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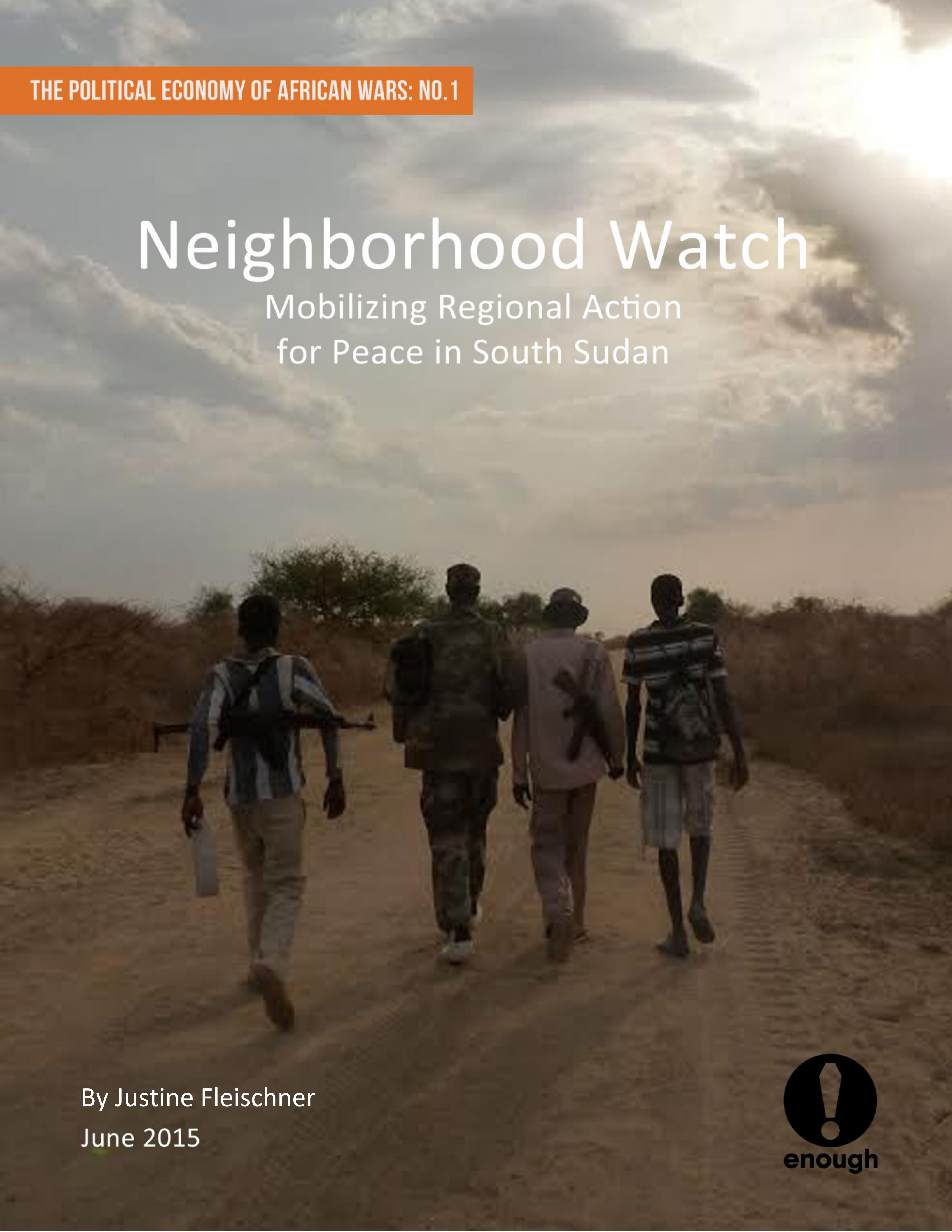
Neighborhood Watch

Mobilizing Regional Action for Peace in South Sudan



By Justine Fleischner

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Political Economy of African Wars Series

The Enough Project is launching a new series of in-depth, field research-driven reports on the dynamics of profit and power fueling war in the Horn, East and Central Africa. Violent kleptocracies dominate the political landscape of this region, leading to protracted conflicts marked by the commission of mass atrocities by state and non-state actors. Enough's Political Economy of African Wars *series will focus on the key players in these conflicts, their motivations, how they benefit from the evolving war economies, and what policies might be most effective in changing the calculations of those orchestrating the violence–including both incentives and pressures for peace.*

COVER PHOTO: A group of armed youth walk along a road in Jonglei, South Sudan in June 2013. Photo Credit: Justine Fleischner

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Executive Summary

In South Sudan, efforts to broker peace are not succeeding. This is in large part because the neighboring countries most involved in the peace process have not yet utilized their unique economic leverage to press for the concessions necessary for peace. The warring parties have little interest in making such compromises in a current environment where there is no cost for not doing so. Neither the region nor the international community have held South Sudan's leaders to commitments made at the negotiating table, including nine signed agreements to cease hostilities,[1] all of which have been violated within days.[2] The region has repeatedly warned that it will impose punitive measures,[3] but willingness to take action on South Sudan has been undermined by a web of political and economic relationships linking regional elites' interests to those of South Sudanese politicians.

While the peace process drags on, fighting on the ground continues, including targeted killings based on ethnicity, rape, the recruitment of child soldiers, and other war crimes.[4] Continued inaction—including the decision to delay the release of the final African Union Commission of Inquiry report detailing atrocity crimes committed by both sides since the conflict began on December 15, 2013—has reinforced a culture of impunity for South Sudan's warring elites.[5] Limited sanctions designations made by the United States,[6] European Union,[7] and Canada[8] against field commanders for their role in attacks against civilians have had little impact on battlefield calculations, given the limited financial exposure of commanders outside the region. The unanimous adoption of a globally enforceable sanctions regime by the U.N. Security Council,[9] which regional countries would be obligated to enforce, has so far not named anyone.

Furthermore, although the African Union Peace and Security Council called for "urgent steps" by the U.N. sanctions committee in May 2015,[10] no action has been taken at the regional level, leaving the funding flows for the conflict mostly untouched and the regional power dynamics that support the conflict intact.

A mixture of effective sanctions and other forms of economic pressure, limiting the warring parties' ability to access or move funds obtained through state corruption and other forms of illicit income, coupled with incentives for regional players to end their support to the warring parties, could fundamentally alter the calculations of the warring parties. Targeted sanctions are a priority for South Sudan, because freezing the assets of leaders of the warring factions and the networks that enable them would substantially diminish their ability to conduct the war effort on the ground and create some level of accountability for ongoing atrocities. In South Sudan, informal patronage networks established during the civil war were formalized as a kleptocracy when the interim South Sudan administration was established after the North-South peace deal, and the systemic corruption only deepened upon independence in 2011. Individual elites have used their positions in the military and government for patronage and their own personal economic benefit.[11] By targeting the elite networks and interests that fund and fuel the conflict, the international community can ensure that the leaders of South Sudan's government and armed opposition also have to begin to bear the cost of war.

This report describes the regional economic dynamics of the conflict in South Sudan and the opportunities for peace through regional action, aligning regional economic opportunities and interests with efforts to break the impasse in negotiations. The Intergovernmental Authority on Development (IGAD), leading the peace process, is deeply committed to regional stability and economic development. That said, in the past, IGAD member states have often pursued their own national economic interests as disconnected from and more valuable than regional cooperation.[12] In recent years, the region has realized the benefits of economic integration and initiated a number of multi-country infrastructure development projects (discussed in further detail below). These projects rely on international support and investment, but to attract the needed foreign investment, international donors will need these regional players to comply with international banking standards and financial obligations, and this should include sanctions enforcement.

There are regional motivations to end the conflict that have not been emphasized sufficiently. The conflict in South Sudan has come at a high cost to the region[13] in terms of lost economic opportunities in trade and investment, refugee flows,[14] and military expenditures, particularly for Uganda.[15] Uganda also relies on South Sudan as its most important export market.[16] Kenyan banks form the backbone of the South Sudanese economy and facilitate the bulk of financial transactions in the region.[17] Ethiopia is less economically entangled in the conflict, but it is diplomatically deeply invested in mediating regional tensions and maintaining its leadership role as the chair of IGAD. Finally, Sudan is invested in not only cutting off South Sudanese support to the Sudanese armed opposition but also maintaining its exclusive access to South Sudan's oil wealth. Personal business interests are also a factor, including those of friends and family of regional heads of state.[18]

Uganda, Kenya, Ethiopia, and Sudan also have collective development interests in regional infrastructure projects, such as the Northern Corridor network to expand Kenyan port access at Mombasa, the Lamu Port Southern Sudan-Ethiopia Transport (LAPSSET) Corridor to expand Kenyan port access at Lamu, and the Ethiopian Grand Renaissance Dam, which will provide hydro-electric power across the region, including to Sudan.[19] Without access to South Sudanese markets and the country's natural resource wealth, these projects will fall short of the ambitious vision of regional heads of state for economic development and integration in the region.

While regional sanctions enforcement is essential to change the calculations of the warring parties, these competing economic and political interests have hamstrung regionally led negotiations. Uganda has actively lobbied against sanctions and an arms embargo at the United Nations, given its military presence in South Sudan.[20] There are also concerns among regional leaders that sanctions could negatively impact regional investments in South Sudan, such as those made by Kenyan banks.[21] Outside pressure must be brought to bear to resolve regional tensions that have prevented action on promised punitive measures. Sanctions enforcement should be something these governments perceive to be in their interest to prioritize.

Given the threat that protracted conflict presents for stability and foreign investments, there are opportunities to align the agendas for peace, security, and development in the region—despite the challenges outlined above. The Chinese have backed direct talks[22] and dispatched infantry forces to a U.N. peacekeeping mission for the first time.[23] China's state-owned National Petroleum Corporation (CNPC) holds a 40 percent stake in South Sudan's oil extraction facilities that remain the government's key source of revenue.[24] China therefore has unique economic leverage and should be intensively engaged by the United States to exert that economic leverage as a key partner in the expanded peace process, including maintaining and enforcing a moratorium on weapons shipments to the government of South Sudan.[25]

In order to build regional support for targeted sanctions enforcement, the Enough Project recommends that the U.S. and other international partners focus on cutting off the money flows that fuel the conflict, building political will and technical capacity for regional sanctions enforcement, and working with regional players to build economic and political incentives for peace:

Enforce regional sanctions; create regional incentives

1. Backed by additional unilateral targeted sanctions designations and a push at the U.N. Security Council for multilateral designations, the United States should lead a diplomatic effort to build regional support for targeted sanctions enforcement. The United States should deploy other possible financial pressure tools in order to reduce the warring parties' ability to pay for the conflict and to reduce the incentive to wage war.

2. The United States should work with China and with regional governments to align the region's economic development agenda with an end to the conflict in South Sudan. To encourage steps towards sanctions enforcement and further meeting of international legal and financial obligations, the United States, China, and other relevant donors and multilateral institutions should discuss making these a necessary step towards increased donor funds and foreign investment in infrastructure development projects that would improve shared economic progress in the region.

3. The U.N. Security Council should adopt a global arms embargo to limit the flow of weapons and ammunition to the warring parties.

Build capacity for ongoing sanctions enforcement

4. The U.S. government should increase its own intelligence gathering in support of targeted sanctions, and the United States should intensify coordination with civil society, other governments, the U.N. Security Council, and the IGAD region to trace the assets of key influential elites on both sides of South Sudan's civil war to ensure that the right people can be identified and sanctions can be effectively enforced.

5. The United States, European Union, and other donors should expand their existing capacity-building efforts in the region beyond their current focus on anti-money laundering and counter-terrorist financing to prioritize efforts to strengthen Kenya, Uganda and Ethiopia's legal, regulatory and technical capacity to enforce sanctions imposed by the U.N. Security Council.[26]

6. International donors should prioritize funding to civil society organizations in South Sudan, Uganda, Kenya, Sudan, and Ethiopia that are dedicated to combating impunity for economic crimes, pursuing transparency agendas, and urging regional sanctions enforcement.[27]

End the regional political tensions driving conflict

7. International partners engaged in the peace process should ensure that regional tensions and support to the warring parties do not continue to extend the conflict. Chief among these tensions is the long-standing dispute between Uganda and Sudan. Any peace deal should include specific provisions on a timeline for withdrawal of Ugandan troops and an end to Sudan's support for the Sudan People's Liberation Army (In Opposition) (SPLA-IO).

