

21/05/2015



Situation Brief: South Sudan

1. Information

1.1 Renewed conflict in the Greater Upper Nile region

Troop movements and a significant upswing in violence between government (SPLA) and SPLA-IO forces has resulted in a deterioration of the security situation in the area referred to as the Greater Upper Nile region in recent weeks. As has been seen in previous years of the ongoing conflict, this escalation is due to both sides seeking to take control of as much strategically important territory and targets as possible before the dry season comes to an end; knowing that the rainy season will render areas inaccessible and significant movements will become impossible.

Upper Nile state continues to be a heavily contested area, where heavy fighting has been taking place and the situation remains fluid. On 15 May 2015, SPLA-IO forces launched a renewed offensive in the north west of the state. It began with an assault on Malakal, following the apparent defection of Major General Johnson Olony to the SPLA-IO. SPLA-IO forces then moved north, launching an assault on government held Melut. On 19 May 2015, the UN reported that two mortar rounds landed inside the UNMISS compound at Melut, killing four civilians and injuring an unknown amount. There were also reports of heavy fighting on the evening of 20 May 2015. Although the rebels claimed to have briefly taken control over Melut, a spokesperson claimed they had withdrawn to within a few kilometres of the town in the last 24 hours. Staff at the Polouch oil field were evacuated from the site following reports that rebel forces were advancing towards the facility. However, as of 21 May 2015, government sources have claimed that there has been no rebel movements near the site. On 20 May 2015 a government spokesperson warned rebel forces based in Malakal that they had 72 hours to withdraw their forces or face a full military assault.

There have also been reports of troop movements around the frontline in Jonglei State. Forces loyal to the government had mobilised for an offensive in the frontline area between Bor, Twic and Uror counties. It is thought that an offensive was going to be launched on Akobo, but has now been cancelled. Trusted sources stated that government forces based in Ayod, moved north from their positions and attacked rebel positions in the Tem area. During the weekend of 16/17 May 2015, SPLA forces have attacked SPLA-IO positions in the Pajut area between Duk and Uror Counties.

Unity State has also seen significant developments in recent weeks. SPLA forces moved out of their stronghold in Bentiu and pushed south through rebel held areas, leading to several INGO's including MSF and ICRC to evacuate some staff from Leer, Guit and Koch. The UN stated at the start of last week that they had credible information indicating several towns and villages in Guit and Koch counties in Unity state were reportedly burned amid killings, abduction of boys, rape and abduction of girls and women and forced displacement of civilians. UN staff have also been evacuated from Unity State amid fears that violence will escalate further. On 13 May 2015 the UN Assistant Secretary-General Toby Lanzer stated that 500,000 people in the area are "without lifesaving aid" and 100,000 people have been displaced in the area, in the first week of May alone. As of 21 May 2015, trusted sources suggest that Machar's place of birth, is now in control of government forces. The situation in the three Greater Upper Nile states remains fluid.

1.2 Political Manoeuvring and Peace Process

There appears to be an increasing level of disquiet in the President's Office. Kiir has dismissed several ministers in recent months and it is thought a cabinet re-shuffle is likely to take place in June as Kiir will look to firm up his position and remove those who may potentially be opposed to him. As part of the Comprehensive Peace Agreement (CPA) that was signed in 2005, Kiir agreed to a transitional government which would hold a general election in July 2015. This has

however now been postponed in the wake of the conflict. The Parliament voted in April 2015 to amend the country's transitional constitution and extend the term of the president and parliament until July 2018.

The progress of the peace talks between representatives of the government and the rebels in neighbouring Ethiopia, Kenya and Tanzania have stagnated. President Salva Kiir and rebel leader Rick Machar held what was supposed to be the final round of peace talks in March 2015. They however failed to reach an agreement by the 5 March 2015 deadline set by IGAD mediators. Despite regional and international pressure, there is currently no agreement on when the next round of talks will take place. Neither side appears to be willing to make the concessions required for an agreement to be made. The SPLA-IO has made it clear that they do not accept the legitimacy of Kiir following the extension of his term. There are conflicting statements as to whether the government would consider power-sharing. The bottom line is that the likelihood of Kiir and Machar working together again is very slim.

1.3 Economic Concerns

The economic situation in South Sudan has also deteriorated in recent months. Government spending is still high and imports are far outweighing exports. An estimated 70 per cent of expenditure is being devoted to security, costing approximately \$210 million a month. Oil revenue has now fallen by approximately 75 per cent when compared to pre-conflict figures, with production only at 40 per cent. It is expected that exports of Dar Blend crude oil in May 2015 are likely to be reduced by a further 8 per cent when compared to exports from April. South Sudan's Ministry of Petroleum is selling the oil at a discount of \$7-7.90/ barrel to China. Oil now only brings in a revenue of \$60 million a month and government tax revenues only generate \$40 million a month. The IMF reported in early May that government spending has led to a budgetary shortfall of approximately \$200 million a month, which is contributing to further inflation.

