Sudanese local partner firm with Ugandan roots[241]. After the proposal was accepted in mid-2010, the project faced challenges of acquiring the desired plot of land in Juba. This was a similar factor to that which terminated the abattoir proposal described above. In a dispute over shares in the project with another more politically influential local firm which controlled access to the desired plots (as well as access to many of Juba's other prime locations), the local partner firm lost its leverage to secure a good location for the workshop. At the time of writing in 2014, this issue was yet to be resolved and the project was still 'on hold'[242].

The last was awarded for the establishment of a solar-powered 'smart' electricity service in 2012, a joint venture between a Netherlands-based firm with experience in Ethiopia and a locally registered Ethiopian-owned firm proposing to implement a solar power plant and pre-paid distribution grid to Juba neighbourhoods without access to government electricity services. This project was in its start-up phase by the time the fieldwork was being concluded so no follow-up data are available.

Interviews with PSI applicants, local partner firms and operational advisors from the Netherlands Enterprise Agency[243] (RVO in Dutch) revealed a number of challenges and bottlenecks at the operational level of the PSI Plus subsidy in South Sudan, two of which the brief project summaries above have already indicated: the inflexible and lengthy funding procedure and the role of the local partner firms. These two operational challenges show that in practice, the PSI subsidy is neither fit for

[241] Many 'ethnic Equatorian' returnees, meaning those who originated from the southern Equatorian region of what is now South Sudan who came back after the 2005 peace agreement carry both Ugandan and South Sudanese nationalities.
[242] Confirmed by the Netherlands Enterprise Agency representative responsible for the South Sudan portfolio
[243] Formerly known as the Dutch Agency for International Business Cooperation (EVD)

a rapidly changing market environment, nor does it stimulate knowledge transfer or local entrepreneurship. Even its contribution to employment – for which the empirical link with peace and stability is largely unfounded (Holmes *et al*. 2013) – is highly questionable.

Regarding the subsidy's bureaucratic requirements, it must be noted that the idea behind the PSI Plus facility is to help kick-start the development of productive economic niches in fragile and conflict-affected environments[244]. In order to do so, a foreign (Dutch or non-Dutch) firm with the right expertise and capital is incentivised to design a conflict-sensitive proposal in collaboration with a local firm, in accordance with a range of international regulations and best-practices such as OECD guidelines for multinational enterprises[245], the ILO Declaration of Fundamental Principles and Rights at Work[246] and a CSR risk check[247]. In practice, composing a PSI proposal is quite complicated and firms generally outsource this process to a financial consulting service, or the financial consulting service approaches promising firms with a proposal on a no-win-no-fee basis. In the case of the four abovementioned firms, the RVO advisors deemed their proposals innovative and feasible enough to award the proposals with grants ranging from 500,000 to 750,000 Euros.

Complications arose in the following procedures however, when the bureaucratic requirements to release the funds in a number of narrowly-defined fixed steps did not resonate with the unpredictable and fast-changing market dynamics on the ground. As the owner of one of the local partner firms noted, '[...] what you say in your proposal is what you get the funding for, to the letter, if the funding goes to anything else you risk losing the whole grant, or worse: being sued'.[248] RVO advisors confirmed that the checks within the procedures to release funds were rigid in order to build in disincentives for fraud. In fact, if anything changes in the proposal, the whole procedure has to start again from the beginning[249]. This causes delays, which again increase the risk that the details of the proposal will be outdated once the funds are finally released. Another PSI applicant noted, 'Our main goal of the proposal is exactly the same as it was, but we can't sit still while we wait for it [grant funds]; we adapt, the market adapts, and so the equipment we need changes. If we change the proposal, we're back to square one, if we spend it [grant funds] on something else, we risk being sued'[250]. In all four cases, it became apparent that the practical realities of doing business in South Sudan require much more flexible modalities for the designated funds. This is not compatible, however, with the accountability requirements and the highly formalised funding procedures applied by the RVO. As a result, the notion of 'kick-starting' the economic development of a new productive niche was largely not applicable as even the first proposal from 2009 had not yet received their first instalment of the awarded funds at the time of writing. One PSI applicant noted in this regard, 'You

[244] Based on policy documents and interactive research conducted at the Department of Sustainable Economic Development (DDE) within the Dutch Ministry of Foreign Affairs in the Netherlands between June and September 2010.
[245] http://www.oecd.org/daf/inv/mne/
[246] http://www.ilo.org/declaration/lang--en/index.htm
[247] http://www.mvorisicochecker.nl/en
[248] Interview conducted in Juba, October 2012
[249] Noted by all applicants, although the RVO advisor for South Sudan claimed this was not necessarily the case with regard to the aftermath of the December 2013 crisis (phone interview conducted on January 30th 2014)
[250] Interview conducted in Juba, November 2012

should only apply for PSI if your business plan does not depend on it. [...]If your project needs the [PSI] funds to operationally sustain itself, it will definitely fail.'[251].

The second challenge of the PSI subsidy scheme is the marginal role of the local partner firm. As demonstrated above, three of the four local partner firms for the four PSI projects in South Sudan were only 'local' in legal terms (locally registered), but the majority ownership was Indian/Emirati, Dutch/Australian, Ethiopian and only the vehicle workshop was truly South Sudanese. All of the firms were locally registered with the legally required nominal South Sudanese shareholder which ranged from 1% to 30%, but in three out of four cases the majority shareholders as well as management and even the majority of 'local' staff were non-South Sudanese. Hiring and training of local (South Sudanese) staff was in all cases an integral part of the PSI proposals, but as one of the proposals failed before ever starting, one remains without access to a suitable plot of land, one still awaits the first instalment after 3 years, and the fourth is still in its inception phase, the local employment and knowledge transfer objectives of the PSI projects in South Sudan so far have been negligible.

Auxiliary research conducted on private sector actors confirms that for successful foreign ventures in South Sudan, the two most important factors are a good relationship with the national and local government authorities, and a reliable local partner who can navigate the complexities of informality and the patronage systems that span the artificial formal/informal and public/private divides that are insisted upon by the external interveners (Twijnstra 2014a; Twijnstra 2014b). The disappointing outcomes of all four PSI projects can be largely attributed to issues related to these complexities, such as issues related to land allocation and legal protection. When asking the PSI applicants why they decided to work with a locally registered foreign company instead of a South Sudanese firm, the most common remark was that there were no viable South Sudanese-run companies to partner with. This is a common perception about South Sudanese-owned firms, whose reputation is often described as briefcase entrepreneurs, politically motivated 'tenderpreneurs', and quick-money trade arbiters. For a segment of the South Sudanese middle-to-large size enterprises, this reputation is – to some degree – not entirely unfounded, as was illustrated by the 2008 dura scandal[252], or by the case of the Kenyan-owned KK Security company where the local partner firm ousted the Kenyan management and seized all local assets in what was fittingly referred to as a 'hostile takeover' in 2009 (reports suggest the negotiations were held at gun-point[253]). During the period of data collection between 2010 and 2013 however, there were new South Sudanese firms being established every day, many of which possessed the right capacities and potentials to grow, as will be shown in the following example.

[251] Skype interview conducted in September 2012

[252] An event whereby hundreds of local firms were contracted (and paid) by the government to supply the national grain reserves with sorghum (dura) of which 90% was never supplied. An estimated 200$ million remains unaccounted for. See: http://www.sudantribune.com/spip.php?article46896

[253] See: 'South Sudan, Looking for Laws: a would-be country drives away foreign investment 'The Economist, 2010 February 4th (print edition)

Serendipitous Success

It is often said that more than four decades of civil war have deprived South Sudan of all of its endogenous entrepreneurial potential. Yet to state that South Sudan has 'lost generations' of youths that ought to have spawned this entrepreneurial potential is not entirely accurate. As war raged on across the South in the 1980's, 19 90's and early 2000's, many South Sudanese youth fled the violence and found their way to Egypt and from there to the UK, the Netherlands, Australia, Canada, the US, and other industrialised parts of the world. This scattered yet global diaspora of southern Sudanese, lived and worked abroad for decades. As time passed, many of them were granted permanent residency or new nationalities, built their homes, found new partners, had children, completed their education and developed careers as civil servants, entrepreneurs, engineers, lawyers, etc. The gradual return of this group to southern Sudan during the interim period between 2005 and 2011 marked an unprecedented influx of entrepreneurial spirit with transnational potential, especially among those who managed to keep close ties to the SPLM leadership during their time abroad. Many returnee diaspora had high expectations, some too high, and the reluctance and distrust among incumbents to grant returnees access to the socio-political power networks that underpinned the public and private sectors in South Sudan did not make their return any easier[254]. Nevertheless, some of South Sudan's most diversified, productive and fastest-growing firms since independence continue to be run by returnee diaspora, one of which features in the following case study.

Abu Jakuma[255] lived and worked in the Netherlands for 16 years before returning to southern Sudan in 2004, just before the signing of the comprehensive peace agreement (CPA). He had finished his studies, gained experience as an interpreter for the civil service, and returned with high hopes to establish himself in his country of origin. The first few years were difficult, he noted; his home community had expected him to return with an abundance of wealth accumulated in the West when in fact the most affluent South Sudanese were those with political connections that were profiting from the oil-wealth-sharing protocols of the CPA. After several attempted projects that all ended in failure, Abu became increasingly disillusioned. This changed when he met an old friend, a prominent and intellectual SPLA commander whose fighting days were over and who was keen to capitalise on the fragile peace through business. Together, they established a two-man company and became involved in trade arbitrage, supplying food to the forthcoming country's largest institution, the SPLA. Drawing on their close ties within the ruling SPLM/A elite and on the international connections and business acumen that are more commonly found among returnee diasporas, they re-invested their profits and rapidly managed to expand their operations into other sectors such as river transport, regional logistics, commercial agriculture, aviation, etc. And although business ties with Uganda, Kenya, Egypt and Dubai flourished, Abu and his partner's only interaction with the torrent of international aid

[254] For a more detailed overview and analysis of these dynamics, please refer to Twijnstra 2014

[255] This is a fictional name; the respondent's real identity has been anonymised in line with the privacy policy as described in the ethics section of the doctoral thesis that this article is a part of. For more information, please visit http://isacademyhsfs.org/

organisations and embassies that had sprawled across Juba since the peace agreement in 2005 was an occasional contract to supply them with fuel or equipment.