Introduction

At the outset of South Sudan's civil war in December 2013, regional states intervened under the auspices of IGAD to sort out a diplomatic solution to the crisis. After 15 months of regionally-led negotiations, from January 2014 to March 2015, with former Ethiopian Foreign Minister Seyoum Mesfin and Kenyan Gen. Lazaro Sumbeiywo, the warring parties failed to reach an agreement on the core issues related to the political transition.[28] Even direct talks between South Sudanese President Salva Kiir and SPLA-IO leader Riek Machar, mediated by Ethiopian Prime Minister Hailemariam Desalegn and Kenyan President Uhuru Kenyatta, were unable to break the impasse in negotiations. An agreement has not been reached because there are incentives to fight that outweigh the incentives for peace. The region has thus far been unwilling to affect the parties' calculations by imposing the long-promised regime of asset freezes, travel bans, and an arms embargo[29] that would make it more difficult to sustain the war effort on the ground.

In order to increase pressure on the warring parties, the process has been expanded. The process now includes five A.U. member states, specifically Nigeria, Rwanda, South Africa, Chad, and Algeria, as well as representatives from the United States, the United Kingdom, and Norway (the "Troika"), as well as the United Nations, the European Union, and China. Under this expanded "IGAD plus" process, which includes additional parties to the negotiations,[30] there is an opportunity to bring multilateral pressure to bear on the warring parties. There is also an opportunity to de-escalate the regionalization of the conflict, particularly the Ugandan military intervention in support of the South Sudanese government and Sudanese support to the SPLA-IO, including resupplies of ammunition.[31] As the conflict drags on, neighboring states risk being drawn further into the conflict with dire security and economic consequences for the IGAD region. As part of negotiations, international partners should facilitate agreement on a timeline for the withdrawal of foreign forces from South Sudan and enforce a global arms embargo to limit the flow of weapons and ammunition to the warring parties. As one Ethiopian diplomat warned, "the longer the conflict continues, the more difficult it will be to contain."[32]

Despite the clear costs of war to South Sudan and the region,[33] competing political and economic interests have limited regional support for targeted sanctions as a diplomatic tool to force the concessions necessary for peace and ensure that agreements made at the negotiating table are implemented on the ground. As one regional expert noted, "as long as regional disagreements continue, the warring parties will seek to take advantage of the situation."[34] Such dynamics are deeply problematic in a region beset by internecine war that has tried to take dramatic steps towards regional economic integration, including ambitious cross-border infrastructure development projects. Efforts to align the peace, security, and regional development agendas may have the greatest chance of building political will for peace.

Targeted sanctions enforcement is an essential part of the regional opportunity for peace. This requires partnering with regional governments to ensure the appropriate technical capacities exist to trace, seize, and freeze the assets of designated individuals. While significant gaps remain in terms of financial transparency and accountability in the IGAD region, efforts to meet international financial obligations to attract foreign investment and improve regional compliance with international banking regulations have made some progress in recent years. Kenya, which has the largest banking sector in the region, and Ethiopia, in particular, have made progress to improve financial transparency and accountability in cooperation with international development partners to combat money laundering and terrorist financing in the region.[35]

In order to better understand the regional dynamics playing out in South Sudan's civil war and the options for increasing economic pressure towards peace, including regional sanctions enforcement, this paper analyzes these regional interests and the ways they have shaped each country's intervention strategy and engagement with the international community on South Sudan. The paper focuses on Uganda, Kenya, Ethiopia, and Sudan as the key players in the peace process and the region. The report analyzes their political and economic interests, including private business interests and rumors that abound on backroom deals and regional alliances. The analysis is based on dozens of interviews with regional experts, diplomats, government officials, civil society leaders, and economists. Leading regional experts in Uganda, Kenya, and Ethiopia also contributed their own independent analysis to inform this research. The interests of Uganda, Kenya, Ethiopia, and Sudan are described, followed by a discussion of the policy implications these interests present, focusing specifically on economic incentives and pressures to align regional interests with targeted action against the perpetrators and enablers of economic and atrocity crimes in South Sudan.

Uganda's Interests in South Sudan

Uganda is the most significant external player in South Sudan, given its direct military intervention in support of the government in Juba days after the conflict broke out. As one regional official explained, "[President Yoweri] Museveni now holds the trump card over the government [of South Sudan]."[36] Due to its key military, economic, and political interests, Uganda is unlikely to readily enforce targeted sanctions—including an arms embargo—against its allies in Juba unless sustained multilateral pressure and engagement addresses Kampala's core concerns and interests. Uganda's direct military involvement in the conflict and the notably opaque legal and financial terms of support to the government of South Sudan may also risk scrutiny as part of investigations into the financing of the conflict. Uganda's intervention in South Sudan initially drew widespread regional and international support for the protection Ugandan forces provided to foreign nationals and international interests, but IGAD has since become divided on Uganda's role in the conflict. The main issue is historic tensions between Ugandan President Museveni and South Sudanese SPLA-IO leader Riek Machar, particularly for Machar's support to the anti-Kampala Lord's Resistance Army (LRA) and his rebellion in 1991 that led to years of fratricidal killing in South Sudan. President Museveni and Machar have not engaged in direct talks since the conflict began, and President Museveni has intervened in negotiations to advocate on behalf of President Kiir's executive authority during the transitional period.[37]

Given the close ties and strong strategic interests of Uganda in South Sudan, at the outset of the crisis, the Ugandan People's Defense Force (UPDF) was deployed to South Sudan. In an interview in January 2014, President Kiir told *The Wall Street Journal*, "I as the head of this government requested them to assist,"[38] although some South Sudanese leaders in Uganda claimed there had been no formal request by President Kiir to President Museveni,[39] and Ugandan government representatives rejected allegations that President Museveni had sent forces to support President Kiir.[40] There are also allegations of suspected payments from the government of South Sudan to Kampala for the UPDF's deployment in South Sudan,[41] although allegations about these suspected payments could not be independently verified by Enough, and claims to this effect were denied by senior authorities within both governments.[42] Close ties between South Sudanese and Ugandan officials and military officers reflect important long-standing alliances among key power players that have countered powerful Sudanese influence in the region for decades.[43] The UPDF has historically provided training and mentoring to SPLA officers,[44] and many South Sudanese military officers have their homes and families in Kampala.[45] Significant shared business interests, including trade and remittances, as well as transnational infrastructure projects between Uganda and South Sudan, have also shaped perspectives in Uganda on support for targeted sanctions for South Sudan.[46]

Uganda's military support to the government of South Sudan

Uganda's military support to the government of South Sudan makes it unlikely that Kampala will willingly enforce targeted sanctions against South Sudanese officials or comply with an arms embargo.[47] The Ugandan government officially acknowledges the presence of around 3,000 troops in South Sudan—three battalions and one company.[48] Other sources suggest that number is likely much higher.[49] Sources tell the Enough Project that the Ugandan government has relocated significant air and ground assets from Entebbe, near Kampala, to Gulu in northern Uganda, where these assets are now closer to the capital of South Sudan than they are to the capital of Uganda.[50] Uganda's intervention in South Sudan initially drew widespread support particularly for the UPDF's assistance with evacuations of foreign citizens,[51] but as the conflict has progressed, the UPDF presence in South Sudan has become a major point of contention within IGAD.[52] In April, in response to regional and international concerns, Uganda and South Sudan formalized their military cooperation under a Status of Forces Agreement (SoFA) that is renewed every four months.[53] The two countries have also reportedly established an arms purchasing deal.[54]

The Ugandan government is concerned that sanctions against South Sudanese leaders and an arms embargo on South Sudan would limit its ability to support its allies and protect Ugandan economic and security interests in South Sudan. An arms embargo would effectively counteract the SoFA and any military arms purchasing arrangement the two countries may have in place, and an embargo could also potentially expose Kampala to international scrutiny and jeopardize its relations with the United States.[55] Regional journalists and analysts also suggest that investigations into alleged human rights violations and war crimes committed by all sides, could potentially implicate the government of South Sudan,[56] as well as UPDF officers in South Sudan for their direct support of the SPLA. For example, the reported discovery by U.N. experts of cluster munition remnants near the South Sudan town of Bor have prompted calls for the governments of both South Sudan and Uganda to support independent investigations.[57]

The UPDF intervention in South Sudan has complicated Uganda's role in the mediation process as well. Uganda is a significant player in tipping the balance of the civil war towards the South Sudanese government. Uganda has also complicated the interests of the international community by rescuing foreign nationals, securing the airport in Juba, and helping the South Sudanese government recapture Bor when the conflict first broke out.[58] The breakdown in command and control and defections from the national army to the opposition forces allowed the opposition to make significant military gains early, including in Juba and Bor,[59] the historically significant state capital of Jonglei, where Dinka civilians were massacred by Machar's forces in 1991. The ferocity of the fighting also posed an immediate security threat to foreign nationals in South Sudan. The UPDF captured and secured Bor, allowing foreign nationals, including Americans, Ugandans, Kenyans, and other citizens to evacuate, many by way of the Juba-Nimule road connecting South Sudan and Uganda.[60] UPDF protection of these foreign interests appears to have garnered the support of the United States and regional states.[61] Given the close relationships between Juba and Kampala, and President Museveni's distrust of Machar, it may be difficult to convince Uganda to withdraw its troops before a final political settlement is reached and Uganda's core economic and security concerns are addressed.

Furthermore, Uganda is a key supporter of the U.S. counterterrorism agenda in the region and protected foreign nationals and interests at the outset of the conflict. Interviews with regional diplomats and analysts revealed a perception that the U.S. has not exerted the necessary pressure on President Museveni to limit his military and diplomatic intervention in the conflict. The extent to which the United States has attempted to influence Uganda's position is unclear, but allegations of increased Ugandan troop numbers and the opaque legal and financial modalities of Uganda's support to the government of South Sudan have presented a stumbling block in negotiations that requires multilateral diplomatic engagement to resolve. So long as President Kiir has the strong military and diplomatic backing of President Museveni in the region, there is no reason for the government of South Sudan to cede to the demands of the armed opposition.

Suspected payments from the government of South Sudan to Uganda for military support

One of the most problematic allegations circulating in the region concerns the terms of payments suspected of being made by the government of South Sudan for the deployment of UPDF troops.[62] Senior officials from both governments deny these allegations, and Enough was unable to independently verify that such payments had been made. A regional analyst suggested, however, "Uganda is not doing this for free."[63] Recent figures published by Uganda's *The Observer* suggested the cost for the UPDF deployment in South Sudan could be 16.2 billion Ugandan shillings ($5.3 million) for Ugandan taxpayers in the next financial year.[64] The Ugandan Minister of Defense, Crispus Kiyonga, refused to disclose the total cost of the war and said, "If I go into all those details, it would jeopardize the mission and it would be very dangerous to those soldiers in South Sudan because the enemy shall have got some leads."[65] According to the SoFA, the government of South Sudan is only responsible for covering the cost of food and fuel for UPDF soldiers in South Sudan, and soldiers receive their normal salaries, according to sources interviewed by Enough.[66] Nevertheless, top officials on both sides have denied any payment.[67] The suspected circumstances of the alleged off-budget payments, if confirmed, could pose another serious barrier to Uganda's willingness to enforce targeted sanctions.

Elite military and economic ties to counter Sudanese influence in the region

Today's military and financial partnerships between Juba and Kampala stem from historically close ideological alliances between a longstanding group of South Sudanese and Ugandan leaders, which have countered powerful Sudanese alliances in the region for decades. This alliance further makes Ugandan support for sanctions on the government of South Sudan unlikely. Ugandan and South Sudanese elites share a long history from the independence movements of the 1980s. President Museveni was an early supporter of the Sudan People's Liberation Movement/Army (SPLM/A) and of the movement's leader, the late John Garang.[68] President Museveni has opposed South Sudanese opposition leader Riek Machar, both for his alleged support of the anti-Kampala LRA and for his persistent close ties to Sudanese President Omar al-Bashir.[69] President Museveni is also deeply opposed to Machar because of Machar's rebellion against the SPLM/A in 1991. The rebellion set off years of fratricidal killing between forces allied with Machar and those loyal to Garang. The bloody massacre of Dinka people in the town of Bor in Jonglei state, occurred amid this rebellion, during which time Machar was allied with Khartoum. Machar's betrayal of the South Sudanese liberation movement, and his subsequent support to the LRA, has solidified President Museveni's deep opposition to Machar's return to power.