The USD on the black market is far exceeding the official exchange rate of 3.1 SSP. In recent weeks it has fluctuated regularly peaking at approximately 13.5 SSP in Juba. In November 2014, the black market rate was approximately 4-4.5 USD. There is a reported increase in individuals withdrawing USD bills to cash them in on the black market, which is further causing artificial inflation. Reports have also surfaced that foreign currency, such as the Ethiopian Birr and the Ugandan Shillings, is being used in some areas. It is thought that there are more SSP notes in circulation as the central bank has been allegedly printing money to meet a budget shortfall. Concerns that South Sudan is in a period of highly increased inflation now appear to be genuine.

As the currency continues to depreciate the cost of living remains challenging as commodity prices climb. The World Food Program Market Monitor noted in April 2015, that prices of millet have risen by 33 per cent and sorghum by 11 per cent when compared to the April 2014. Reports emerged on 17 May 2015 that supermarkets in Juba had run out of bottled water. In recent week's fuel (diesel) that is imported through the border towns of Nimule and Kajo Keji has not been reaching Juba, leading to fuel shortages in the capital. For a period of two weeks fuel wasn't available on the formal market or on the black market, forcing agencies to stock pile. On 6 May local media sources and eye witness accounts by international organisations reported that fights broke out at fuel stations in Jebel and Guedelee, where people had been queuing all day. Police were deployed to quell violence and reports suggest they used deadly force in some instances.

Fuel shortages are also hindering the movement of goods. Trusted sources based in country are reporting that sugar has become increasingly scarce in the formal and informal markets. Traders are finding it increasingly challenging to be able to afford supplying rural markets. Subsistence farmers in northern states do not currently have the sufficient freedom of movement to take full advantage of the planting season. This is likely to cause the food security situation to become more desperate.

2. Implications and Analysis

It is highly likely that clashes will continue between SPLA and SPLA-IO forces in the coming weeks. Forces loyal to the government are likely to continue their current offensive on SPLA-IO areas in the Greater Upper Nile region causing further displacement of populations ahead of the rainy season. The SPLA has made significant territorial gains in Unity State and could potentially clear most of the southern part of the state in the near future. This would strengthen their positions around Bentiu and Wang Kai, as well as empower the government's position for future negotiations. The SPLA-IO's victory in Malakal is a significant development and it is likely that the government forces will launch a full scale counter-offensive in the coming days. If the SPLA-IO forces can hold their positions in Upper Nile and take control of Melut and Polouch oil field, the government's already dire financial situation will worsen further. When the rainy season kicks in the government will be limited in its ability to make further gains. The SPLA-IO will be less limited and are likely to carry out guerrilla style attacks in the coming months.

Though there is currently no dates set, peace talks between the two warring factions are likely to be renewed. Given that little will have changed in terms of incentives for either side to make concessions, the success of the process will likely remain limited. If this is the case then a continuation of conflict in the Greater Upper Nile region will likely occur following the end of the rainy season in November.

There is potential for the economic situation to worsen in the coming months. If this occurs then it will likely mean a further increase in inflation, placing further strain on populations in an already dire position. This will likely lead to further fuel shortages and a further reduction of food security. There is a high potential that the country will suffer from a famine in the near future.

A famine is likely to have a knock on effect for security. It will likely drive petty crime and violent crime to increase further in urban areas as people become increasingly desperate. There is a concern that stockpiles of weapons across the country could be distributed for use.

Widespread fuel shortages are likely to lead to armed actors seeking to obtain fuel from agency vehicles through armed robberies. Car-jackings have increased since the end of 2014 and at the beginning of 2015. It is believed that this trend could well continue, with the potential escalation of associated violence. There is also a concern that the government's ability to make timely payments of wages to military and police will further reduce, leading ill-disciplined cadre to criminality. The UN has reported an increase in harassment of its staff at checkpoints and there is a concern that security forces will target agencies and undertake cattle raids to obtain supplies and food.

The government passed an NGO regulatory bill on 13 May 2015 which has generated concern amongst the NGO community. The bill looks set to enforce that all organisations must employ 80 per cent local staff, including at a senior level, and it will force NGOs to sign individual "county agreements" with the government. Such agreements were used in Sudan in the past as a method of control. The bill also appears to force NGOs to use South Sudanese banks, despite concerns that the financial sector is at tipping point. The above developments look set to make South Sudan an increasingly challenging environment for operations in the coming months. The general situation is considered to be tense with an increased concern for the coming months.

Many agencies are testing their preparedness and it is worthwhile to consider the various military, social and economic outcomes that may occur. Agencies should review their plans for all options, particularly food, fuel and water shortages. Safer Edge are able to assist as required.