Contrasting Abu's trajectory with more than 40 other individual cases of returnee diaspora entrepreneurship documented during the research period between 2010 and 2013, Abu's case is remarkable but not exceptional. At the time of writing, many local entrepreneurs who came back from the diaspora before independence in 2011 were becoming increasingly successful and productive. This phenomenon, however, was largely disputed by the policymakers interviewed for this study who asserted that South Sudan's entrepreneurial potential was lacking and needed to be 'built up from scratch'[256]. Abu noted that 'We are simply not on their radar; we're not the government and we're not in need of 'help' in the humanitarian sense.'

This changed when in 2011 Abu was introduced by the lead researcher and author of this chapter to one of the Dutch Embassy staff who familiarised Abu with the facilities made available by the Embassy. Abu made use of the embassy's matchmaking facility[257] to meet potential Dutch partner firms in the Netherlands, some of which later became successful partnerships. In addition, Abu was introduced by the Embassy to another programme through which a retired Dutch senior corporate manager visited South Sudan for a prolonged period of time, providing technical and managerial assistance[258] to the firm as they expanded into local industrial production. By late 2013, their firm directly employed 147 staff[259], paying them on average more than 20% above standard remuneration for South Sudan's private sector.

Curiously, Abu's access and successful use of the Dutch facilities in developing his enterprise, which, he argues, has had a positive impact on the upcoming firm's contribution to the diversification of South Sudan's fragile resource-dependent economy and has helped generate more employment, was a serendipitous outcome of the research project that set out to study these very connections. However, this example in which the local demand for support was met by one of the Embassy's facilities continues to be a rare exception as the vast majority of South Sudanese entrepreneurs are not aware of these programmes and the Embassy staff do not have the time or the resources to actively seek out suitable local firms. 'You have to be out of the Embassy to do that'[260], noted the private-sector specialist at the Embassy. This is simply not feasible considering the Embassy's workload and the range of other daily demands placed on Embassy stafftime.

How is it possible that international organisations and representatives, such as the Dutch Embassy in these examples, show such anecdotal interest in promising local enterprises when millions of euros and dollars are spent on private sector development? Why is the objective of developing local

[256] This exact phrase was cited by at least eight different policymakers and development experts in South Sudan interviewed for this study.
[257] See: http://english.rvo.nl/subsidies-programmes/matchmaking-facility-mmf
[258] See: http://www.pum.nl/
[259] At the time of writing in early 2014, the violence and ethnic conflict that resurfaced in the aftermath of the events that transpired on December the 15th 2013 had forced Abu and his partner to shut down roughly 70% of their operations and send more than 100 of their full-time staff members home on indefinite leave without pay.
[260] Interview conducted in Juba, September 2013

entrepreneurship and working through the local private sector as a vehicle for change so endemic in the policy discourse that underpins many of the international aid sector's interventions, while in practice, an upcoming cadre of aspiring medium-sized entrepreneurs are structurally excluded from the interventions? In the following section we elaborate the hypothesis that, although local entrepreneurs are a logical entry-point for stimulating PSD from a donor-driven neoliberal perspective about the relationship between business and the state, the realities on the ground and the effective role of successful local entrepreneurs in South Sudan are incompatible with the operative rationales that currently guide intervention practice.

'Drivers of Change' or 'Missing Middle'?

The tendency to disregard southern Sudanese entrepreneurs in PSD activities is much broader than the Netherlands examples discussed above. With the exception of the briefly mentioned South Sudan Women's Entrepreneurship Association (SSWEA) and a few projects that received loans/grants from the World Bank, Abu Jakuma's firm is the only documented case of receiving support from a donor organisation, embassy, international financial institution or NGO out of more than 100 entrepreneurs interviewed in total[261] across South Sudan between 2010 and 2013.

The reason for the lack of support is not unfamiliarity. More than half of the local entrepreneurs that were interviewed for this study had been contracted at least once as a supplier by a local or international NGO, an embassy or a UN organisation. This means that a substantial number of local entrepreneurs are quite well known by the operational management of the international organisations. Expatriate logisticians (colloquially referred to as 'loggies') working in the international aid sector in South Sudan exchange contacts of reliable local suppliers and invite them to submit a bid in their tendering procedures. No exact figures could be obtained, but it is common knowledge that the international aid sector is South Sudan's second largest client for the domestic private sector[262]. However, when inquiring about why international agencies in South Sudan have so few projects or programmes that target local entrepreneurship, the most common argument is that local entrepreneurship is simply non-existent or so weak that its entrepreneurial capacity needs to be 'built' through collaboration with the new generation of development practitioners, the international small and medium business community. This argument is closely associated with the 'missing middle' proposition (Birdsall 2007; M. Moore and Schmitz 2008) characterised as 'high number[s] of very small enterprises and a few large firms, many of them foreign or state-owned' (*ibid,* 41) which surfaced in a dozen interviews conducted with policymakers at embassies and international organisations in Juba. Applied to a fragile states scenario, policy-oriented literature often claims a 'dearth of enterprises' between the 'two types of private sector actor that typically exist in fragile states: large enterprises (often multinationals) and a vast number of small local family- or individual-

[261] Including interviews conducted with traders/business owners in Juba County, Magwi County, Aweil East and North Counties, Malakal County, Bor County and Wau County.
[262] Overwhelmingly confirmed by local entrepreneurs interviewed between 2010 and 2013

run businesses.' (de Vries and Specker 2009; cited in Brück, Krisko, and Tedesco 2013, 7). We thus signal a kind of institutional cognitive dissonance[263], referring to the fact that donor organisations contract local entrepreneurs on a regular basis as suppliers, whilst simultaneously claiming that the local small to medium-sized business sector is largely absent or incapable.

Entrepreneurs are increasingly seen as an important agent of 'developmental' change. As described earlier, the 'drivers of change' logic is more permissive of the informal and politicised nature of business in fragile states, or at least in theory. Recognising that entrepreneurs with technological potential and significant holding power with the ruling elite can drive growth and innovation (Khan 2010), the 'drivers of change' interventionist logic dictates that entrepreneurs can be employed to forge good economic governance, as illustrated by the quote from the World Bank report cited in section 3.2 that sees entrepreneurs as 'a basis for collective action against predation and rent seeking, as well as greater government responsiveness and accountability' (2013, 3-4). In this regard, entrepreneurs are seen as a developmental force that can help to transform fragility. The means by which entrepreneurs contribute to this are somewhat justified by the envisioned growth-enhancing and democratic ends. According to this logic, the entrepreneurs that international aid organisations contract to supply them with fuel, food and furniture might just as well qualify as a target group for support. If an entrepreneur has demonstrated business acumen by carrying out a contract successfully and he/she is sufficiently embedded in the informal socio-political marketplace, according the 'drivers of change' logic that entrepreneur would be a suitable beneficiary. In practice however, this pragmatic logic does not guide intervention practice as the cases above have shown. The following provides a good illustration of this.

In 2011 a presentation and brainstorm session was organised at the Dutch Ministry of Foreign Affairs on the basis of preliminary research findings from South Sudan. Attendants were primarily policymakers and economic advisors. During the presentation, a case was presented about one of the returnee diaspora entrepreneurs who was an active member in South Sudan's business community at the time. The analysis included the entrepreneurs re-migration history, the challenges faced upon trying to establish his own business, the strategies and networks that were leveraged to become an entrepreneur (central to which was his involvement in the government procurement sector, see: Twijnstra 2014) and an overview of his current activities, including collaboration with the South Sudan Prison Service on a reintegration employment scheme and a proposal to collaborate with local health NGOS to provide and equip mobile clinics for remote areas with limited access to healthcare. These activities resonated exceptionally well with the policymakers' notions of social entrepreneurship and 'employment for stability', but when inquiring why it was virtually impossible for this entrepreneur to access any of the Dutch facilities that were illustrated earlier in this chapter, the RVO advisor present who administered the PSI Plus programme for South Sudan at the time made the following statement:

[263] From the psychological condition of excessive mental stress and discomfort experienced by an individual who holds two or more contradictory beliefs, ideas, or values at the same time. (Festinger 1957)

> ‘What this entrepreneur is now doing is exactly what we want to support. But as you describe, these are outcomes of a very messy process in which corruption, nepotism, and informality play a big role. It would simply not be possible for us to support that process and be accountable for it in any way.’ RVO advisor

Donor organisations rarely display such hesitancy in supporting micro-enterprises. On the contrary, building on a ‘resilience’ intervention logic of working with ‘the most vulnerable’ groups in society is highly favoured. The informality of the micro-enterprise is seen by donors as politically neutral terrain outside the domain of the state, or as ‘the default position of any entrepreneur when there is no government to regulate his business’ (Clingendael Conflict Research Unit 2009, 2.12). In contrast, elite politics or any degree of informality above that of the survivalist micro-entrepreneur are seen as dysfunctional or corrupt. ‘Going with the grain’ is promoted on paper, but apparently met with reluctance in practice. The PSI Plus procedure for example was extremely stringent in order to avoid any chance of ‘fraud’. This stands in sharp contrast with the flexibility required by the uncertainty that is an intrinsic trait of the local market dynamics in South Sudan. Due to the rigidly formalised procedures of the intervention its lead time either extends excessively (by as much as three years in the examples described above) or its function is debunked altogether.