The historic ties between Ugandan and South Sudanese officials remain strong today and have resulted in continued mutually beneficial military and business exchanges. These ties complicate Ugandan support for sanctions. The UPDF continues to provide training and support to SPLA soldiers and senior officers in Kampala.[70] Many senior SPLA commanders—including the current Chief of General Staff and former governor of Northern Bahr-el-Ghazal, Gen. Paul Malong—maintain their homes and families in Kampala.[71] Some of the personal relationships between Ugandan and South Sudanese officials allegedly extend to the procurement of supplies, foodstuffs, and military equipment for the SPLA.[72] South Sudan and Uganda reportedly formalized a military arms purchasing deal in October 2014.[73] President Museveni's brother, Gen. Salim Saleh (born Caleb Akandwanaho), also holds the South Sudan portfolio at Uganda's State House, and regional experts suggest he has business interests in South Sudan as well, although Enough could not independently verify these claims.[74] He also leads the unofficial Uganda Peace Support Team for South Sudan, which has met with SPLA-IO.[75]

Investment, cross-border trade, and remittances between South Sudan and Uganda

While the military relationship between Uganda and South Sudan may be the most geo-strategically significant factor influencing Uganda's opposition to targeted sanctions, it is not the only consideration. According to a report published by the British research organization Overseas Development Institute (ODI), while Uganda has a liberalized economy and has invested heavily in courting foreign investors, those who hold political power "make easy use of public resources to secure opportunities in business sectors" for themselves.[76] Regional experts and businessmen interviewed for this research provided anecdotal evidence of strong business relationships between the Ugandan government and government officials in South Sudan, leveraging informal relationships between government officials and military officers to make business deals and secure investments.[77] Therefore, freezing the money and assets of South Sudanese officials may require the government of Uganda take action against allies while the UPDF is still deployed inside South Sudan.

While longstanding business and military ties may greatly impede Ugandan action on sanctions, macroeconomic factors and remittances might provide opportunities for motivation. Economic ties between South Sudan and Uganda extend beyond elite business interests. The conflict has negatively impacted both economies at a macro level. South Sudan is Uganda's most important export market.[78] As a direct result of the conflict, Uganda's annual exports to South Sudan have fallen by about 60 percent.[79]

The Ugandan economy also receives millions of dollars each year in remittances from Ugandan expatriates working in South Sudan.[80] By 2010, there were up to 12,000 Ugandan nationals officially registered as residents in South Sudan.[81] Between 2008 and 2013, personal remittances received by Uganda from South Sudan totalled $626.85 million.[82] In 2013, remittances from South Sudan made up more than 10 percent of Uganda's total foreign remittances.[83] In 2014, Ugandan remittances sent from South Sudan totaled $104.34 million.[84] Restoring and increasing broad cross-border trade and addressing the decrease in remittances may provide an opportunity to galvanize domestic support for sanctions enforcement.

Transnational infrastructure development projects and oil sector investment

Uganda and South Sudan, along with their neighbors, have invested in several multi-country infrastructure development projects. Regional experts have suggested that in the interest of regional economic cooperation, leaders of regional states are unlikely to want to sanction their South Sudanese counterparts. For example, Uganda and South Sudan are both invested in the Northern Corridor linking Uganda, Rwanda, Burundi, and South Sudan with access to the Kenyan port at Mombasa. The Northern Corridor Integration Projects (NCIP) initiative seeks to improve regional cooperation and coordination on oil infrastructure and transportation networks critical to facilitating economic trade and investment in the region. South Sudan is particularly invested in the Standard Gauge Railway line and an East African oil pipeline, which would reduce South Sudan's dependence on the Port Sudan pipeline and Khartoum.[85] The African Development Bank (AfDB) funding for the NCIP requires that several countries be jointly involved in the project, making South Sudan's participation crucial, according to one senior official at the Ugandan Ministry of Foreign Affairs.[86] The AfDB funding model suggests the South Sudan conflict will only further delay regional ambitions for economic cooperation and integration to attract foreign investment and donor support. In spite of the civil war, President Kiir has continued to participate in Northern Corridor meetings alongside regional heads of state, including the day after the final rounds of the IGAD peace talks collapsed in Addis Ababa. President Kiir flew to Kigali, where regional heads of state issued a statement on progress made towards funding goals.[87] As shown by President Kiir's participation in the March summit in Kigali, there is little interest among regional leaders in making South Sudan's participation in these projects conditioned on peace.

Uganda in particular sees South Sudan as an important partner and President Kiir as an important ally for advancing East African economic integration, including an oil pipeline and refineries in Uganda.[88] South Sudan has applied for membership in the East African Community (EAC), which would facilitate closer ties with Uganda, Rwanda, Kenya, and other EAC member states, further marginalizing Sudanese influence. The region is particularly interested in courting Chinese, Russian, and Japanese investors who are also interested in accessing South Sudan's oil wealth.[89] One perspective on the conflict is that oil interests have divided the region between Uganda and Kenya (seeking support from an East African pipeline from President Kiir) and Sudan (looking to maintain its access to oil and transit fees through Machar). While these business ties are not so cleanly established in reality, as China has investments across the region, competition over access to South Sudan's oil wealth is seen as a significant factor influencing discussions behind the scenes.[90]

If the region's increasing economic ties with Russia[91] in particular continue to grow, this could further undermine support for sanctions and an arms embargo at the regional level and on the U.N. Security Council unless the regional peace and security and economic development agendas are aligned in the region. President Kiir's support for the EAC and Machar's ties to Khartoum[92] further underscore the way in which a final political settlement will affect political alliances and economic cooperation in the region.

Diplomacy in support of Uganda's military intervention in South Sudan

Ugandan military, political, and economic interests have prompted Kampala to lead a diplomatic push in the region and at the United Nations in New York in support of the government of South Sudan.[93] Multiple regional sources allege that during the August 2014 meeting of regional heads of state, President Museveni introduced last-minute changes in the negotiating framework to shore up President Kiir's executive authority as head of state and limit the influence of the position of prime minister offered to Machar. Sources tell Enough that representatives of all seven IGAD heads of state signed the framework agreement, including President Kiir. Machar refused to sign, and the document was circulated without his signature.[94] Sources suggest that Uganda has privately lobbied in New York against U.N. sanctions on South Sudan.[95] Earlier, in a public address in 2014, while not naming South Sudan explicitly, President Museveni said, "the UN should not just blindly pursue the option of placing sanctions on individuals or referring them to the ICC without holding consultations with the regions affected as this often undermines the very process of resolving the conflict in question. On the other hand, where the UN has worked in consonance with regional or sub-regional organizations, there have been tangible positive results as is the case in Somalia and Burundi."[96] The strong support of Uganda, both militarily and diplomatically, has minimized the need for the government of South Sudan to make major concessions, particularly on the sharing of executive powers between President Kiir and Machar, which sources knowledgeable about the August 2014 incident allege that President Museveni has opposed.

In order to bring the conflict to an end and limit its ongoing economic consequences to the region, President Museveni may ultimately have to accept an arrangement that cedes more ground to Machar than he would like.

Kenya's Interests in South Sudan

Kenya's strong business ties to South Sudan, particularly in the banking sector, appear to have influenced calculations over the potential cost of punitive measures and targeted sanctions on South Sudanese elites.[97] Kenyan banks form the backbone of the South Sudanese economy and facilitate the bulk of financial transactions in the region.[98] Kenya's national focus on development and the long-standing ties between business and political elites in Kenya and South Sudan are similar in nature at some levels to those of Uganda—many South Sudanese officials maintain their homes, families, and assets in Nairobi. Kenya's economic strength in the region and stake in large-scale transnational infrastructure development projects[99] has also affected its calculations on enforcing sanctions against a neighbor. Like the Ugandan government, Kenya's government has prioritized economic growth and investment in regional infrastructure development projects, including the Northern Corridor and LAPSSET, which could potentially include Lamu and Mombasa port access for South Sudan. The focus on economic diversification and Kenya's position as the hub for banking and commercial activity in East Africa have collectively shaped Kenya's stance towards targeted sanctions.

Nevertheless, there are opportunities to build domestic support for the enforcement of targeted sanctions through national legislation and high-level U.S. diplomatic engagement. Kenya has partnered with the U.S. to counter money laundering and counter terrorist financing in the region, and Kenya has improved banking and financial regulations to attract foreign investment.[100] These efforts should be expanded to prioritize the legal, regulatory, and technical reforms necessary to improve sanctions enforcement.

Kenyan banking and business interests in South Sudan

Kenyan banks form the backbone of the South Sudanese economy, and Kenya's banking interests in South Sudan have so far undermined domestic support for targeted sanctions against South Sudanese elites due to the potential implications on banking interests in South Sudan.[101] Kenya Commercial Bank (KCB), which is a publically traded company partially owned by the government of Kenya,[102] has had more than 20 branches in South Sudan, including in the state capitals of Bentiu, Bor, and Malakal, although these three branches were looted and destroyed early on in the fighting.[103] In the first nine months of 2013, South Sudan accounted for around nine percent of the banking group's total pre-tax profit.[104] Kenya's Equity Bank, also a publically traded company, has five branches in South Sudan and is one of Kenya's leading personal lenders.[105] Co-operative Bank of Kenya and CfC Stanbic also have operations inside South Sudan, and the National Bank of Kenya reportedly plans to expand into South Sudan.[106] Kenyan banks provide the vast majority of market liquidity and financial services in South Sudan and allow for easy cash transfers between South Sudan and the region, including remittances from Kenyan workers.[107] While most transactions between South Sudan and the region are still done with cash, Kenyan banks and foreign exchange bureaus are increasingly used for these transactions as well.[108]

Misinformation on how sanctions are enforced and a lack of technical know-how and capacity have undermined support for sanctions in the business and banking sectors.[109] In order to ensure banks and foreign exchange bureaus have good, credible information on the criteria for sanctions designations and parameters for sanctions enforcement, such information should be widely circulated through official government channels and outreach with civil society groups. These efforts would reassure banks and citizens that the majority of transactions between South Sudan and Kenya would be unaffected.

The objective of targeted asset freezes and investigations into the financing of the conflict is not to paralyze the nascent banking and financial services industry in South Sudan but to support the diplomatic process and ensure that individuals who finance conflict, commit atrocity crimes, and obstruct the peace process face consequences for their actions. Unless peace is restored to South Sudan, there is little opportunity for growth in the financial services sector in South Sudan and for Kenyan business and geopolitical interests, as the South Sudanese economy continues to collapse due to massive military spending and falling oil prices and production.[110]

The most striking example of regulatory misinformation circulated in Kenya on the potential implications of targeted sanctions on the banking sector in South Sudan was the September 5, 2014 Kenyan Central Bank circular released in response to the threat of sanctions against South Sudan's warring elites.[111] The circular, co-authored by financial industry regulators, including the Capital Markets Authority, Insurance

Regulatory Authority, Retirement Benefits Authority, and the Saccos Societies Regulatory Authority, according to multiple sources, stated that sanctions on South Sudan would negatively impact Kenyan banking interests in South Sudan.[112] The circular has since been removed from the Central Bank's website, but its earlier posting is indicative of the kind of internal regulatory resistance to the enforcement of sanctions designations that exists within the Kenyan banking sector. Regional analysts suggest the circular was politically motivated to undermine Kenyan support for targeted sanctions on South Sudanese elites.[113] One politician suggested that the circular indicates the kind of undue influence South Sudanese elites have in Kenya through their relationships in the private and public sectors.[114] What is clear is that the Central Bank has little regulatory desire or popular mandate to make such determinations on sanctions enforcement and would be obligated to implement policy decisions made by either the Office of the President or Parliament. Furthermore, in the case of a global sanctions regime, the Kenyan Central Bank would also be obligated to take steps to come into compliance with designations made by the U.N. Security Council.[115] One way to overcome such misinformation is for international regulatory agencies to outline the obligations and implications of targeted sanctions for Kenyan banks. Credible information on the limited scope of targeted sanctions might reassure Kenyan banking authorities and clients that their assets and transactions will not be affected in either Kenya or South Sudan, so long as they do not have direct ties to funding and fueling the war.

Historic ties between business and political elites in Kenya and South Sudan

Influential relationships between Kenyan and South Sudanese leaders and business elites are long-standing and have likely influenced Kenya's reluctance to embrace asset freezes and travel bans that could potentially harm these relationships. Kenyan leaders played an instrumental role in brokering the 2005 Comprehensive Peace Agreement (CPA) that ended the war between Sudan and the southern Sudan People's Liberation Movement/Army (SPLM/A). Top Kenyan general Lazaro Sumbeiywo, who had mediated the CPA in the early 2000s, was brought out of retirement and appointed one of the key mediators for IGAD's South Sudan peace talks along with former Ethiopian Foreign Minister Seyoum Mesfin. President Kenyatta's government initially demonstrated strong support for President Kiir, but the Kenyan government has tried to maintain its impartiality by engaging openly with Machar as well.[116] President Kenyatta also helped secure the release of several high-ranking South Sudanese political figures who had been detained soon after clashes erupted in Juba in December 2013 and who now live in Kenya.[117] These former detainees have formed a third bloc in negotiations and have been influential in shaping the policy discussions around the transitional government,[118] although their involvement has been erratic due to shifts in the mediation strategy and in response to demands made by the warring parties.