In a similar fashion, any local or international firm that wishes to qualify for support needs to adhere to several ‘conflict sensitivity’ requirements that are becoming increasingly institutionalised as formal assessment criteria. Conflict sensitivity requires the recipient of donor support to ‘avoid negative impacts and maximise positive impacts on the (conflict) context and the intervention.’ (International Alert 2004, 11). As such, in order to minimise the ‘negative impacts’ of an intervention, engagement with any of the socio-political dynamics that underpin the conflict are highly scrutinised and discouraged. This affects the potential of local entrepreneurs in the eyes of donors, because as briefly illustrated in the South Sudan context section of this chapter, the small and medium-sized enterprise segment[264] in South Sudan is a nexus between public and private interests where patronage networks mediate access to contracts, oil money, property, etc. (see also: Twijnstra 2014a). As such, by adhering to the conflict sensitive requirements, local entrepreneurs and their informal networks are generally perceived as a liability and their business practices as corrupt, as the above quote by the RVO advisor illustrates.

Rather than viewing the entrepreneur’s holding power with dominant power networks as an asset, donor organisations prefer to frame this as a lack of capacity. Traditionally, donor organisations would work through their development partners, the international NGOs, to ‘build’ the capacity of local non-state actors, but with regard to local SMEs donor organisations are increasingly incentivising international firms to appropriate this role of ‘capacity builders’. Through enticements such as

[264] For a definition, please refer to section 5.4 of the introductory chapter

subsidies, technical support and risk mitigation, donor organisations try to stimulate international firms to contribute to local development, knowledge transfer and employment creation by establishing a joint venture with a local firm. Paradoxically, as the section about the NABC trade mission has shown, this skews the interests and priorities of international firms away from finding a suitable local partner firm and towards accessing the donor's support provisions.

Conclusion: Conflicting Theories of Change

By first examining a number of different trends in international fragile states policy and intervention discourse, followed by a more detailed exploration of a few Dutch facilities for entrepreneurship support in South Sudan, this chapter has identified a dissonance between two different institutional logics that compete in the intervention arena: a logic that promotes drivers of change and wants to go with the grain yet is contradicted by a logic that views the informalities of economic life beyond the survivalist micro-enterprise with suspicion. To frame this dissonance in policy-oriented vocabulary, we signal a contradictory 'theory of change'. With theories of change, we refer to a particular way in which aid organisations map out chains of expected outcomes of a particular intervention, thereby making the underlying assumptions – whether based on evidence, experience elsewhere or intuition – explicit (Vogel 2012). The essential objective of explicating a theory of change is to articulate the underlying 'beliefs, assumptions and hypotheses about how change happens' (Rogers 2008) within an intervention.

As has been shown, one of the theories of change that is becoming increasingly dominant in policy rhetoric is the pragmatic neoliberal view of harnessing entrepreneurship as a driver of economic development. Regarding the Netherlands engagement in South Sudan, the recent shift in Dutch development policy towards gainfully combining 'trade and aid' with an enhanced focus on fragile states (see: Ministry of Foreign Affairs of the Netherlands 2013) is likely to reiterate the application of this theory of change into intervention practice. The theory of change on which interventions of this type would ideally hinge is pragmatic about the means of employing entrepreneurship as a 'driver of change' to pursue developmental ends. This corresponds with the somewhat ambiguous notion of 'working with the grain' of informal neopatrimonial practices (Booth and Golooba-Mutebi 2012; Kelsall 2012).

In practice however, as this chapter has demonstrated, the institutional logics that guide the operative rationale of engaging with entrepreneurs in fragile states continues to be highly dismissive about neopatrimonial practices and elite-politics, which are intricately connected with business above the survivalist micro-level in fragile states. Judging by the fact that local entrepreneurship above the survivalist micro-level is largely absent from the scope of interventions by international actors in South Sudan, one could argue that perhaps the recent policies inspired by 'drivers of change' are not implementable, a proposition that would be confirmed by the majority of international staff interviewed for this study. However, as David Mosse reminds us, good policy does not necessarily need to be implementable (Mosse 2004). Policy first and foremost serves to generate ‘mobilising metaphors’ that legitimise and mobilise political support within the donor country’s domestic political landscape and between donors in the international community (*ibid*, 663). In the context of shifting development policies among many of the traditional Western donors towards combining aid and trade and leveraging the private sector to deliver development, the mobilising metaphor of the entrepreneur as the driver of change and champion of development has certainly gained ground.

A lot of recent development policy that hails entrepreneurs as champions of development (of which the new Dutch policy is a prime example) proves not to be implementable in fragile contexts, according to the strictly a-political operative rationales that donors apply. Donor organisations reconcile this by framing economic life as ‘missing’ and put forth Western firms in charge of building the local capacity for ‘good entrepreneurship’ as opposed to real entrepreneurship. This lack of capacity, we argue, is attributed more to their position in the informal elite patronage networks than by their capabilities. Donor organisations regularly contract local firms as suppliers, for which the selection criteria are based on capabilities according to track records. Interventions such as the PSI Plus principally work with local firms only through the proxy of an international firm and, as has been shown by the trade mission and the PSI Plus example, they are not immediately keen to adopt the role of capacity builder vis-à-vis their local partner. Donor organisations try to remedy this through subsidies and various other measures of support.

Finally, by showcasing one example of a successful match between an upcoming productive local entrepreneur and a technical support facility that had until then not been used in South Sudan, we have argued that a demand for support does exist among local private sector actors. Abu Jakuma’s business and his potential role in diversifying South Sudan’s local production sector and generating employment are remarkable but not exceptional. We argue, on the basis of surveying more than 100 local small and medium sized local companies for a period of over two years, that there are a small but growing number of capable local entrepreneurs who fit the same profile as Abu Jakuma. Hypothetically, this growing cadre of productive local entrepreneurs could benefit from the international organisations’ surge in interest for stimulating local entrepreneurship, but as long as the operative rationales that guide intervention practice remain predicated on working with the most vulnerable populations and intolerant of any degree of informality above the survivalist micro-level entrepreneurship, substantial engagement with local ‘drivers of change’ will continue to be precluded.

– CHAPTER SIX –

Conclusions

In this concluding chapter, the central conclusions will be distilled from the preceding chapters. The first introductory chapter identified four key themes and formulated four corresponding research questions. These questions, which guided the data collection and analysis conducted in the four following chapters, were as follows:

1. How does the relationship between traders and state officials impact the performance of border taxation?
2. How does the relationship between different (groups of) state officials impact the enactment of economic reform in practice?
3. How do patron-client relations shape the regulatory practices of government procurement and modalities of entrepreneurship?
4. How does direct support/involvement by international organisations regulate the establishment of joint ventures between local and international firms?

Each of these questions is addressed in the respective chapters. The function of this concluding chapter, however, is not simply to list the findings per chapter, but to identify overarching conclusions that speak for the thesis as a whole. The findings for questions one and three, for example, address a similar dynamic but at different locales, through different practices and using a different conceptual vocabulary. Since each of the four questions were derived from the central objective, which was simply to better understand the modalities of 'real' economic governance in the Republic of South Sudan by studying how business practices and economic regulation are shaped by socio-political relationships, the concluding chapter aims to provide an overview of how all of the findings from the four constituent chapters fulfil this objective. The synthesised question that addresses this is as follows: **how are the everyday practices of business and economic regulation governed by socio-political power relations (1) between groups of non-state economic actors (traders, entrepreneurs) and state actors (tax officials, procurement officers, etc.); (2) between groups of actors within the state; (3) how are these relationships precluded by the intervention rationales of international actors; and (4) how contingent are these practices during a macroeconomic crisis?**

In the following sections the overarching synthesis question is broken down into four constituent parts that each answers one component. Each component will be introduced by showcasing a short anecdote that illustrates its significance, followed by an exploration of the key findings and arguments. Finally, this chapter offers some reflections on what implications these conclusions have for policy, practice and future research.

1. Relationships between Traders, Entrepreneurs and Interface Bureaucrats

March 2011, Magwi, South Sudan
(from Chapter Two)

> *I'm at a Sunday church ceremony in Magwi town that is being attended by roughly 150 people including the Chairman of the (local) Chamber of Commerce, several local traders, shopkeepers and guesthouse owners, as well as the Deputy Payam Administrator and two County revenue officials. The service is in Acholi, but the biblical references are in English: 'Luke 3: [12] Even tax collectors came to be baptised. "Teacher," they asked, "what should we do?" [13] "Do not collect any more than you are required to," he told them. [14] Then some soldiers asked him, "And what should we do?" He replied, "Do not extort money and do not accuse people falsely—be content with your pay."' Chatter emerges from the crowd and people start smiling; the County revenue officials smile too. Then the sermon continues. After the sermon, the chairman of the local chamber of commerce explains that 'That was just a reminder that some of us are in a position to get tempted. It is us, the community, who have to remind them that we all eat from the same plate.'*

This anecdote illustrates how the relationships between non-state actors, economic actors and state actors are multiplex and shaped in different arenas. In this particular scenario, religion and communal norms are the two main normative resources for actors to draw from in reifying their relationships. Chapters Two and Four both describe in detail how specific socio-political relationships between traders, arbiters and entrepreneurs with interface bureaucrats – tax collectors and procurement officials featuring most prominently – shape business and regulatory practice.

In Chapter Two about cross-border trade, it was shown that officials enact the rules of taxation differently for different types of business practices. Small-scale local cross-border trade that is predicated on a moral economy of subsistence trading mainly has to deal with the taxation practices of County officials, who live and work in the same area, in very specific ways. Relationship ties between local traders and local state officials can be characterised as strong and structured ties that embed principles of reciprocity and communal accountability, as well as locally derived war-time taxation arrangements between the local border communities and the SPLA. When local officials tax local traders at the border, they are also bound to moral redistributive norms, in much in the same way as traders are when setting the price for their goods. Charging higher prices/taxes or refusing credit or the occasional exemption can result in informal sanctions, such as when traders collectively decide to boycott paying a certain tax. Local officials are also more dependent on (informal) local cross-border trade taxation revenues for their own livelihoods as very little trickles down from the higher levels of government.

On the other hand, relationship ties between the large(r)-scale regional cross-border traders and the national and sub-national interface bureaucrats at the border as well as within the national ministries in Juba are more embedded in elite SPLM/A networks, often pre-dating the 2005 peace agreement. In the latter case, the relationships may better be characterised as circumstantial or 'associative' rather than structured (Janet MacGaffey and Bazenguissa-Ganga 2000; Bräutigam 2003), drawing more from normative registers such as the dominant elite consensus and by proxy, from their ethnic or familial association with intermediate elites in the patrimonial political marketplace (De Waal 2009).

Both Chapter Two about cross-border trade and Chapter Four about procurement and entrepreneurship show how significant this national-level elite consensus or 'political settlement' is for allocating privilege and access between non-state economic actors and state actors. Colloquially referred to as the 'big tent' strategy, South Sudan's political settlement, which arguably sustained internal stability during the contentious interim period between 2005 and 2011, was largely predicated on strategic short-term rent-allocation (or 'buying-off loyalty') between rival power centres and their intermediate elites (Garang 2013). The business practices performed by these larger traders are contingent on their access to lucrative oil-money-sponsored government contracts to supply an array of government agencies with imported food and non-food items that South Sudan still lacks the capacity to produce or manufacture domestically. As such, the preferred modality of business among well-connected 'tenderpreneurs' revolves around trade arbitrage rather than more productive or labour-intensive activities. This is sustained by the regulatory practices of procurement officials who select these tenderpreneurs to carry out the contracts. This status quo of largely unproductive business practices that are sustained by the exclusionary patronage-based form of regulation yields a very marginal role for the growing cadre of more productive and technologically capable entrepreneurs returning from the diaspora – what Chapter Four refers to as the 'reaspora entrepreneurs'. To operate in South Sudan's small to medium-sized business sector[265], especially in and around the urban centres, access to informal networks is a prerequisite for acquiring the support, capital and protection required to do business. The socio-political relationships between groups of affluent traders and government/SPLM elites that mediate this access are largely based on the balance of power that is enshrined in the 'big tent' settlement.

This recurring term of socio-political relationship here refers to power configurations within and between social groups. 'The state' in the Weberian ideal-type is a formally institutionalised socio-political relationship, but in the context of this thesis the term socio-political relationship refers more to temporarily fixed power relations within and between social groups outside the formal institutional

[265] As stated in section 5.4 of the introductory chapter, this thesis adheres to the classification of small and medium firms described in the 2012 South Sudan Companies Act art. 323(3), supplemented with jurisprudence from a certified South Sudanese corporate lawyer. Small firms are hereby defined as locally owned enterprises employing between 2 and 7 employees with an initial capital investment of 10,000-100,000 US$. Medium firms are defined as locally or foreign-owned enterprises (if foreign owned, the local partner must own at least 31% of company shares) employing more than 7 people and with an initial capital investment of 100,000-1mln US$. I would like to thank Garang Chut Deng for his assistance in obtaining this definition.

domain. Chapter Two about cross-border trade suggests that interaction patterns between local traders and officials at the border are shaped by a composite of multiple normative orders (Merry 1988) or 'registers' (Schielke 2009). In the Introduction to this thesis, normative registers were described as sets of premises about how things 'ought' to function, the toolboxes which different actors draw upon in negotiation arenas, the 'political space in which actor groups bargain material and symbolic dimensions of statehood'(Hagmann and Péclard 2010, 550). The brief anecdote about the church service in Magwi features several normative registers including the bible and local communal norms (or 'culture'). Other normative registers that feature in this thesis include wartime socialist guerrilla rhetoric (Rolandsen 2005), international development discourse (or 'NGO-speak') (Mandel 2002; Tvedt 2002), corporate cosmopolitanism (Halsall 2009), historical narratives about slavery, exploitation and oppression by Khartoum (Jok 2001) and the 'big tent' political settlement between rival power centres in southern Sudan that characterised the interim period between 2005 and 2011. 'The law' is in this respect not considered as one coherent and unified set of formalised rules and enforcement mechanisms but as one of many normative registers: a normative resource which actors draw upon to negotiate the modalities of real governance.

In summary, this thesis has shown that doing business and economic regulation are both to a large degree contingent on the underlying relationship between non-state economic actors and state actors. It argues that the rules that order these everyday practices (also called 'practical norms') in South(ern) Sudan do not emerge out of a vacuum; they are embedded in social networks that span the state/non-state divide. Chapter Two shows that the outcome of this embeddedness is a synthesised set of rules and behaviours that govern how traders make a living from moving goods across a national border and how that movement of goods is taxed by state officials. Chapter Four shows how patronage networks spanning the public/private distinction appropriate logics and rules from a higher level elite consensus into everyday practices in much the same way, thereby shaping both regulatory performance and entrepreneurial practices. These practices and the norms that guide them are not static however. This has been shown in Chapter Two about cross border trade. Because the relationship between local traders and local state officials was different from the relationship between regional traders and national state officials, the specific norms that governed their interactions were also different. This conclusion will be further elaborated in the final section about the impacts of the oil shutdown.

2. Relationships within the State

September 2012, Torit, South Sudan
(from Chapter Three)

> *I duck under a washing line of drying bed sheets and enter a small side entrance to an improvised residential building next to the central market in Torit, the State capital of Eastern Equatoria. Behind a desk that is covered in papers and folders sits Abraham, the Chairman of the local Chamber of Commerce. He offers me a seat and we start to converse. I ask him how the Torit business community has been affected by the recent tax reforms. Now that the sub-national State Revenue Authority has been forced to yield their jurisdiction to tax international border trade[266], cross-border traders are only required to pay the National Customs Service at the border. Officially, this tax centralisation reform that was implemented in the wake of the oil-shutdown is not supposed to affect traders, only that they are now required to pay their taxes to a different institution. Abraham grins. Without saying a word he hands me an official notice from the State Directorate of Finance that reads, 'As of the 1st of October, all goods destined for or transiting through Eastern Equatoria State will be subject to a 10% State Value Added Tax (VAT)[267].' Then he adds: 'You see? It's a different name for the same tax. Paying this on top of what we pay at the border to Customs, I can say that multiple taxation is now more, not less.'*

This anecdote illustrates that in addition to what was stated in the first section about relationships between non-state economic actors and state actors, there are also negotiations taking place between different groups within the domain of the state that impact the way regulation is governed in practice. The VAT tax that is being levied by State officials in this anecdote is only vaguely described in an outdated piece of tax legislation from 2009, after which its mention was removed from national taxation laws because it was technically not feasible or compatible with the central government's fiscal decentralisation policies[268]. State-level officials nevertheless use its ambiguous legal status to justify the continuation of prior (informal) taxation practices. As Chapter Three about state reform describes in more detail, this circumvention of national-level reform is rooted in the socio-political relationship between different administrative levels within the state. The sub-national level may have formally yielded their revenue-raising competences to the central government, but the deep-rooted mistrust and reluctance to comply with centralised control frames the relationship between the administrative layers in such a way that State-level bureaucrats resist the reform, albeit through quasi-legal mechanisms.

[266] The 2012 tax harmonization reform policies and its consequences are explained in Chapter Three
[267] The details and significance of the State-level VAT tax are explained in Chapter Three
[268] VAT cannot be administered effectively at a State level unless a system of import collections and export refund is applied on interstate trade (Selassie 2009, 59; Solomon and Bell 2011, 28).

All three chapters on cross-border trade, state reform and procurement demonstrate that in South Sudan the central government lacks the overall regulatory authority and frameworks to formally govern how local, lower or peripheral-level state actors appropriate the state's formal authority in the domain of taxation and business regulation. Nevertheless, state officials have at their disposal a vast yet inconsistent array of official and semi-official norms by which some business practices can be considered both legal and illegal simultaneously. Many of the interface bureaucrats interviewed for this study, including those stationed at remote border crossings, had intimate knowledge of at least a few official legal texts such as the Interim Constitution, the 2009 Taxation Act or one of the many locally sanctioned County tax laws. In this respect, in support of similar claims made by other researchers studying hybrid forms of governance, this thesis makes the case that formality or 'officiality' is a powerful resource that can be wielded by state (and non-state) actors for a variety of informal or unofficial purposes. Formal rules, regulations, texts, stamps, receipts and other documents are taken out of their original context and rearranged – like words in a sentence – to generate new meaning.

This thesis argues that the creative process of utilising existing legal forms to legitimise practices that these forms were not originally intended for is characteristic of the way interface bureaucrats preserve a certain status quo with regard to taxation and business regulation. This status quo can exist horizontally between groups of state actors at the same administrative level, or vertically between groups of state actors at different levels. The County-level 'Gibana' tax described in Chapters Two and Three exemplifies how state officials reproduce a vertical status quo by circumventing national legislation that prohibits County taxes on international border trade. By reifying locally-sanctioned wartime taxation practices through various local and sub-national legal provisions and by including local traders in the consultation process, County officials manage to enforce a local tax that circumvents national legislation, but is both regulated and widely perceived as official and legitimate. When examining the rationale behind this tax it becomes apparent that the contentious relationship and distrust towards higher levels of government plays an important role in shaping regulatory practice. The authority structures within the County administration that date back to its informal recognition as civil – yet definitely non-state – administration under the 1994 SPLA National Convention in Chukudum (Walraet 2008) have historically resisted this centralised control and continue to be an institutional resource for local authorities. In other words, this thesis argues that the contentious relationship between Equatorian administrations in southern Sudan and the central hakuma[269] in Khartoum and later in Juba continues to be locally perceived as invasive and exploitative, and continues to shape the everyday practices of semi-autonomous and decentralised economic regulation accordingly.