South Sudanese elites, including President Kiir and Machar, interact closely with Kenyan political and business leaders, and these close ties have directly shaped Kenyan policy with regard to sanctions on South Sudanese individuals.[119] Many South Sudanese expatriates have homes and families based in the affluent Nairobi suburb of Lavington.[120] In October 2014, Kenyan Senator Boni Khalwale introduced a bill in parliament to impose targeted sanctions on South Sudanese elites living in Kenya who are linked to atrocity crimes in South Sudan. The bill included measures that would freeze individual bank accounts and deport family members from Kenya.[121] Upon further consultations with South Sudanese diaspora and those engaged in the peace talks, Senator Khalwale withdrew the bill.[122] He has expressed that the bill could be reintroduced at any time.[123] In an address on the floor of the Senate in October 2014, he noted:

> "This Motion has generated interest in the international community and… has created anxiety amongst members of the families of the people of South Sudan who are living in this country. They are worried that if this Motion passes, then they might be thrown out of the country. They have said that they want to talk to me and to explain themselves. The government has also indicated that they have made progress in their consultations on how to resolve the issue of South Sudan. For that reason, I would like to have it stepped down. Once I have held the consultations, I will reapply for the Motion to find its way into the Order Paper."[124]

The strong influence and ties with South Sudanese elites effectively reshaped the stance of Kenyan legislators on domestic action regarding sanctions. The reaction also proved that sanctions are a powerful tool that, when effectively pursued, can cause a change in behavior. While there is significant internal political opposition to sanctions legislation, the bill could be reintroduced with the support of Kenyan and South Sudanese civil society groups seeking justice and accountability for economic crimes and the atrocities. It would also present Kenya with an opportunity to take a leadership role in tackling human rights violations without outside intervention, which Kenya has resisted in the past.

Private investment, cross-border trade, and remittances between South Sudan and Kenya

The economic relationship between Kenya and South Sudan includes not only elite business ties but also cross-border trade and remittances from Kenyan workers in South Sudan.[125] In terms of cross-border South Sudan private sector investments, Kenyans are prominent not only in the banking industry but also investing in the insurance, aviation, construction, hospitality, telecommunications, transportation, and trade sectors as well.[126] Some of Kenya's most prominent business and political leaders have invested in South Sudan in recent years.[127] For example, Brookside Dairies, the largest dairy company in Kenya, is partially owned by President Kenyatta and his family and has expanded its operations inside South Sudan.[128] Other Kenyan business sectors, such as aviation, had been thriving in South Sudan prior to the outbreak of conflict.[129] While the growth of regional businesses is a positive step for the regional economy, the intermingling of business and political interests at the highest level may be at odds with efforts to strengthen legal and regulatory reforms in South Sudan, where investors routinely rely on government officials and military officers to informally secure their investments in the absence of formal legal and regulatory frameworks.[130] As stated above, many South Sudanese elites maintain their homes, families, and assets in Kenya.[131] The SPLM leaders, including the former detainees, currently reside in Nairobi as well, and they form an influential third bloc in consultations with regional heads of state.[132]

Despite these ties, there are tensions between Kenya and South Sudan in the mining and gold sectors that are related to a border dispute over the Ilemi Triangle.[133] Ilemi is a hub for artisanal mining, which primarily benefits gold traders in Kenya.[134] There are also long-standing tensions over the presence of Kenyan workers in South Sudan on which local business and non-governmental organizations (NGOs) rely for skilled labor.[135] While official figures for remittances from South Sudan to Kenya are not available, the total amount is likely significant given the estimated 13,000 or more Kenyan workers in South Sudan.[136] Many Kenyans fled South Sudan after the initial wave of violence, but have slowly started to return, including taxi drivers, shop owners, and traders.[137] Other high costs of conflict include more than 45,200 refugees from South Sudan that Kenya is currently hosting as a result of the violence.[138] Other significant economic losses include Kenya's diminished trade with and investment in South Sudan.[139] These damaged economic interests have so far failed to galvanize sufficient domestic support for Kenyan sanctions enforcement, but the losses could be used to protest opaque business transactions and impunity for South Sudanese elites currently residing in Kenya.

Regional infrastructure development projects

Beyond its bilateral ties, Kenya is spearheading regional infrastructure development projects that involve South Sudanese business partners and resources along with those of other neighboring countries.[140] Two projects in particular are the Northern Corridor project improving regional access to the Kenyan port at Mombasa and the LAPSSET project providing regional access to the Kenyan coast at Lamu. LAPSSET, which is the lynchpin of Vision 2030, the national plan to transform Kenya into a middle-income country by 2030, includes plans for a highway, railway line, an oil pipeline and refinery, as well as the expansion of the Lamu Port to accommodate heavy traffic.[141] The project has been delayed numerous times due to funding shortfalls, corruption, and issues with the resettlement of local communities in Lamu.[142] Then-President Mwai Kibaki, Prime Minister Meles Zenawi, and President Kiir launched the project in March 2012.[143] It is expected to not only foster transportation linkages between Kenya, Ethiopia, and South Sudan but also open up previously neglected northern parts of Kenya to economic development.[144] While LAPSSET does not require the participation of South Sudan, it would be a significant blow to the successful completion of the projects if South Sudan were unable to participate due to the conflict. South Sudan is considered an important participant for regional development, economic integration, and investor interest in accessing South Sudan's natural resource wealth.[145]

As part of LAPSSET, there is strong interest in developing an East African pipeline through Uganda and Kenya that could potentially provide an alternative route for South Sudanese oil to the Port Sudan pipeline, if significant new reserves are discovered.[146] Sources close to the mediation suggest that plans for an East African pipeline has factored into regional calculations and negotiations between regional heads of state and the warring parties. President Kiir has been involved in LAPSSET from the outset.[147] Sudan's dependence on South Sudan's oil has taken a blow with reduced production as a result of the crisis. Khartoum has an interest in countering further threats to its access to South Sudan's oil and oil transit fees. These dynamics have escalated tensions between the East African bloc and Khartoum, although President Kenyatta has been open to dialogue with both President Kiir and Machar on economic issues in order to maintain his impartiality in negotiations. China, as the largest investor in both the Sudanese oil infrastructure and LAPSSET, could play a major role in resolving these regional disputes.

The LAPSSET oil pipeline could potentially link up with South Sudan, providing an alternate transit route for South Sudan's oil, which affects important geostrategic calculations in the region. South Sudan currently depends on Sudanese oil infrastructure for oil exports through Port Sudan. President Kiir is widely seen as supportive of the East African pipeline that links South Sudan with Uganda and Kenya, while Machar is seen as backing Sudanese oil interests and alternatively, proposals for an Ethiopia-Djibouti pipeline. While plans for any additional oil infrastructure require the discovery of significant new reserves to even be worthwhile, South Sudan's neighbors could stand to benefit from increased access to South Sudan's natural resource wealth based on their ties to South Sudanese officials who control future oil exploration and investment in South Sudan.

Impact on President Kenyatta's diplomatic engagement in the South Sudan peace process

Kenya's banking interests, the prioritization of regional infrastructure development projects, and the close personal ties with South Sudanese leaders on both sides have undermined domestic support for individual targeted sanctions against South Sudanese elites that maintain their homes, families, and assets in Nairobi.[148] Kenya's approach to diplomatic engagement has not sufficiently emphasized the need for leverage and accountability.

Both President Kiir and Machar have leveraged their long-standing relationships with Kenyan officials and President Kenyatta to informally push their political agendas. These informal exchanges have resulted in a great deal of last-minute confusion and changes in the negotiating framework. For example, in January 2015, peace talks were delayed due to an informal meeting between Machar and President Kenyatta.[149] One source suggested Machar may have been attempting to gain President Kenyatta's support for his bid to secure a 45-percent power-sharing arrangement with the government of South Sudan.[150] Power-sharing ratios between the South Sudanese government and the opposition currently remain a key point of disagreement in negotiations. President Kenyatta has been criticized by the government of South Sudan for formally welcoming the opposition for direct talks in Nairobi.[151]

Given Kenya's leadership role in negotiations and banking ties in South Sudan, there is a need to clarify criteria for sanctions designations to reduce fears in the banking sector over potential "collateral damage" to Kenyan banking interests in South Sudan. A high-level U.S. delegation including officials from the State Department, Treasury Department, and Justice Department should be deployed to the region to offer technical support and assistance, as well as assurances that legitimate Kenyan interests will not be targeted by the sanctions regime. As the same time, in keeping with their obligations as a U.N. member state, illicit support to the government or opposition may be subject to secondary sanctions against individuals and entities that fund or fuel the civil war. Efforts by the Treasury Department to build dossiers on individuals that undermine the peace process or commit atrocity crimes may also prompt Kenyan authorities to take similar steps to prepare for domestic sanctions enforcement.

In the region, Kenya has the strongest ties to U.S. efforts to combat money laundering and terrorist financing in the East and Horn of Africa.[152] U.S. government support is coordinated through the Kenyan Financial Reporting Centre (FRC), Kenya's version of a Financial Intelligence Unit (FIUs). According to the State Department, "Kenya holds more than half of the total bank assets in the region, which has grown to $52 billion in 2013, up from $45.2 billion in 2012."[153] Kenya's ambitious development goals and close political and economic ties to South Sudan and the region have undermined domestic support for targeted sanctions enforcement, particularly given close ties between President Kenyatta and President Museveni[154] and Uganda's opposition to punitive measures. At the same time, precisely because Kenya is the banking hub of East Africa and hosts many South Sudanese elites, Kenya has the most economic leverage to offer in support of the diplomatic process. President Kenyatta has an opportunity to take a leadership role in responding to human rights violations and atrocity crimes in the region, in the absence of outside intervention, to which Kenya has objected in the past. While asset freezes and travel bans may challenge some of the close regional ties in the short-term, the long-term benefits of a stable and secure South Sudan for Kenya clearly outweigh the costs.

Ethiopia's Interests in South Sudan

As the chair of IGAD, Ethiopia has led diplomatic efforts to broker a negotiated settlement to the conflict between the warring parties. As the conflict drags on and the dynamics of a regional proxy war become more pronounced, Ethiopia has condemned the continued intransigence of the warring parties and has been the most outspoken on targeted sanctions against South Sudanese elites—provided there is regional consensus.[155] Ethiopia's diplomatic credibility, investments in regional development and economic integration projects, and strategic security concerns have influenced its political calculations on how to manage tensions among IGAD member states.[156] Protecting regional infrastructure development projects—particularly energy exports to the region from the Grand Renaissance Dam and plans for an oil refinery for domestic consumption in the Benishangul-Gumuz region north of Gambella along the border with South Sudan—require continued diplomatic engagement and cooperation. The country has had to weigh its responsibility to build regional consensus for sanctions enforcement alongside national economic and development interests that tie Ethiopia to its neighbors. In particular, Ethiopia has played a role in attempting to contain the regionalization of the conflict and tensions between Sudan and Uganda over their support to the warring parties.