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[269] 'government' in Arabic. In southern Sudan mostly associated with the repressive authoritarian and militarized control strategies from Khartoum; a continuation of the '*bundle of influences and symbols . . . encompassing the military cultures originally introduced by the Turco-Egyptian army in the 19th century*'(C. Leonardi 2007, 394)

Chapter Three about state reform also explores how regulatory practices by interface bureaucrats can preserve a more horizontal status quo underpinning the performance of taxation and business regulation. It shows how South Sudan's insurance sector is governed by national-level interface bureaucrats within the Central Bank and the National Ministry of Finance and Economic Planning that subvert institutional reform insisted on by the World Bank and various international insurance corporations. In doing so, the interface bureaucrats are preserving an incoherent regulatory framework that is conducive to informal practices that assign certain privileges to SPLA/M veterans who own local insurance companies. Through the selective application of older official norms versus pending reforms, interface bureaucrats appropriate those official norms in their everyday practices that maintain a regulated yet informal pension scheme-type of arrangement for SPLA/M veterans.

This thesis has demonstrated that when examining the relationship between state officials and the official norms, rather than dismissing them altogether, state officials employ official norms in structured and regulated ways, albeit not as they were intended by formal design. It is therefore argued that the performance of the state with regard to taxation, procurement and business regulation is also shaped by 'hybrid' forms of governance and 'institutional bricolage'. Chapter Three about state reform engages with these two conceptual tools in explaining the significance of the state for shaping business and regulatory practices as a prime institutional resource that different actors rely on to legitimise, organise and enforce their interests.

The term 'hybrid' governance refers to the way in which informal ordering mechanisms in society appropriate, mimic or amalgamate with the formal ordering mechanisms of the state. In this way the presence of the state is constantly reified by virtue of the informal practices that draw upon it, even though the central government exerts little to no control over it. In line with what other authors have argued, regulatory practices are negotiated between 'poles of power' (Bierschenk and Olivier De Sardan 1997) which do not have equal power. The hybrid governance literature focuses predominantly on negotiations between different poles i.e. rebels and traders (Raeymaekers 2012), the state and civil society organisations (Raeymaekers, Menkhaus, and Vlassenroot 2008), the state and the church (Titeca and De Herdt 2011), and so on. This thesis adds to this debate by demonstrating that these negotiations do not only happen between poles of power (e.g. between trade networks and the state), but also within poles of power, a question which is largely neglected in this literature. To further substantiate this claim, the thesis relies on the notion of institutional 'bricolage': the creative utilisation of existing forms for practices that they were not originally intended for (Cleaver 2002; Koning 2011; Sehring 2009b).

In explaining how institutional bricolage is contingent upon both vertical and horizontal power-relations, this thesis builds on the conceptual metaphor of the 'institutional corridor' (Sehring 2009b; Sehring 2009a) to analyse how much space exists for institutional reform to anchor into existing practices and effect real institutional change. It is argued that in the context of South Sudan when the institutional corridor is narrow – as was the case with the Gibana tax and the insurance sector regulations – the underlying power configurations are resilient and resist reform. If the corridor is wider, there is more room for institutional reform to aggregate into the existing practices. This thesis has demonstrated that many of the factors shaping the institutional corridor in South Sudan are rooted in vertical and horizontal non-state SPLM/A power networks. Through these networks, privilege and access to resources and power are mediated. The analysis shows that the resultant practices are in turn instrumental in reinforcing SPLM/A hegemony into the imaginary of the state.

In summary, this thesis has argued that the room for doing business depends partially on internal power relations within the state. It is argued that in South(ern) Sudan, power configurations between different groups are also negotiated within and between different administrative layers of the state with regard to taxation, procurement and business regulation. Even though these power dynamics are often tacit, they affect official norms of the state in distinct ways. This thesis thus shows that the seemingly haphazard use of official norms by state officials in ways that are clearly not in accordance with their original design, are neither arbitrary nor unregulated. On many accounts, this thesis demonstrates that the dominant power configurations that govern how interface bureaucrats wield the official norms in practice are rooted in SPLM networks. These power relations between (groups of) state officials that order processes of institutional bricolage can be vertical or horizontal. By reviewing several different scenarios including both local/peripheral and national/central regulatory practices, it appears that there is space for bricolage. The range of options available for the state official to exercise his power as bricoleur is largely determined by a range of tacit power relationships that have become inscribed within the institutional arrangements of the state.

3. 'Capacity Gaps' and the 'Missing Middle'

May 2011, The Hague, Netherlands
(from Chapter Four)

> *I'm presenting some of my preliminary research findings from South Sudan to a small group of colleagues at the Ministry of Foreign Affairs. The topic of discussion is the narrative of one particular entrepreneur, a returnee from the Netherlands, who recently managed to diversify his activities into commercial agriculture and has started generating more and more local employment. I ask the group of policymakers and advisors in the room whether this entrepreneur would in principle be able to qualify for support from the Dutch government, and if so, how they would go about designing the most appropriate intervention, to which one of the policy advisors replies, 'What this entrepreneur is now doing is exactly what we want to support. But as you describe, these are outcomes of a very messy process in which corruption, nepotism, and informality play a big role. It would simply not be possible for us to support that process and be accountable for it in any way.'*

This brief anecdote reflects in a nutshell the key intervention dilemma found in this study among intentional actors in South Sudan. As the policy advisor in the anecdote above correctly notes, business success in a place like South Sudan is largely based on how business practices relate to the dominant power networks in society. The trader referenced in this example is not only a starting agriculturalist, he is also a prolific supplier for various national government ministries, which as Chapter Three describes, is largely governed by patronage networks. The previous two sections have argued that these configurations of power extend within and across the public/private divide, which in donor vocabulary is easily attributed to 'corruption and nepotism'.

International engagement by a range of aid and donor agencies in South Sudan has grown exponentially since the peace agreement in 2005, leaving virtually no part of society or government untouched. When reviewing how that assistance and commitment is rationalised, it becomes clear that virtually all of South Sudan's challenges are framed around a 'fragile states' vocabulary of stabilisation through 'building the necessary institutional, human, social and economic capacities'[270]. This vocabulary is fundamentally fixated on what these fragile states are not and on what they do not have (Hameiri 2007), which is epitomised by the World Bank's country profile of South Sudan stating that 'As a new nation without a history of formal institutions, rules or administration accepted as legitimate by its society, South Sudan must build its institutions from scratch.'[271]. How this rationale translates into intervention practice and how that conflicts with the socio-political dynamics described in the previous two sections is explored in relation to two different types of interventions: PSD-related

[270] See: http://www.ss.undp.org/content/south_sudan/en/home/mdgoverview/overview.html
[271] See: http://www.worldbank.org/en/country/southsudan/overview

institutional reform such as taxation and business regulation (in Chapter Three about state reform), and direct support aimed at linking the local small and medium-sized enterprise sector to foreign firms (in Chapter Five about joint ventures).

Institutional state reform concerning the legal frameworks for taxation, investment, business regulation, etc. are typically carried out by the national government under the supervision and technical advice provided by multilateral donor organisations such as the World Bank, the African Development Bank or the UNDP. Much of the donor support in this domain is centred on 'capacity building', whereby institutional performance is implicitly perceived as faulty on account of a lack of capabilities by state officials. In Chapter Three about state reform, top-down state interventions aimed at reforming economic regulation, such as the repeated attempts to harmonise the tax system before 2012, or the (re) making and implementation of regulatory frameworks to govern the insurance sector, were both directly shaped by donor involvement through a range of aid-conditionalities based on principles of 'good economic governance'. This thesis has shown that on the basis of interviews and official reports, South Sudan's progress in PSD and economic reform 'from above' has been painstakingly slow, which donors routinely attribute to the young country's lack of capacities (see for example: Redmond 2011). This attribution is based on the operative rationale of 'good economic governance' thinking that inherently excludes socio-political factors from the 'theories of change' – the donor's understanding of how change comes about, the presumed causalities, path-dependencies and contingencies that are embedded in the intervention – according to which donor organisations evaluate an intervention's success or failure. This thesis demonstrates that with respect to various PSD and FDI interventions in South Sudan, donor 'theories of change' are largely not context-derived but shaped by policy discourse and 'mobilising metaphors' (Mosse 2004) communicated between different donor organisations and between donor governments and their home parliaments.

Various donor organisations also aim to provide direct financial, technical or matchmaking support for local small and medium-sized firms in order to stimulate local employment, growth and foreign direct investment (FDI) through joint ventures with international firms. Chapter Five about joint ventures explores a number of such facilities administered by the Dutch Government and its Embassy in Juba. It is demonstrated that despite the excessive lip service that donor policies pay to the importance of local small and medium-sized enterprises as the motor of the economy and a source of economic diversification, equitable growth and employment, only a handful of cases were documented in which local South Sudanese firms actually received donor support as a recipient of support rather than as a supplier (Twijnstra 2014b). Subsidies, matchmaking facilities and technical assistance are predominantly focussed on foreign firms rather than local firms, and adhere to strictly formalised procedures. This thesis shows how local entrepreneurs are by default precluded from these facilities as primary recipients, as interventions tend to emphasise the role of foreign firms for building local capacity, claiming that capacity is too low (or absent) for direct support. Meanwhile, from the 100+ South Sudanese traders and entrepreneurs interviewed throughout the course of the fieldwork, more than half engaged in business transactions with a donor organisation or with a donor-sponsored local organisation as a supplier of goods and services at one point. This suggests that international organisations, or at least their operational/logistics departments, are indeed familiar with local private sector actors and have a rudimentary understanding of their capabilities. This thesis argues that the 'missing middle' argument, referring to the 'dearth of enterprises [between the] two types of private sector actor that typically exist in fragile states: large enterprises (often multinationals) and a vast number of small local family- or individual- run businesses.'(de Vries and Specker 2009; cited in Brück, Krisko, and Tedesco 2013, 7), is a politically convenient rationale that legitimises side-lining local entrepreneurs. The entrepreneurs' lacking or absent capacities are thus less defined by their technological or productive capability, but rather by their holding power within the dominant power networks which the operative donor rationales largely qualify as corrupt.