Maintaining regional security for foreign investment in agriculture and economic development projects, as well as limiting cross border flows of refugees into the Gambella region, also weigh heavily on Ethiopia's diplomatic stance. In particular, security in the Gambella region, which is also ethnically Nuer, the same tribe as the majority of Machar's fighting forces, has given rise to regional security considerations, including efforts to monitor cross-border flows of weapons and ammunition. Ethiopia is now the largest refugee-hosting country in Africa as a result of the conflict in South Sudan,[157] and the combined effect is straining the capacity of local government and security forces in the border region.[158] Other economic considerations, such as trade and remittances, feature less prominently in Ethiopia's calculations, but Ethiopian nationals are nevertheless engaged in investment deals in construction, hospitality, and other service industries in South Sudan.[159] Given the historic ties between the SPLM/A and the ruling Ethiopian People's Revolutionary Democratic Front (EPRDF), many South Sudanese leaders also maintain homes in Ethiopia and have close business ties with Ethiopian elites.[160] These considerations—diplomatic, economic, and security—will have to be addressed in order to build strong support for sanctions enforcement, despite the outspoken condemnation of South Sudan's warring leaders by Ethiopian officials at the highest level.[161]

Preventing the regionalization of conflict and maintaining the diplomatic credibility of IGAD

Ethiopia has interests in preventing the regionalization of South Sudan's conflict and in preserving its role as a trusted mediator and peacekeeper in the region. As home to both the A.U. and IGAD secretariats, Ethiopia's capital city hosts many of the continent's most significant peace negotiations, and Ethiopian diplomats play a leading role in many mediation efforts. Ethiopia is not only at the diplomatic center of the continent, but is also, according to a leading regional expert, "the bedrock upon which a stable IGAD region rests." Ethiopia is the largest troop-contributing country in Africa[162] and commands both the U.N. Mission in South Sudan (UNMISS) and the U.N. Interim Security Force for Abyei (UNISFA) in the sensitive oil-rich border region with Sudan. UNISFA is composed primarily of Ethiopian troops.[163] Ethiopia contributed an additional 1,265 troops to UNMISS after the U.N. Security Council raised the troops ceiling in response to the crisis and may be open to contributing additional forces.[164]

One Ethiopian diplomat warned that the longer the South Sudan conflict continues, the more difficult it will be to contain.[165] These concerns are not limited to fighting in South Sudan and the impact on the humanitarian situation, but instability in the Horn of Africa as a whole and illicit support to the warring parties from across the region. According to Ethiopian diplomats, containing the regionalization of South Sudan's conflict has been a top priority.[166] In January 2015, the Chinese foreign minister convened a meeting in Khartoum in support of the IGAD mediation with the Sudanese, Ethiopian, and South Sudanese foreign ministers, as well as the chief negotiator for the South Sudanese opposition.[167] Sources close to the mediation suggested that the Chinese threatened to not repair oil infrastructure damaged by the fighting.[168]

The effort to contain the regionalization of the conflict has required sensitive diplomatic engagement by Ethiopia on all sides, particularly with Sudan. In recent years, diplomatic relations between Sudan and Ethiopia have improved,[169] and Sudan will be one of the beneficiaries of hydroelectric power produced by the Ethiopian Grand Renaissance Dam.[170] This provides Ethiopia with a positive basis for diplomatic cooperation and engagement with Sudan. While Ethiopia has made diplomatic strides with Sudan, in a post-Meles era, Ethiopia's diplomatic relationship with Uganda has been buffeted by Uganda's strong military and diplomatic leadership and support for the government of South Sudan.[171] As a result, the regional actors have been unable to mutually agree on a timetable for the withdrawal of foreign forces or the curtailing of illicit financial flows, or the flow of weapons and ammunition to the warring parties. These issues require diplomatic intervention by the U.S. and China. The U.S. and China have weighed in directly to encourage peace through different forms of economic leverage. It is clear that a much more energetic approach will be needed in order to make progress.

Halting cross-border flows of weapons and refugees in the Gambella region

As a result of South Sudan's crisis, Ethiopia has replaced Kenya as the largest refugee-hosting country in Africa.[172] Ethiopia's Gambella region is ethnically Nuer and now hosts around 263,700 refugees from South Sudan[173]—most of them also ethnically Nuer—more than the local population of Ethiopian Nuer who live in Gambella.[174] The number of South Sudanese Nuer refugees in Gambella could increase to 300,000 if the South Sudan conflict continues.[175] Given Ethiopia's federal governance structure, huge demographic shifts in the region could influence local political dynamics as well. These shifts are taken seriously by the central government in Addis Ababa and have put a strain on security in the region.[176] Gambella is one of the poorest regions in Ethiopia. It has a majority ethnic Nuer population, similar to the ethnicity of the majority of the fighting forces allied with the SPLA-IO. Ethiopia's impartiality has been questioned, particularly by the government of South Sudan.[177] Ethiopia has, however, tried to maintain its neutrality. Ethiopian diplomats say that any perceived loss of impartiality would jeopardize their ability to mitigate the regionalization of the conflict.[178]

Protection of economic development and energy investments in the region

Unlike Kenya or Uganda, Ethiopia's economic interests, including private business investments and regional infrastructure development projects, have not prevented support for targeted sanctions. Ethiopia has been open to the threat of punitive measures in support of the mediation process, but Ethiopia has been reluctant to take action in the absence of regional consensus. Despite high-level support for sanctions, some Ethiopian officials have expressed concerns that sanctions could negatively impact Ethiopia's diplomatic leadership and engagement with the government of South Sudan and the region.[179]

Some analysts suggest that within the ruling EPRDF, there is some ideological opposition to sanctions as an ineffective Western diplomatic tool that could undermine regional cooperation on a host of other projects and issues being addressed under the IGAD framework.[180]

South Sudan's conflict has a less strong economic impact on Ethiopia than it has on Uganda and Kenya, because Ethiopian levels of trade and foreign direct investment are lower relative to South Sudan's other neighbors and hampered by the lack of regional infrastructure on the South Sudan side of the border. Lost economic opportunities include stalled prospects for the exploration of the oilfields in Jonglei state and investments in roads and railway lines connecting South Sudan to the region. The greatest domestic and foreign policy priority for Ethiopia remains the completion of the Ethiopian Grand Renaissance Dam, located about 40 kilometers from the border with Sudan, which will provide around 6,000 megawatts of power to countries across the region. In addressing the region's core energy needs, the project may generate interest among foreign investors for future development projects and economic activities. Other aspirational regional investment projects could include an oil pipeline and a refinery to be built in the border area of Benishangul-Gumuz, primarily for domestic consumption, that could potentially link up with South Sudan.[181] However, unless significant new oil reserves are discovered in South Sudan, it will be difficult to justify the high costs of investing in a new oil pipeline to Djibouti, though a refinery for domestic consumption in Ethiopia may still be a viable business prospect. All of South Sudan's neighbors remain interested in accessing the country's natural resources, a benefit of close regional cooperation with the warring parties that they have not been shy to use to their advantage in backroom negotiations and deals with business elites.[182]

Finally, security in the regions of Gambella, Benishangul-Gumuz, and Amhara, and indirectly the security of large-scale projects such as the Grand Renaissance Dam and large agricultural investments by companies from India, Saudi Arabia, and Qatar, also factor into Ethiopia's calculations.[183] Of the IGAD member states, Ethiopia is the most likely to support punitive measures against South Sudanese elites who continue to undermine the peace process. Nevertheless, Ethiopia cannot unilaterally impose punitive measures, and any decision to move forward with targeted sanctions and travel bans would have to come as part of the expanded peace process. The diplomatic leadership of the United States and other key international partners involved in the peace process could help galvanize regional support for targeted measures.

Post-Meles diplomatic approach to the regional mediation

Ethiopia has thus far favored deep diplomatic engagement with South Sudan over coercive measures, despite threatening the enforcement of targeted asset freezes and travel bans.[184] Ethiopia is particularly invested in maintaining its diplomatic credibility and upholding the legacy of late Prime Minister Meles Zenawi and the institutions he helped create. One analyst suggested, "While Ethiopia will be less disposed toward identifying itself with the implementation of a sanctions regime, it will strongly back [the U.N. Security Council] and A.U. Peace and Security Council decisions as far as such measures respect its leadership as the chair of IGAD and do not depict Ethiopia as the main force behind the sanctions."[185] While Ethiopia has been most open to the idea of targeted sanctions, and it is less economically invested than either Uganda or Kenya, Ethiopia is nevertheless unlikely to pursue targeted sanctions without regional consensus. For example, Mesfin has changed his position on the application of targeted sanctions. In an August 2014 briefing to the A.U. Peace and Security Council (PSC), he suggested, "Now is the time to demonstrate that military objectives and personal ambition should not hold the people of South Sudan hostage. I further recall the PSC's decision on 12 June to 'immediately take targeted sanctions and other measures against any party that continues to undermine the search for a solution to the conflict and fails to honor its commitments.'"[186] In response to the inclusion of possible targeted measures in the November 2014 IGAD agreement, he clarified, "We are not interested in punishing, we are only interested in achieving peace."[187] In talks in January 2015, there was no mention of targeted sanctions by Mesfin in his closing remarks, but instead he clarified that cessation of hostilities violations would now be referred to the U.N. Security Council and the A.U. PSC for further action.[188]

At the collapse of the final round of IGAD-led peace talks in March, Mesfin stated in an interview with *The East African* that the process has suffered from a lack of political will from the warring parties and the economic and security interests of regional states.[189] He noted, "The protagonists in South Sudan are playing games with IGAD countries. This must come to an end in order to solve this crisis, because IGAD has the capacity and capability to end the crisis. The IGAD leaders know where the key problems are and how to solve them."[190] In a statement to the people of South Sudan on the failure of IGAD to broker a negotiated settlement, Ethiopian Prime Minister Hailemariam Desalegn remarked, "At the highest level, the world must speak with one voice on South Sudan. We will assist the Parties to make the compromises that have so far eluded them. We will use all influence at our disposal to convince those that remain intransigent. And we will ensure that the voices of the silent majority of South Sudanese prevail: peace, reform and justice."[191] In order to break the deadlock in negotiations and surmount the vested interests of regional member states, the peace process has been expanded. It includes key African states and international partners in the negotiations, in order to complement the diplomatic leadership of Ethiopia as the host of the peace process and chair of IGAD. Leadership by the U.S. and China as part of the IGAD-plus process in particular is critical to bring the necessary pressure to bear on regional states to utilize their latent economic leverage over the warring parties.

The civil war in South Sudan presents the most urgent regional diplomatic crisis a post-Meles Ethiopia has had to face. The conflict threatens not only the political economy of IGAD, but also broader regional peace and stability. Of the regional states, Ethiopia is the most open to targeted sanctions, despite the reservations outlined above, particularly if there is strong regional support created by international diplomatic efforts in support of the peace process. Ethiopia would also likely embrace U.S. and Chinese leadership to resolve regional conflicts of interest and de-escalate the regionalization of the conflict by providing incentives for regional cooperation. The key barriers to sanctions enforcement, however, remain the interests of Uganda and Sudan in particular.

Sudan's Interests in South Sudan

Sudan's primary economic interest is in maintaining access to South Sudan's oil and oil transit fees and protecting Chinese investments in the oil installations and pipelines that exit at Port Sudan. Some Sudanese experts also suggest Khartoum has leveraged its relationship with SPLA-IO to "break the backs" of the Sudanese armed opposition in South Kordofan and Blue Nile by cutting off their access to critical supply routes.[192] The SPLA-IO is rumored to have support bases inside Sudan, specifically in South Kordofan.[193] International arms experts have documented Sudanese-manufactured ammunition linked to SPLA-IO military campaigns in Unity, Jonglei, and Upper Nile states.[194] The SPLA-IO denies these allegations.[195]

Sudan had stepped back in South Sudan's negotiations until recently, when IGAD requested Khartoum's leadership.[196] Kampala has the most leverage with the government of South Sudan, and Khartoum holds sway with certain SPLA-IO field commanders on the ground that are believed to depend at least in part on Sudanese support.[197] China has influence over both Uganda and Sudan as the major investor in regional oil production and infrastructure development projects. At the same time, South Sudan's interest in joining the EAC threatens Sudanese economic interests in South Sudan and would diminish South Sudan's dependence on Sudanese oil infrastructure and imported goods. While there had been some thawing of relations between Sudan and Uganda,[198] the conflict in South Sudan has once again escalated regional tensions as part of a complex regional power struggle over influence and access to South Sudan's natural resource wealth based on power alliances in Juba.

Sudan is unlikely to support targeted sanctions, especially against the assets of individuals who protect Sudanese interests in Juba and have their homes and bank accounts in Khartoum. While diplomatic efforts led by the U.S. may be able to help galvanize regional support for targeted sanctions enforcement in Uganda, Kenya, and Ethiopia, these efforts are unlikely to have any impact on the calculations of Sudan.

Sudanese ammunition and support to SPLA-IO

Sudanese support to the SPLA-IO has been documented with the discovery of Sudanese-manufactured ammunition found in South Sudan's conflict zones. Evidence was documented in May 2014 by the Human Security Baseline Assessment (HSBA) for Sudan and South Sudan with Conflict Armament Research and also in June 2015 by Conflict Armament Research.[199] One of the earliest documented examples of Sudanese support to the SPLA-IO was at the Bentiu mosque in Unity state, where arms experts documented the presence of Sudanese ammunition along with ammunition manufactured between 1973 and 2014 from Russia, China, then-Czechoslovakia, and the former Soviet Union.[200] The Small Arms Survey report specifies:

> "Two of the mosque-site cartridge cases, with features suggesting Sudanese manufacture, were manufactured in 2014. Irrespective of its origins or supply vector, this 2014 ammunition is indicative of extremely recent supply to its user, and with a comparatively direct supply chain. If this ammunition's markings accurately reflect its date of manufacture, it cannot have been supplied to its user earlier than January 2014, after the defection of SPLM-IO forces from the SPLA in mid-December 2013. This makes it unlikely that the ammunition originated in SPLA stocks taken by defecting SPLM-IO forces, and likely that it was obtained by its user (SPLM-IO or another armed group) from an external source since the start of the current conflict."[201]

In June 2015, Conflict Armament Research documented more significant resupplies of Sudanese-manufactured ammunition to the SPLA-IO. The findings suggest that materiel had been air-dropped to SPLA-IO forces in Jonglei and Upper Nile states.[202] The ammunition Conflict Armament Research documented was consistent with types of materiel previously provided by Khartoum to armed groups in Darfur, the Central African Republic, and South Sudan in 2012.[203]

While the scale of Sudanese support to the opposition remains difficult to quantify, the merging conflicts along the border have undermined the minimal progress made in reducing long-standing regional tensions between Sudan and Uganda, and threatens broader regional instability as the conflict dynamics become more difficult to contain.[204]

The escalation of the regionalization of the conflict

At the outset of the conflict, the driving purpose behind President Museveni's military support to the government of South Sudan was in defending an ally who protects Ugandan interests. The SPLA quickly split along ethnic lines. Sources tell Enough that forces loyal to Machar defected with significant supplies of weapons, ammunition, heavy artillery, and tanks that presented a direct security threat to the government in Juba.[205] There was no evidence of Sudanese involvement in the conflict initially, but over time the conflict has evolved to one over access to South Sudan's oil wealth that has escalated the regionalization of the conflict. Evidence of the merging conflicts documented along the border between Sudan and South Sudan[206] risks more direct conflict between Kampala and Khartoum at a time when the economies of South Sudan and Sudan are on the verge of collapse.[207]

In February 2015, Sudan and Uganda reached an agreement to form a "joint security mechanism" to reduce support to rebel groups based in both countries These groups include the LRA in Sudan and the leadership of the Sudan Revolutionary Front (SRF) based in Uganda, including the Darfuri Justice and Equality Movement (JEM), which fought alongside the government of South Sudan in Unity state.[208] As part of the agreement, President Museveni agreed to expel some of the Sudanese armed opposition leaders from Kampala.[209] Nevertheless, tensions remain high, particularly over accusations by Sudan that Uganda has deployed 16,000 troops close to its border.[210] In order to de-escalate regional tensions, multilateral pressure must be brought to bear to reach an agreement that includes specific provisions on a timeline for withdrawal of Ugandan troops from South Sudan and an end to Sudan's support for the SPLA-IO.

Economic interest in maintaining a monopoly on South Sudan's oil transit revenues

The key issue for Khartoum is maintaining access to South Sudan's oil and the revenues from the oil transit fees paid by South Sudan. The fixed rate of oil transit fees paid by South Sudan has favored Sudan with the global drop in oil prices of more than 40 percent since June 2014.[211] Conflicting accounts documented by the International Crisis Group suggest that the SPLA-IO may have courted Sudanese support by offering to split the oil revenues and fight Sudanese rebel groups, allegations SPLA-IO officials have vehemently denied.[212] Nevertheless, the decline in oil production as a result of the conflict has hurt both economies.[213]

Relations between Sudan and South Sudan remain strained over border demarcation issues and the deteriorating security situation in Abyei. Closer economic integration with the East African Community by South Sudan and plans for a proposed pipeline that would provide an alternate to the sole pipeline currently leading to Port Sudan have also strained relations and pose a direct threat to Sudanese economic interests in South Sudan.[214] While the extensions of an East African pipeline into South Sudan depend largely on the discovery of significant new oil reserves, access to contracts for oil exploration and development will be determined by the makeup of the government in Juba. As a result, both Bashir and Museveni have a vested interest in preserving their influence through their respective allies in the breakdown of the final power-sharing arrangement reached between the warring parties.

China's leverage, with its economic support and oil infrastructure interests, position Beijing to wield the greatest influence with pressuring Khartoum to curtail support to the SPLA-IO.

Risk and Opportunity for Regional Sanctions Enforcement

Political and economic interests linking elites across Sudan, Ethiopia, Kenya, Uganda, and South Sudan have individually and collectively undermined peace talks and the region's will to enforce sanctions on South Sudanese leaders that would disrupt access to funds that sustain war. Addressing this challenge and countering the particular interests of different regional elites will require concerted multilateral diplomacy by the U.S. and international partners. Policymakers must work with stakeholders in the region on three related fronts. Diplomats must first build the political will to create regional economic incentives for peace that outweigh the incentives for supporting the warring sides. Second, Ugandan, Kenyan, and Ethiopian officials need to use their economic leverage—and accept some of the short-term costs—to enforce sanctions. Leaders and technical experts must help the region build its technical capacity for sanctions enforcement and regulatory reform. Countries in the region must develop the ability to implement asset freezes; existing efforts to meet international banking and financial standards must also be expanded. Diplomats must thirdly work to help reduce the regional political tensions driving and arming the conflict. Tensions between Uganda and Sudan and proxy relationships have exacerbated conflict dynamics in South Sudan and emboldened South Sudanese belligerents. The U.S. and China in particular should bring diplomatic leverage to help counter these dynamics.

Enforcing regional sanctions and creating regional incentives for peace

Diplomats must take several measures, accounting for the different political and economic interests of Uganda, Kenya, Ethiopia, and Sudan, to build political will to enforce sanctions and strengthen the region's collective economic incentives for peace. Such a strategy requires multilateral negotiation with donor support that appeals to the strong individual and shared interests in economic integration and multi-country donor-supported development projects.

In recent years, central and east African countries have pursued economic integration and initiated a number of multi-country infrastructure development projects, including the Northern Corridor project and the LAPSSET corridor, to improve regional connectivity and facilitate trade and investment. While these projects do not rely on South Sudan's participation, they would benefit significantly from access to South Sudan's natural resource wealth. Plans were developed and funds secured with South Sudan in mind. Despite the conflict, South Sudan still expects to benefit from two projects in particular: the Standard Gauge Railway line and an East African pipeline.[215] The day after the IGAD-led peace talks collapsed in the Ethiopian capital of Addis Ababa in March, President Kiir was in Rwanda for the 9th Northern Corridor Infrastructure Project (NCIP) summit alongside President Museveni, President Kenyatta, Rwandan President Paul Kagame, Tanzanian President Jakaya Mrisho Kikwete, and Ethiopian Foreign Minister Tedros Adhanom Ghebreyesus.[216] At the summit, regional heads of state declared significant progress in securing the necessary funds to move forward with project implementation and attract additional foreign investment.[217] Nevertheless, inadequate legal and regulatory frameworks, a lack of financial transparency, and rising costs amidst falling oil prices threaten to derail aspirations for oil and gas production.[218]

Competition between regional states over plans for oil investment and infrastructure are longstanding. In 2013, *The Economist* described regional tensions over the development of joint infrastructure as "pipeline poker." *The Economist* noted, "By failing to co-operate, the new oil states are likely to waste part of their wealth on duplicate infrastructure, building too many refineries and pipelines."[219] While forums like the NCIP have reduced some of these tensions, divisions still exist. Japan's Toyota Tsusho recently won a bid to carry out a feasibility study to determine the best route for the proposed Kenya-Uganda pipeline and oversee its eventual construction.[220] Prior to the conflict, there were plans for the company to also potentially oversee the extension of the pipeline into South Sudan.[221] Additional infrastructure development in South Sudan's oil sector depends on the discovery of significant new reserves in conflict-affected areas that would have to first be secured. South Sudan's participation in LAPSSET, which includes the country in the project's name, could also potentially be affected by the conflict.

In discussions with regional diplomats, interest still exists in an Ethiopia-Djibouti pipeline, which may or may not include South Sudan. Also, Khartoum's primary interest is in maintaining its access to South Sudan's oil transit fees. A multilateral initiative led by the United States and China that draws together the interests of regional heads of state, diplomats, donors, and investors in order to bring about economic incentives for a peace might also help resolve some of these tensions. These efforts could focus on reducing duplicate infrastructure, improving financial transparency and accountability, and resolving regional tensions over access to South Sudan's oil wealth. Regional efforts to meet their international legal and financial obligations, including sanctions enforcement, should be made a necessary step towards accessing donor funds, foreign investment and technical assistance on implementing those pipeline and dam projects that would diversify the security balance for South Sudan and promote shared and balanced economic progress.

Uganda, Kenya, Ethiopia, and Sudan all stand to lose from continued conflict in the region and the economic collapse of South Sudan. There are thus opportunities to engage with regional heads of states on the need to swiftly bring the conflict to an end, not just for the people of South Sudan, but for regional stability and economic development as well. If concerted diplomatic intervention with Ugandan and Kenyan officials results in increased political will for sanctions enforcement, engagement with Ethiopia on the same issues will be far more fruitful. Ethiopia's reputational interest as a regional mediator and its operational interests in keeping peace in its neighborhood and protecting the impartiality of its peacekeeping presence in South Sudan create opportunities for international diplomats to help Ethiopia restore the balance of good relations between Uganda and Sudan and help contain regionalized conflict. A breakthrough spurred by international actors with Ethiopia's help on the peace process could help Ethiopia restore its posture as a diplomatic leader and chair of IGAD. Ethiopia also stands to benefit economically from donor and investor support to regional development projects.

Supporting pro-transparency civil society groups within the region that are dedicated to holding their leaders accountable for economic crimes can provide another means of building political will for sanctions enforcement. Civil society groups with such a focus can also counter damaging myths and misinformation about the extent to which sanctions designations would create collateral damage. Recent protests in Juba against targeted sanctions underscore the need for greater clarity on the criteria for sanctions designations.[222] Similarly, efforts made by Senator Boni Khalwale to introduce a bill on targeted sanctions in the Kenyan Parliament against those who commit atrocity crimes in South Sudan was met with stiff resistance by South Sudanese diaspora groups and political elites in Kenya.[223] Support for public information sensitization projects that highlight targeted sanctions with individual scope will be essential to countering government misinformation campaigns that imply that people at the grassroots will suffer from sanctions enforcement. These efforts would also help stem the flow of misinformation to banks and businesses that have also been opposed to sanctions enforcement. Given the number of Kenyan and Ugandan citizens working in South Sudan, it may also be in the business community's best interest to support targeted sanctions in order to bring the conflict to an end. Connecting civil society groups that actively campaign for economic transparency and accountability with a call for sanctions enforcement could significantly shift the public discourse.

Building technical capacity for sanctions enforcement and regulatory reform

Enforcing targeted sanctions requires well-developed financial institutions with the ability to track and monitor financial transactions. The U.S. government should gather information on targets for sanctions and also support those in the region in doing the same. International technical experts must partner with governments in the IGAD region to help reform the regulatory structures that are in place in order to meet international banking and financial standards, and international partners must help IGAD countries build their technical capacity to fulfill U.N. sanctions enforcement obligations, including asset freezes.

The U.S. should identify the individuals who are most responsible for threatening the peace, security, and stability of South Sudan and the region and for committing widespread violence and atrocities, and human rights abuses as specified under U.S. Executive Order 13664.[224] U.S. lawmakers should levy U.S. sanctions and work with enforcement partners to help freeze the assets and limit the travel of those most responsible for fueling war.

U.S. diplomats and technical experts should assist countries in the region to do the same. U.N. member states have legal obligations to ensure that individuals and entities within their jurisdictions comply with the U.N. sanctions regime, including reporting within 90 days the steps they have taken to implement U.N. Security Council Resolution 2206.[225] A review of regional capacity to enforce sanctions designations would also signal to political and business elites the seriousness of impending sanctions designations. It is already within the mandate of the U.N. Panel of Experts, tasked with investigating and monitoring the enforcement of the regime, to scrutinize business deals between regional elites and South Sudanese politicians. If these deals are found to fund and fuel the conflict, these individuals and entities would also be exposed to possible sanctions designations.

The U.S. and international partners should support and help expand the capacity-building efforts within regional regulatory institutions that have been underway for the past decade. Donor support to Ethiopia, Kenya, and Uganda in this area has to date focused extensively on anti-money laundering and counter-terrorist financing (AML/CTF). Uganda, Kenya, and Ethiopia have Financial Intelligence Units (FIUs) that address these issues. Building on the work that has already been done, U.S. and international community technical support should be expanded and focus on the FIUs and support the strengthening of these countries' legal, regulatory, and technical capacities to enable them to enforce targeted sanctions.