In both cases, institutional PSD reform and direct support to local entrepreneurs are implemented by donor organisations that adhere to a particular operative rationale. These rationales are effectively the 'practical norms' of intervention practice. The dominant norms that shape this operative rationale are concerned with an indirect and preventive open-ended intervention modality that international actors tend to frame in vocabulary of capacity building, good governance, conflict sensitivity and empowering the 'most vulnerable' groups in society. All of these normative resources are predicated on disengagement from locally-derived political solutions between elites, which are often framed as the root causes of fragility.

However, the policy trend, on which the design of many PSD and direct entrepreneurship support interventions in fragile states are increasingly based, is framed around another normative framework. This thesis has demonstrated how popular notions of working strategically with high-capacity entrepreneurs as 'drivers of change' as well as with the idea of 'working with the grain' of neo-patrimonialism have both seeped into fragile states policy rhetoric in recent years (Castillejo 2011; Fuller, Ficklin, and Stein 2011; Grindle 2011; Srivastava and Larizza 2012; Vernon and Baksh 2010). It is argued that in practice, these notions are problematic and incompatible with the norms and highly formalised procedures that shape the operative rationales of donor organisations in South Sudan working on PSD and entrepreneurship support.

In summary, this thesis has argued that donor engagement remains internally framed as apolitical through the operative rationales guiding PSD and entrepreneurship support interventions, at least towards parliamentary oversight at the level of the donor country itself. Consequently, although donor organisations may pay lip service to 'working with the grain' and gainfully combining trade and aid by stimulating local entrepreneurship and joint ventures (Twijnstra 2014b), the operative rationales that continue to shape intervention practice are still largely based on the vocabulary of capacity building and empowering the 'most vulnerable groups'. It is argued that this implicitly disqualifies local economic actors who are embedded in local elite power networks and are thereby not identified as ‘vulnerable’. When considering some of the business practices that feature in the rest of this thesis, it becomes clear that rather than ‘missing’, the small and medium-enterprise segment is a prolific nexus between public and private interests where patronage networks mediate access to contracts, oil money, property, etc. Consequently, this thesis argues that the interventionist obsession with the ‘lacking’, ‘failed’, ‘fragile’ and ‘missing’ obscures identifying the very factors that may be hampering or subverting the impact of the interventions, since these factors are often rooted in the presence of something rather than in an absence. This conclusion is in line with the scoping paper of the I.S. Academy that aims to ‘unpack’ the notion of fragility by exploring the capacities that local actors do have rather than focussing on what they do not have.

4. Open Moments

August 2013, Rajaf, South Sudan
(from Chapter Two)

> *The Land Cruiser V8's suspension makes the bumpy drive past lush riverside pastures much more enjoyable and conducive for conversation. I'm on a drive with Abu, a successful South Sudanese returnee entrepreneur from The Netherlands. It's been almost nine months since I last visited South Sudan, so I eagerly inquire how things have changed; especially with regard to taxation at the border. Abu also owns a clearing and forwarding agency*[272] *in Nimule and I'm curious how the Customs reforms that were implemented in 2012 have affected his business and the practical rules of taxation. Abu explains: 'Usually when the government acts it is harsh and short-lived, things go back to the way they were within weeks. At the border it's different, things have changed permanently. But it's not because of those consultants*[273]*, it's because the oil money is gone and they need income. . . At the border they comply because the future of the SPLM depends on that revenue.'*

So far, all the business and regulatory practices described in the previous conclusions appear to be quite path-dependent and resilient to change. However, as this brief anecdote illustrates with regard to cross-border trade, the practical realities of economic regulation are not all quite as path-dependent as they sometimes appear. In a situation where contending rival power centres within South Sudan and between South and North Sudan compete in a variety of negotiation arenas, over which the state lacks formalised and legitimate regulatory control, periods of path-dependent stability may be punctuated by episodes of rapid change. That change can take different forms and effect different outcomes at different time intervals, which this final concluding section demonstrates.

The fieldwork conducted for this thesis benefitted from a unique opportunity that allowed the exploration of the stability and path-dependency of everyday practices in the context of a major macroeconomic intervention by the South Sudanese government. In late January 2012, less than six months after independence, Juba's negotiations with Khartoum over transport fees for using the only existing pipeline connecting South Sudan's reserves to Port Sudan[274] were deadlocked, resulting in the unprecedented unilateral decision by the South Sudanese leadership to stop oil production altogether. This decision, although endorsed by widespread political and popular support due to its bold defiance of Khartoum, put the country under immediate and severe economic strain. To compensate for the loss

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[272] Details and significance of clearing and forwarding agencies are described in Chapter Two
[273] Referring to the Crown Agents consultants providing technical assistance to the Department of Customs in Nimule (see: DFID 2012; Crown Agents 2012)
[274] Khartoum demanded a transit fee as high as 36 US$ per barrel while Juba was not prepared to pay more than 1 US$ See: http://www.reuters.com/article/2012/02/24/us-southsudan-idUSTRE81N1U220120224

of 98%[275] of its income, the government announced a number of far-reaching austerity measures including a broad cap on spending, taxation and customs reforms and a stop on hiring new employees across all national and sub-national ministries. South Sudan's private sector was blocked; procurement spending, which the vast majority of South Sudan's non-state economic actors relied on was capped and in some cases reduced by more than 50%. Within a year of independence, the South Sudanese economy was plagued by a staggering 80% inflation and GDP growth declined by 47.6% in 2012[276]. Austerity measures continued until oil production finally resumed 15 months later in April 2013, but production had not reached pre-shutdown capacity up to the time of writing in March 2014.

One of the immediate impacts of the oil shutdown is briefly described in the anecdote above and in Chapters Two and Three about cross-border trade and state reform. These chapters identify a number of changes in the way the SPLA/M-based power networks underpinned business and taxation practices between senior customs officials and well-connected traders at the border in Nimule. Before 2012, customs rates were applied in highly selective ways. In addition to this, quite a number of affluent and well-connected trade arbiters enjoyed a status of unconditional tax exemption. After the oil shutdown however, tax revenues became exponentially important for financing South Sudan's bloated military and civil services. The sudden increased demand for Customs revenues by the central leadership, the majority of which was collected at the border, radically and structurally changed both the regulatory practices of taxation at the border and the rules governing tax exemptions for well-connected trade arbiters. In this way, the pending Customs reforms that had been successfully subverted by interface bureaucrats for many years suddenly became anchored into the everyday practices and remained that way at least till September 2013 when the last data on this subject was collected.

Another immediate and striking example of how the oil shutdown impacted business and regulatory practice is described in Chapter Four with regard to the patron-client systems underpinning the government procurement regimes that mediated access to lucrative contracts and thereby to the allocation of South Sudan's economic rents. It is shown how the 2012 oil shutdown and the ensuing austerity measures marked a sudden break from the way economic means had previously sustained a relatively stable political settlement. The negotiated relationships between different groups in society that had been enshrined in this political settlement (earlier denoted as the 'big tent' strategy) infiltrated the everyday practices of procurement and business by well-connected non-state economic actors. Thus, when the fiscal arrangements that had previously cemented this political settlement and funded the government procurement regimes became unsustainable on account of shutting down oil production, the corresponding patron-client constellations started to shift. Chapter Four demonstrates how this uprooting of the rent process arguably precipitated an opening for a group of 'reaspora' entrepreneurs to become more prominently involved in government contracting, a role in which they had previously been less successful on account of their limited holding power. This finding indicates

[275] See Global Witness 2012 or http://www.worldbank.org/en/country/southsudan/overview
[276] See: http://data.worldbank.org/country/south-sudan and http://ssnbs.org/

how the oil shutdown created a situation where the power relations, in which certain business practices were embedded, ceased to be taken for granted.

Interestingly, some of the other practices such as the Gibana tax and the insurance sector regulation were not quite affected as much by the oil shutdown. The Gibana tax, for instance, remained largely unchanged up to November 2012 when the last data was collected on the subject. The latest data pertaining to insurance sector regulation from December 2012 equally suggests that no immediate changes could be observed in the everyday practices. Concurrently, the oil shutdown arguably improved the position of the more productive reaspora entrepreneurs in Juba, whereas the position of the local cross-border traders in Magwi was relatively unaffected.

Different actors explain the outcomes of the oil shutdown in different ways. The international actors described in the previous section, for example, predominantly explain the outcomes as a capacity building success. Chapter Two about cross-border trade argues that because donor interventions are generally so fixated on formalised institutional arrangements, the donors perceived the changing dynamics associated with the oil shutdown to emerge out of a vacuum. The logical attribution that donor organisations in this case resorted to was to proclaim causality between their efforts and the events that appear to diverge from the objectives of their interventions. Chapter Two indicates that this is exactly how the DFID[277] and their implementing consultant partners interpreted the visible regulatory changes in the National Customs Service after the oil shutdown by stating that they – not the government – are 'transforming the customs administration in South Sudan and dramatically increasing revenue collection' (Crown Agents 2012, 1). This thesis argues that within the toolbox of explanations to hand, different actors tend to rely on those explanations that legitimise their position. With respect to donor engagement, different interventions embody different path-dependency presumptions, or in donor vocabulary 'theories of change' about how change comes about. The operative rationale that shapes how donor organisations implement and evaluate particular projects determines how the actor interprets problems, solutions and changes, thereby precluding other options that are not part of its interventionist gaze.

This thesis argues that contrary to the explanation offered by the international actors, the oil shutdown's outcomes can best be understood by examining how it impacted the socio-political power relations that were identified in the previous concluding sections. Chapters Two, Three and Four all show how business and regulatory practice in South Sudan is shaped by gradual and incremental 'processes of regularisation' by which actors are 'trying to fix social reality, to harden it, to give it form and predictability'(S. F. Moore 2000, 50). The same three chapters also show how, under specific circumstances, actors diverge from this regularisation through 'situational adjustment' that '[exploits] the indeterminacies in the situation' and '[re]injects elements of indeterminacy into social negotiations. . .' (*ibid)*. The first introductory chapter of this thesis introduces the concept of the

[277] The UK's Department for International Development, South Sudan's second largest bilateral donor in 2012. See: http://www.oecd.org/countries/southsudan/

‘critical juncture’ as a turning point between these strategies (Capoccia and Kelemen 2007; R. B. Collier and Collier 2002; Thelen 1999), in which path-dependent phases of institutional stability and reproduction are punctuated ‘by a situation in which the structural (that is, economic, cultural, ideological, organisational) influences on political action are significantly relaxed for a relatively short period’ (Capoccia and Kelemen 2007, 343). In similar vein, this thesis draws on Christian Lund’s characterisation of ‘open moments’ (Lund 1998) as instances whereby a gradual process of structuration (Giddens 1984) is interrupted and the associated ‘rules and structures are suddenly challenged and the prerogatives and legitimacy of politico-legal institutions cease to be taken for granted.’(Lund 1998, 2).

This thesis has demonstrated two important features of the ‘open moment’ as applied to the 2012 oil shutdown. First of all, the oil shutdown’s ensuing indeterminacy manifests differently between different actors, interests, relationships and institutional arrangements, hence the reference to everyday practices being *relatively* contingent during open moments. Secondly, that the oil shutdown needs to be understood in the context of the ‘double-edged possibility of reassertion or erosion of power’(Lund 1998, 2) that it precipitated.

The relative contingency of the practices that this thesis examines is rooted in the semi-autonomous nature of the socio-political power dynamics that shape them. As opposed to the Weberian ideal-type, these power configurations are not all-inclusive; there is no one all-encompassing meta-socio-political arrangement or rule-generating field that governs the diverse practices presented here. Instead, this thesis approaches the specific institutional arrangements that embody different sets of negotiated outcomes more as ‘semi-autonomous social rule-generating fields’ (S. F. Moore 1973; Merry 1988). In line with what other authors have demonstrated, this thesis shows that practical business and regulatory arrangements both generate certain rules, customs and symbols internally, but are also to some degree susceptible to the rules and decisions emanating from other fields which can, and do, affect and invade it (Griffiths 1986, 29). It has been argued that the oil shutdown altered the path-dependency, contingency and room for manoeuvre within different practices in different ways. The socio-political game-changing consequences of a macro-economic shock such as the oil shutdown (and the ensuing austerity measures) thus permeate all ‘semi-autonomous social rule-generating fields’ to some extent – hence their ‘semi’-autonomous nature – but the practical outcomes are diverse. This thesis indicates that in the customs and procurement examples, the institutional outcomes of the oil shutdown appeared to diverge more from what could generally be qualified as ‘developmental’ (Kelsall et al. 2010; Khan 2010). In the examples about local Gibana tax and the insurance sector, no such changes were documented during the initial austerity period.

The double-edged nature of an open moment lies in its quality to form a pretext for elites to re-exert their influence or for political bargaining to intensify (Lund 1998; Lund 2001; Titeca and de Herdt 2011; Unruh 2003). In this regard, even though this thesis was unable to incorporate the recent events following the December 2013 political crisis in South Sudan into the analysis, they can nonetheless be understood as a reminder that 'open moments' in the South Sudanese context may be created, sought, or instrumentalised by different groups to renegotiate their socio-political holding power. The use of violence, which as recent events have demonstrated can result in widespread loss of life and displacement[278], can be a harrowingly effective resource for different groups to renegotiate their dominance. As Alex de Waal notes in reference to the specific socio-political logics that underpin the (South) Sudanese conflict, 'Intermittently, when one or both parties see the chance, or fear the threat, of a radical change in the operation of the political marketplace, the level of violence increases by an order of magnitude or more. During these episodes of actual or potential game-changing, the elite consensus breaks down.' (De Waal 2009, 105) As such, this thesis submits that both 'developmental' change and regressive violence may both be attributed to the same open moment, emphasising its double-edged nature.

[278] At the time of writing in March 2014, estimates suggest that the events following the allegedly attempted coup by the Vice President on December 15th 2013 have cost the lives of over 10,000 people (see: http://www.theafricareport.com/East-Horn-Africa/south-sudan-igad-express-serious-concerns.html) and displacing more than 900,000 from their homes (see: http://www.unhcr.org/52fa45199.html)

5. Final remarks: Policy Relevance and Research Recommendations

Policy

None of the research presented in this thesis would have been possible without the support of the Dutch government. Not only was the research carried out under I.S. Academy funding but the interactive research methodology that was applied to study policy and intervention practices was only possible due to the commitment and involvement of the host organisation, namely the Ministry of Foreign Affairs and the Dutch Embassy in Juba. In this sense, South Sudan's eighth largest donor in 2012[279] has demonstrated a keen interest in the qualitative and ethnographic research about informal trade, entrepreneurship, economic regulation and governance in South Sudan that is presented in this thesis. Due to the partial focus on international actors and the role of interventions, a number of insights can be distilled that may function as a point of reference in evaluating the Netherlands' engagement in fragile and conflict-affected areas such as South Sudan with regard to PSD and entrepreneurship support. This section will list a number of findings that can facilitate such a dialogue without resorting to simplistic prescriptive recommendations.

As this thesis has demonstrated, despite much of the contemporary 'fragile states' policy rhetoric of being more politically aware and 'working with the grain' of local political processes, the everyday practices of intervention display a tangible deep-rooted reluctance to associate with the local socio-political dynamics that govern the real state-economy relationship. This is not to suggest that international actors are oblivious to these political realities; many international aid staff receive 'conflict sensitivity' training, which often clearly emphasises that engaging in intervention in fragile states is political by definition. However, as this thesis has illustrated, donor organisations struggle to integrate this awareness into the operative rationales of practice. There is a widespread tendency among many donor organisations in South Sudan to work almost exclusively on 'governance' through institution building, 'capacity building' and providing support to the 'most vulnerable' non-state actors. By limiting themselves to such activities, at least in the domain of PSD and entrepreneurship support, donor organisations are constrained to working from a very limited palate. This is problematic not only because it is often unproductive (as this thesis has shown), but more importantly because it obscures an appreciation of the more tacit informal dynamics that are so important for understanding how change comes about in fragile contexts. The following findings shed some light on how this dynamic occurs and what donor organisations can do to change it.

- *Working with State actors*: the precedence that is given by many donor organisations to the technical formalities of governance (the rules of the game) is ineffective without a proper understanding of how government (the game itself played out at societal level) works in

[279] After the US, the UK, Japan, Norway, Sweden, Canada and the EU. See: http://www.oecd.org/countries/southsudan

practice. Especially in the domain of economic governance, it is ineffective to categorise all forms of economic rents as corruption without coming to terms with how economic rents are governed, at what costs and with what consequences. This is nothing new and is advocated by a growing number of authors in both academic and policymaking circles. As such, the challenge does not lie in proving that this is in fact ineffective (this is gradually becoming common knowledge), but in studying how and why this understanding does not translate into practice. Such an inquiry would arise more from internal rather than external reflection and would have to include both the formal and informal 'rules of engagement' that govern intervention practice by donors.

- *Working with Non-State actors:* in similar vein to working with state actors, there is a growing body of literature that corresponds with the more recent policy rhetoric of working with local SME firms. Often described as supporting the drivers of change, the focus on the role of private sector actors in early recovery from conflict is growing. In practice however, the political nature of entrepreneurship in fragile states renders it quickly dismissed as informal and corrupt by international actors. This inhibits providing direct support and results in donor organisations 'outsourcing' the intervention to Western non-state counterparts (NGOs or private companies) who are then expected to build the capacity of the local actors, effectively implying that political nature equates to a lack of capacity. In this scenario too, there appear to be a number of tacit institutional constraints that inhibit intervention practice from adopting the new intervention modalities.
- *Theories of Change:* This thesis has engaged with the language of 'theories of change' on several accounts to explain a donor organisation's understanding of how change comes about, the presumed causalities, path-dependencies and contingencies that are embedded in the intervention. Especially at the implementing level, investing time and resources into making these often tacit theories of change explicit can help to identify gaps in knowledge, or conflicting causal assumptions. The example of the 'missing middle' argument that is routinely used by donor organisations while simultaneously sourcing supplies from a range of local economic actors is an example of a theory of change that is internally contested. In this example, there are two conflicting logics on the same operational level; one that argues a 'missing' entrepreneurial capacity and the other that relies on entrepreneurial capacity. Similar conflicting logics can exist on a vertical axis, such as in the example of the PSI Plus subsidy or the NABC trade mission described in Chapter Five of this thesis. In this case, expectations and interests by national level actors in the Netherlands conflict with the expectations at the level of implementation. One envisions a longer term engagement with local economic actors while the other primarily aims to stimulate an exploration of economic opportunity for external actors.

- *Political Engagement:* When examining the implicit reluctance shared by many donor organisations and NGOs to work with local entrepreneurs on account of their political affiliation, it is important to identify where that reluctance comes from. This thesis has argued that much of this inherent desire to circumvent the political nature of the private sector is an outcome of a negotiation between donors themselves and their respective parliaments at home, rather than out of an actual conflict sensitivity assessment. As the case of Abu Jakuma suggests, working with well-connected successful local entrepreneurs can yield developmental effects without necessarily reinforcing the conflict dynamics. In this respect, it is important to note that the interventions documented in this thesis seem to correspond with notions of non-political, facilitative, empowering and preventive engagement in relation to Western parliamentary oversight. In other words, definitions and distinctions between formal/informal and political/non-political are not locally derived but are inherently based on accountability requirements vis–à–vis the Western taxpayer. It is important to note that local actors may not see donor involvement as equally non-political. In the case of South Sudan, this is demonstrated by recent accusations on behalf of the incumbent government that the United Nations is acting like a 'parallel government' in South Sudan[280]. This example clearly illustrates that the distinction that donor governments make between governance and government may not resonate as such in the local political marketplace. Other authors argue also that the sharp rise in targeted violence against aid workers in fragile environments worldwide is a direct result of the more extensive and invasive engagement by international actors (Duffield 2010), which also suggests that local perceptions about what is political and what is non-political are crucial in developing a 'real' understanding of conflict sensitivity.