According to the Financial Action Task Force (FATF),[226] an inter-governmental body created to improve national compliance with international standards for AML/CTF, Uganda is the only country of the three neighbors not making sufficient progress on its commitments to FATF standards or those of the Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG) of which it is a member.[227] These shortcomings include insufficient legal and regulatory frameworks or technical capacity to identify, trace, and freeze terrorist assets, as well as inadequate financial oversight, including a fully operational financial intelligence unit, specifically the Financial Intelligence Authority (FIA) established in 2013.[228] Similar capacities are necessary to enforce targeted sanctions. Given the sustained donor support and attention necessary to reform national financial and legal institutions, ongoing support for AML/CFT should be expanded to include prioritize targeted sanctions enforcement as well. For Uganda, these efforts would improve not only compliance with global standards but also donor and investor confidence in financial transparency.[229]

Ethiopia and Kenya have both made sufficient progress on their commitments to the implementation of FATF standards and were removed from the body's monitoring list in 2014.[230] Kenya and Ethiopia are also both making progress towards membership in the Egmont Group, a global information-sharing and capacity-building network of financial intelligence units to combat money laundering, terrorist financing, and other financial crimes.[231] Kenya established its Financial Reporting Center in 2009, and Ethiopia established its Financial Intelligence Center in 2010.[232] While both countries still have significant gaps to address in financial oversight and transparency, the political will and technical capacity that has grown over the past few years could significantly enhance targeted sanctions enforcement. Ongoing efforts to improve legal and regulatory frameworks, as well as the operational autonomy of their respective FIUs, provide significant opportunities for Kenya and Ethiopia to improve their compliance with U.N. sanctions regimes and apply the necessary economic pressure on South Sudan's warring elites to limit their ability to fund and fuel the conflict. As with Uganda, Ethiopia and Kenya's higher rate of compliance with global standards would also improve donor confidence and could stimulate investment. Efforts to improve domestic compliance with AML/CTF standards have already had a positive effect on donor and investor confidence in the region, providing an additional incentive for compliance beyond the influence of international partners and multilateral institutions.[233]

Reducing the regional political tensions driving the conflict

U.S. diplomats and international partners must go beyond helping to build regional political will and technical capacity in the region to enforce sanctions; they must also work to help mitigate regional tensions and rivalries. If these regional dynamics are not addressed, Uganda and Sudan in particular will continue to support their allies in the South Sudanese government and armed opposition respectively. Securing an agreement on the withdrawal of foreign forces that are not part of the peacekeeping mission and reducing direct support to the warring sides from their regional supporters seeking to gain an economic advantage once the conflict has ended will require broadening the scope of what the peace process seeks to achieve. Quelling the regionalization of the conflict will require engaging many partners, especially China, and all of South Sudan's IGAD neighbors. Peace negotiators should also enlist support from Rwanda, a close regional ally and member of the EAC and Northern Corridor project. South Africa, a historic ally of the SPLM that is engaged in political party reform and the Arusha process, is another influential government with leverage that should be enlisted. Nigeria and Chad, both of which are on the U.N. Security Council, should also be tapped as part of the broader international peace effort.

China's role in the international effort to mitigate regional tensions and counter the flow of weapons to warring parties in South Sudan is particularly significant. China has an incentive to support peace, as continued conflict threatens Chinese investments in South Sudan's North-South pipeline and the oil installations in Unity and Upper Nile states. Chinese officials say that they have halted all arms shipments to the government of South Sudan by Chinese state-owned arms manufacturer Norinco,[234] but if there are grounds for persistent speculation to the contrary by analysts and arms experts, a combination of Chinese and U.S. pressure to counteract the sources of military support within the region could have a strong impact on the combatants and leaders. Any peace deal should include specific provisions for the withdrawal of foreign forces from South Sudan and reductions in the flow of weapons and ammunition to the warring parties.

Among the different potential aspects of sanctions—including asset freezes, travel bans, and an arms embargo—regional capacity and political will is most lacking on the enforcement of an international arms embargo. Opaque military cooperation arrangements and large-scale illicit arms transfers will make an arms embargo difficult to enforce in the region. As the region expands collaboration with China and Russia on oil infrastructure development projects and arms purchasing deals, these two permanent U.N. Security Council members have increasing interest in blocking measures on the Security Council that would undermine these lucrative deals. Nevertheless, an arms embargo would send a clear signal to both sides and would provide a legal basis for action against individuals and entities of any nationality that facilitate the sale and transfer of weapons and ammunition to the warring parties, including British and American brokers. The U.N. Panel of Experts already has a mandate to gather, examine, and analyze information regarding the supply, sale, and transfer of arms and military assistance to individuals and entities undermining the peace process that could be brought to bear on regional allies and foreign entities as well.

While IGAD states are obligated to enforce U.N. sanctions, including specific measures such as freezing bank accounts, enforcing travel bans, and halting the flow of weapons and ammunition across their borders, states will only enforce these requirements if they see it in their political interests to do so. Competing regional aspirations for an East African pipeline and access to South Sudan's natural resource wealth, as well as broader security dynamics in the region involving Uganda, Sudan, and the proxy actors they support have created conditions that allow South Sudan's warring elites to generate support for their campaigns. The expanded peace process will only succeed if the inclusion of other key African countries, such as Rwanda and South Africa, and the diplomatic engagement of the U.S. and China, creates significant ownership over the peace process that results in punitive action against those individuals that continue to obstruct the peace process and commit human rights abuses.

Conclusion

The network of political and economic connections in the region surrounding South Sudan creates both risks and opportunities as the parties navigate talks. The region is deeply invested in peace and regional economic development, but it is also constrained by the interests and calculations of individual countries as well as political and business elites. Until now, the international community has supported regional actors leading the peace process. In order to break the impasse in negotiations, including regional disunity and support for the warring parties, IGAD states and key international partners, including the U.S. and China, need to exercise their latent economic leverage over the warring parties in support of the expanded diplomatic process.

While targeted sanctions are not a panacea, the imposition of targeted punitive measures coupled with deep diplomatic engagement is the most likely strategy to shift the calculations of the warring parties to make the concessions necessary for peace. In order to persuade South Sudan's neighbors to support such an approach, the U.S. and China should engage with regional heads of state to resolve regional tensions that are undermining the region's ambitious development goals and efforts to secure much needed foreign investment. Only by ensuring that regional interests and strategies are aligned with multilateral pressure will it be possible to bring about a peaceful resolution to the conflict for the people of South Sudan.

Endnotes

[1] These agreements, all brokered by the Intergovernmental Authority on Development, include the following: (1) "Agreement on Cessation of Hostilities Between the Government of the Republic of South Sudan (GRSS) and the Sudan People's Liberation Movement/Army (In Opposition) (SPLM/A In Opposition)," January 23, 2014, available at http://southsudan.igad.int/attachments/article/250/cessation%20of%20hostilities.pdf; (2) "Implementation Modalities in Support of the Agreement on Cessation of Hostilities Between the Government of the Republic of South Sudan (GRSS) and the Sudan People's Liberation Movement/Army (In Opposition) (SPLM/A IO)," February 24, 2014, available at http://southsudan.igad.int/attachments/article/251/Implementation%20Modalities%20for%20CoH.pdf; (3) "Recommitment on Humanitarian Matters in the Cessation of Hostilities Between the Government of the Republic of South Sudan (GRSS) and the Sudan People's Liberation Movement/Army (In Opposition) (SPLM/A IO)," May 5, 2014, available at http://southsudan.igad.int/attachments/article/252/Recommittment%20to%20Humanitarian%20Matters%20of%20COH,%205%20May'2014.pdf; (4) "Agreement to Resolve the Crisis in South Sudan," May 9, 2014, available at http://southsudan.igad.int/attachments/article/249/Agreement%20to%20Resolve%20the%20crisis%20in%20S.%20Sudan,%209%20May'14.pdf; (5) "Re-Dedication of and Implementation Modalities for the Cessation of Hostilities Agreement signed on 23rd January 2014 between the Government of the Republic of South Sudan and the Sudan People's Liberation Movement / Army (In Opposition)," August 25, 2014; agreement text (not signed by Riek Machar, but by all regional heads of state) referenced in Intergovernmental Authority on Development, "IGAD Mediation Calls on South Sudan Parties to Respect Cessation of Hostilities Agreement," Press release, August 30, 2014, available at http://southsudan.igad.int/attachments/article/262/30%20Aug%20Press%20Release%20Statement%20from%20the%20Mediation.pdf; (6) "Re-Dedication of and Implementation Modalities for the Cessation of Hostilities Agreement signed on 23rd January 2014 between the Government of the Republic of South Sudan and the Sudan People's Liberation Movement / Army (In Opposition)," November 9, 2014, available at http://southsudan.igad.int/attachments/article/272/CoH%20Implementation%20Matrix%20and%20Addendum%20signed%209%20%20November.pdf; (7) January 12, 2015 recommitment by South Sudanese representatives in a one-day special consultation in Khartoum initiated by the Chinese government; Government of Ethiopia, "Special Consultation in Support of IGAD-Led South Sudan Peace Process Concluded in Khartoum," AllAfrica.com, January 14, 2015, available at http://allafrica.com/stories/201501150268.html; Ministry of Foreign Affairs of the People's Republic of China, "Foreign Ministry Spokesperson Hong Lei's Regular Press Conference on January 13, 2015," January 13, 2015, available at http://www.fmprc.gov.cn/mfa_eng/xwfw_665399/s2510_665401/t1227905.shtml; (8) Agreement signed January 21, 2015, in Arusha, Tanzania; Paanluel Wël,"Arusha Declaration: The Draft Agreement on the Reunification of the SPLM Factions," January 21, 2015, available at http://paanluelwel.com/2015/01/21/arusha-declaration-the-draft-agreement-on-the-reunification-of-the-%E2%80%AA%E2%80%8Esplm%E2%80%AC-warring-factions/; see also Fumbuka Ng'wanakilala, "South Sudan ruling party rivals sign peace deal in Tanzania," Reuters, January 21, 2015, available at http://uk.reuters.com/article/2015/01/21/southsudan-crisis-idUKL1N0V01X720150121; (9) Intergovernmental Authority on Development, "South Sudan Parties Sign Areas of Agreement on the Establishment of the Transitional Government of National Unity (TGoNU)," February 2, 2015, available at http://southsudan.igad.int/index.php/278-south-sudan-parties-sign-areas-of-agreement-on-the-establishment-of-the-transitional-government-of-national-unity-tgonu.

[2] At the time of publication, 40 violations of the cessation of hostilities agreement had been documented and published by the Intergovernmental Authority on Development Monitoring & Verification Mechanism. For documentation of violations 1 to 12 see "Summary of Reports of Cessation of Hostilities (COHs) Violations (as at 21August 2014)," available at http://southsudan.igad.int/attachments/article/258/Summary%20of%20Reports%20of%20Cessation%20of%20Hostilities%20%28COHs%29%20Violations%20%28as%20at%2021August%202014%29.pdf. For documentation of violations 13 to 17 see "Summary of Reports of Cessation of Hostilities (COHs) Violations (22 August – 7 November 2014)," available at http://southsudan.igad.int/attachments/article/273/Summary%20of%20Reports%20of%20Cessation%20of%20Hostilities%2022%20Aug-7%20%20Nov.pdf. For documentation of violation 18 see "Addendum to Summary of Reports of Cessation of Hostilities (COH) Violations (22 August – 7 November 2014)," available at http://southsudan.igad.int/attachments/article/274/Addendum%20to%20Summary%20of%20Reports%20of%20Cessation%20of%20Hostilities%20%20%2022%20Aug-7%20Nov.pdf. For documentation of violations 19 to 21 see "Summary of Reports of Cessation of Hostilities (COH) Violations (8 November - 14 December 2014) and Update on Incident of 23 August 2014," available at http://southsudan.igad.int/attachments/article/275/Summary%20of%20Reports%20of%20Cessation%20of%20Hostilities%208%20Nov%20-%2014%20%20Dec%202014.pdf. For documentation of violations 22 to 24 see "Summary of Reports of Cessation of Hostilities (COH) Violations (15 December 2014 – 31 January 2015)," available at http://southsudan.igad.int/attachments/article/277/Summary%20of%20Reports%20of%20Cessation%20of%20Hostilities%2015%20Dec%202014%20-%2031%20Jan%202015.pdf. For documentation of violations 25 to 26 see "Addendum to Summary of Reports of Cessation of Hostilities (COH) Violations (15 December 2014 – 31 January 2015)," available at http://southsudan.igad.int/attachments/article/279/02062015Addendum%20to%20Summary%20of%20Reports%20of%20Cessation%20of%20Hostilities%20Jan%202015.pdf. For documentation of violations 27 to 31 see "Summary of Latest Reports of Violations of the Cessation of Hostilities Agreement (COHA) of 23 January 2014 Investigated and verified by the IGAD Monitoring and Verification Mechanism in South Sudan From 31 January – 28 February 2015," available at http://southsudan.igad.int/attachments/article/283/0317Website%20Violations%20Summary%20V27-31%20v2.pdf. For documentation of violations 32 to 35 see "Summary of Latest Reports of Violations of the Cessation of Hostilities Agreement (COHA) Investigated and verified by the IGAD Monitoring and Verification Mechanism in South Sudan From 1 March 2015 – 16 March 2015," available at http://southsudan.igad.int/attachments/article/284/Violations_Summary_V32-35_ENG.pdf. For documentation of violations 36 to 38 see "Summary of Latest Reports of Violations of the Cessation of Hostilities Agreement (COHA) Investigated and verified by the IGAD Monitoring and Verification Mechanism in South Sudan Reporting Period: 17 March 2015 – 31 March 2015," available at http://southsudan.igad.int/attachments/article/286/Violations%20Summary%20V36-38%20ENG%20Final.pdf. For documentation of violation 39 see "Summary of Latest Reports of Violations of the Cessation of Hostilities Agreement (COHA) Investigated and verified by the IGAD Monitoring and Verification Mechanism in South Sudan Reporting Period: 31 March – 30 April 2015," available at http://southsudan.igad.int/attachments/article/290/Website%20Violations%20Summary%20V39%20ENG.pdf. For documentation of violation 40 see "Summary of Latest Reports of Violations of the Cessation of Hostilities Agreement (COHA) Investigated and verified by the IGAD Monitoring and Verification Mechanism in South Sudan Reporting Period: 1-27 May 2015," available at http://southsudan.igad.int/attachments/article/292/Violations%20Summary%20V40%20ENG%20final%20.pdf. See also Justine Fleischner and Akshaya Kumar, "Will There Ever Be Peace In South Sudan?" Daily Beast, February 7, 2015, available at http://www.thedailybeast.com/articles/2015/02/07/will-there-ever-be-peace-in-south-sudan.html.