[280] President Salva Kiir further noted that *'If that is the position of Ban Ki-Moon, he should make it clear that he wants the UN to take over South Sudan.'*, see: http://www.bbc.com/news/world-africa-25826598

Research

The research conducted for this thesis has explored a number of 'semi-autonomous' cases that vary between locales, levels, actors and issues. This selection of research sites and issues was based on the research ambition to explore the modalities of real economic governance in a broad sense. This has benefitted the analyses presented in this thesis by moving beyond singular locales, actors or cases to identify and compare various trends across South Sudan. In all cases, however, the findings and preliminary analyses would benefit greatly from further research. This section outlines a number of research activities that would complement and build upon the findings presented in this thesis:

- Enhance the empirical data concerning the four cases presented in this thesis. A more detailed analysis would require more data from the period after oil resumption in April 2013 and from the ongoing crises. More detailed historical data about the origins of some of the practices documented in this thesis would also substantially enhance the analyses.
- Enhance the comparative aspect of the research by including other research sites within South Sudan where similar practices can be observed. For example, there are many Counties in South Sudan other than Magwi County that also levy a 'Gibana' tax on international border trade. Other researchers have established that there exists a great variety in the way this tax is operationalised (Solomon and Bell 2011). Including more cases to compare would allow for an analysis that could identify patterns across the whole of South Sudan and would provide an interesting view of the new country's state-making dynamics 'from below'
- Enhance the analysis by including other forms of business practice and regulation. The selection of border taxation, procurement and insurance sector licensing has generated an interesting snapshot of how real economic governance works in practice. This can be expanded by applying a similar methodology to studying other cases such as property registration, investment protection, land allocation, etc.

– SUMMARY –

‘On the State of Business: Trade, Entrepreneurship and Real Economic Governance in South Sudan’

Rens Twijnstra

This thesis analyses how business activity and economic regulation in South(ern) Sudan was governed before and during the 2012 economic austerity period following the political decision to shut down all oil production. The analysis focuses on the modalities of real economic governance (Olivier De Sardan 2008), warranting an empirically-grounded ethnographic view of governance from the perspective of everyday practices and interactions between and within groups of economic and state actors. It argues that in an environment where formal state institutions are fragmented, contested and rivalled by non-state ordering mechanisms, business practice and regulation is governed by socio-political relationships that are negotiated between powerful groups and individuals both inside and outside the domain of the state.

South Sudan is the world’s 193rd state and its youngest. Emerging out of more than four decades of civil war and structural underdevelopment, South Sudan continues to struggle with its violent legacy and looming resource curse. After the Comprehensive Peace Agreement of 2005, the Government of Southern Sudan was entitled to half of its crude oil revenues which sustained a relative internal peace and precipitated a surge in economic activity concentrating in the new capital city of Juba. The South Sudan People’s Liberation Movement’s (SPLM) rapid transformation from a guerrilla insurgency movement into a semi-autonomous Southern Sudanese government, combined with the exponential influx of international aid agencies and returning refugees, resulted in widespread demands for the most basic commodities. Having virtually no domestic production or manufacturing capacities, southern Sudan’s non-oil economic activity revolved predominantly around construction and importing large quantities of goods from East Africa.

When South Sudan seceded from Sudan in July 2011, it inherited vast crude oil reserves with no refineries and only one major export pipeline running through northern Sudan to the Red Sea export terminal in Port Sudan. Contentious negotiations between Juba and Khartoum over pipeline transit fees became deadlocked in January 2012, less than six months after independence, when the southern leadership unilaterally decided to shut down all oil production thereby depriving the young country of 98 per cent of its revenues. The ensuing austerity measures put a severe strain on the South’s burgeoning private sector, in particular on trade arbitrage that thrived on the availability of oil-generated foreign currency.

Chapter One examines how the relationships between different groups of cross-border traders and state officials shape the practices of cross-border trade and the way state officials levy taxes on that trade. It analyses the relationship ties between traders and tax officials as a social network in

which business and regulatory practice is embedded (Kate Meagher 2009). By studying the 'practical norms' of taxation, referring to the operative rules that actually shape the space for negotiation between traders and state officials (Olivier De Sardan 2008; Titeca and Herdt 2010), the second chapter demonstrates how different networks with different institutional content yield different practical norms. It compares and contrasts interaction patterns between local cross-border trade networks of survival and local government officials with interaction patterns between regional cross-border trade networks of accumulation and national government officials. By demonstrating how the oil shutdown affected one of these two interaction patterns much more invasively than the other, it is argued that the relative stability of practical norms depends largely on the socio-political relationships between state and non-state actors that sustain them.

Chapter Two continues with a similar line of inquiry but focuses more closely on how power relations negotiated between groups of actors within the state shape the everyday regulatory practices of taxation and business regulation. By examining a number of economic reforms targeting, among others, the National Customs Service and the financial service sector, the third chapter explores how state officials use the heterogeneous and incoherent toolbox of official rules to appropriate, circumvent or subvert institutional reform. It is shown how institutional bricolage practices – improvising creative solutions by using pre-defined components by which the official is constrained (Cleaver 2001; Koning 2011; Sehring 2009b) – reproduce existing SPLM power structures that underpin the performance of the state in these domains. By conceptualising the oil shutdown as an 'open moment' for institutional change (Lund 1998), this chapter shows how the space for bricolage can widen during contingent economic episodes, thereby increasing the likelihood for institutional reform to aggregate into local practices.

Chapter Three shows how entrepreneurial practices and potential are shaped by the economic regulation of the government procurement sector, the largest hub of non-oil economic activity in South Sudan. It examines the patron-client relationships that govern the creation, allocation and utilisation of economic rents between the ruling elite and a distinct cadre of well-connected 'tenderpreneurs' from a political settlements approach (Di John and Putzel 2009; Khan 2010). Based on a logic of short-term rent allocation to maintain a fragile balance of power between rival power centres and their intermediate elites, it is shown how the government procurement sector withheld access and opportunity from other groups of less connected yet more productive entrepreneurs. This chapter analyses how the oil shutdown impacted the patron-client relationships that sustained this relatively closed system, signalling a relative improvement for more productive entrepreneurial activity and a gradual institutional shift within procurement regimes.

The fifth chapter further explores the role of international development actors, donors and aid organisations in stimulating local entrepreneurship and foreign direct investment (FDI). By juxtaposing international private sector development (PSD) in fragile states policy with a select number of initiatives that aim to support the local private sector, this chapter identifies local entrepreneurship as a blind spot in the intervention rationale by international actors. It is argued that despite excessive lip service to local private sector development and entrepreneurship in fragile states, intervention practice with regard to non-state economic actors is firmly geared towards apolitical engagement with the most vulnerable groups in society. In an environment where economic activity above the level of survivalist micro-entrepreneurship is almost inherently politicised, entrepreneurs are thus by definition precluded from support, thereby reinforcing an image of a 'missing middle' and diverting attention to international firms as 'capacity builders' of the local private sector.

The overarching concluding chapter distils four general conclusions at which the thesis arrives. It argues first of all that the everyday practices of business and economic regulation in South Sudan are governed by socio-political power relations between groups of non-state economic actors (traders, entrepreneurs) and state actors (tax officials, procurement officers, etc.). Secondly, it argues that practices are also governed by negotiated power dynamics between groups of actors at different levels within the state. Thirdly, the concluding chapter argues that an apolitical intervention rationale on behalf of international actors aiming to provide support to the local private sector precludes local entrepreneurs as a 'missing middle' by disregarding the socio-political dimensions of the private sector. Finally, it is argued that economic action and regulatory practice is relatively contingent during an 'open moment' precipitated by a macroeconomic crisis. Some practices changed and started converging with a more 'developmental' trajectory, while others remained largely unaffected. In summary, the oil shutdown did not have one distinctively positive or negative effect on the modalities of real economic governance, but impacted different practices and different relationships in a variety of ways that all provide clues about how the state-economy nexus is negotiated on the ground in the Republic of South Sudan.

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Completed Training and Supervision Plan

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Name of the activity	Department/Institute	Year	ECTS (1 = 28 hrs)
A) Project related competences			
Research proposal writing	WUR, Disaster Studies (IS- academy)	2009 -2010	6
IS academy weekly article discussions, theoretical and methodological (bi-weekly)	WUR, Disaster Studies (IS- academy)	2009-2013	4
B) General research related competences			
Qualitative data analysis for development research	CERES	2009	1
CERES Basic Training	CERES	2010	10
Information Literacy, including Introduction Endnote	WGS	2009	0.6
"The impact of trans-local networks of returnee entrepreneurs on emergent governance institutions in Abyei, Sudan",	IASFM Uganda,	2011	2
"Working with the grain of informality in fragile states: developmental patrimonialism or privatization of privilege?"	WCO, Brussels	2013	1
"Cross-border Trade and the Practical Norms of Taxation along the South Sudan - Uganda Border",	ECAS, Portugal	2013	2
"Negotiated Procurement Practices: the case of South Sudans Reaspora Tendrepreneurs"	Max Planck Institue, Germany	2013	1
"Everything Changes to Remain the Same? State Reform in South Sudan"	London School of Economics, UK	2013	2
C) Career related competences/personal development			
Presentation Skills Training	CERES	2010	1
Total			**30.6**

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