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[13] Frontier Economics, "South Sudan: The Cost of War," pp. 14-17 (Nairobi: January 2015), available at http://www.frontier-economics. com/documents/2015/01/south-sudan-cost-war.pdf.

[14] The U.N. Office for the Coordination of Humanitarian Affairs has reported more than 546,000 South Sudanese refugees in neighboring countries. U.N. Office for the Coordination of Humanitarian Affairs, "Humanitarian Bulletin, South Sudan," May 15, 2015, available at https://docs.unocha.org/sites/dms/SouthSudan/2015_SouthSudan/South_Sudan_15_May_2015_Humanitarian_Bulletin.pdf.

[15] The cost paid by the Ugandan government for the deployment in South Sudan is not public but has drawn increasing scrutiny and domestic criticism. A press report from June 2014 indicated that the Ugandan defense ministry had asked the parliament to approve a supplementary budget of $65 million for security in the region. In August 2014 the Ugandan government reportedly paid the equivalent of $8.3 million for food, fuel, and other supplies used in the deployment in South Sudan. In April 2015, the Ugandan press reported that the UPDF deployment in South Sudan would cost Ugandan taxpayers the equivalent of an additional $5.4 million—an increase in spending that drew resistance in the Ugandan legislature. A May 2015 press report estimated that the UPDF had spent the equivalent of $38.2 million. See, respectively, Daniel K. Kalinaki, "The cost of war: Uganda borrows to fund its military in South Sudan," *The East African*, June 7, 2014, available at http://www.theeastafrican.co.ke/news/-Uganda-borrows--to-fund-its-military-in-South-Sudan-/-/2558/2340360/-/9vqonx/-/index.html; Deo Walusimbi, "Uganda: UPDF Budget for South Sudan War Shoots Up By Shs 16.2bn," *The Observer*, April 27, 2015, available at http://www.observer.ug/news-headlines/37531-updf-budget-for-south-sudan-war-shoots-up-by-shs-16-2bn; Nelson Wesonga, "Pull out of South Sudan – legislators," *Daily Monitor*, May 27, 2015, available at http://www.monitor.co.ug/News/National/Pull-out-of-South-Sudan---legislators/-/688334/2730532/-/323pr1/-/index.html. In a January 2015 report, Frontier Economics estimated that Uganda's defense expenses for the conflict in South Sudan were approximately double the amount of the Ugandan government's projected budget for the health sector and close to the budget for education. "Frontier Economics, "South Sudan: The Cost of War," p. 5.

[16] International Alert, "Trading with Neighbors: Understanding Uganda–South Sudan business community trade relations," p. 22 (London: October 2014), available at http://international-alert.org/sites/default/files/Uganda_UgandaSouthSudanTradeRelations_EN_2014.pdf. According to *The East African*, the volume of Ugandan exports to South Sudan has declined 60 percent since the conflict broke out in December 2013. See Ismail Musa Ladu and Paul Adude, "Uganda seeks DRC as alternative market to South Sudan," *The East African*, July 28, 2014, http://www.theeastafrican.co.ke/business/Uganda-turns-to-DRC-as-alternative-market-to-S-Sudan/-/2560/2400112/-/ev224r/-/index.html.

[17] Andrew Green and Duncan Miriri, "Intrepid bankers reap rewards in Africa's newest state," Reuters, December 5, 2013, available at http://www.reuters.com/article/2013/12/05/africa-investment-idUSL5N0JH26L20131205. For more on Kenyan banks across the region see Elayne Wangalwa, "Progress of Kenyan banks' regional expansion strategy," CNBC Africa, February 12, 2015, available at http://www.cnbcafrica.com/news/east-africa/2014/06/20/progress-of-kenyan-banks-regional-expansion-strategy/; Mwangi S. Kimenyi and Josephine Kibe, "Africa's Powerhouse," Brookings, January 6, 2014, http://www.brookings.edu/research/opinions/2013/12/30-kenya-economy-kimenyi.

[18] Public sources show that companies tied to some Kenyan political and business elites, including President Kenyatta and his family, have investments in South Sudan. See Mfonobong Nsehe, "Kenyan President Uhuru Kenyatta To Earn Millions From Danone Deal," Forbes, July 19, 2014, available at http://www.forbes.com/sites/mfonobongnsehe/2014/07/19/kenyan-president-uhuru-kenyatta-to-earn-millions-from-danone-deal/; Agritrade, "The evolving EU–Africa dairy trade: EU corporate responses to milk production quota abolition," September 5, 2014, available at http://agritrade.cta.int/Agriculture/Commodities/Dairy/The-evolving-EU-Africa-dairy-trade-EU-corporate-responses-to-milk-production-quota-abolition; Kennedy Kamundi, "Corporate Leadership in Dairy Industry (Case of Kenya Dairy Board)," *European Journal of Business and Management* 6 (33) (2014), available at http://iiste.org/Journals/index.php/EJBM/article/view/16934; Victor Juma, "Kenyatta business empire goes into expansion drive," Business Daily Africa, November 11, 2014, available at http://www.businessdailyafrica.com/Corporate-News/Kenyatta-business-empire-goes-into-expansion-drive/-/539550/2069704/-/g4fwge/-/index.html; Charles Wachira, "Danone Buys 40% of Kenya's Brookside to Expand African Footprint," Bloomberg News, July 18, 2014, available at http://www.bloomberg.com/news/articles/2014-07-18/danone-buys-40-of-kenya-s-brookside-to-expand-african-footprint. Regional experts suggested to the Enough Project that the brother of Ugandan President Museveni may also have business interests in South Sudan, although Enough was not able to independently verify these claims.
[19] Analysis provided by Ethiopian expert.
[20] Uganda currently holds the presidency of the 69th session of the U. N. General Assembly, and it has actively lobbied against sanctions on South Sudan. Interviews with U.N. diplomats in New York, December 2014 and January 2015. See also Ugandan Ministry of Foreign Affairs, "Keynote Address by H.E. Yoweri Kaguta Museveni, President of the Republic of Uganda, at the High Level Thematic Debate on 'Strengthening Cooperation Between the United Nations and Regional and Sub-Regional Organizations," May 4 2014, available at http://www.mofa.go.ug/files/downloads/KEYNOTE%20ADDRESS%20AT%20THE%20HIGH%20LEVEL%20THEMATIC%20DEBATE%204TH%20MAY%202015%20NEWYORK.pdf.
[21] Charles Wachira, "Kenyan Banks Face Risk Due to Threat of Sanctions on South Sudan," Bloomberg News, September 15, 2014, available at http://www.bloomberg.com/news/articles/2014-09-15/kenyan-banks-face-risk-due-to-threat-of-sanctions-on-south-sudan; Jackson Okoth, "Kenyan banks face turbulence over looming sanctions in South Sudan," Standard Media, September 16, 2014, available at http://www.standardmedia.co.ke/business/article/2000135121/kenyan-banks-face-turbulence-over-looming-sanctions-in-south-sudan; Nichola Mandil, "Sanctions against South Sudan could affect Kenyan banks," Eye Radio, September 16, 2014, available at http://eyeradio.org/sanctions-south-sudan-affect-kenyan-banks/.
[22] Agence France-Presse, "S. Sudan rivals in Khartoum for China-led peace talks," January 12, 2015, available at http://reliefweb.int/report/south-sudan/ssudan-rivals-khartoum-china-led-peace-talks; Xinhua, "China-supported consultations in Khartoum reactivate peace process in South Sudan," January 13, 2015, available at http://news.xinhuanet.com/english/china/2015-01/13/c_133915537.htm; HAN and Geeska Afrika, "Sudan: China's led South-Sudan Peace Process in Khartoum," January 17, 2015, available at http://www.geeskaafrika.com/sudan-chinas-led-south-sudan-peace-process-in-khartoum/7740/#sthash.5rRz3NGf.dpuf.
[23] David Smith, "China to send 700 combat troops to South Sudan," *The Guardian*, December 23, 2014, available at http://www.theguardian.com/world/2014/dec/23/china-700-combat-troops-south-sudan-africa-battalion-un-peacekeeping; BBC News, "Chinese troops ready to join South Sudan UN force," December 22, 2014, available at http://www.bbc.com/news/world-africa-30577294.
[24] Itziar Aguirre, "Violence in South Sudan Threatens Chinese Oil Investment," Global Risk Insights, December 18, 2014, available at http://oilprice.com/Energy/Crude-Oil/Violence-In-South-Sudan-Threatens-Chinese-Oil-Investment.html; International Monetary Fund, "IMF Country Report No. 14/345: Republic of South Sudan 2014 Article IV Consultation," p. 4, December 2014, available at https://www.imf.org/external/pubs/ft/scr/2014/cr14345.pdf.

[25] Despite China's pledges to halt all arms shipments to the government of South Sudan in late 2014, weapons experts and analysts on the ground suspect that arms shipments have continued, although these allegations could not be independently verified by the Enough Project. If true, the suspected transfer of weapons by China to the government of South Sudan would reveal that China has not been an impartial actor in the conflict, despite efforts to convene peace talks in early 2015. For reports of past Chinese arms sales to South Sudan see Ilya Gridneff, "China Halts Arms Sales to South Sudan After Norinco Shipment," Bloomberg News, September 30, 2014, available at http://www.bloomberg.com/news/articles/2014-09-29/china-halts-weapons-sales-to-south-sudan-after-norinco-shipment; Amnesty International, "Q&A - South Sudan: A nation awash with arms," August 21, 2014, available at https://www.amnesty.org/en/articles/news/2014/08/qa-south-sudan-nation-awash-arms/; Amnesty International, "UN: South Sudan arms embargo crucial after massive Chinese weapons transfer," July 17, 2014, available at https://www.amnesty.org/en/articles/news/2014/07/un-south-sudan-arms-embargo-crucial-after-massive-chinese-weapons-transfer/.

[26] For an overview of regional developments in this arena see Global Center on Cooperative Security, "Tracking Progress: Anti-Money Laundering and Countering the Financing of Terrorism in East Africa and the Greater Horn of Africa" (Goshen, Indiana: 2015), available at http://www.globalcenter.org/wp-content/uploads/2015/03/Tracking-Progress-low-res.pdf.

[27] The U.N. High Level Review on sanctions made a similar recommendation, advising that "The Security Council and Sanctions Committees should conduct public education campaigns and publish guidance on the nature of UN sanctions, their purpose, objectives, and the roles of various actors." See High Level Review of United Nations Sanctions, "UN Sanctions: Humanitarian Aspects and Emerging Challenges, Chairperson's Report," p. 12, January 19, 2015, available at http://www.hlr-unsanctions.org/HLR_WG3_report_final.19.1.15.pdf.

[28] Intergovernmental Authority on Development, "Message from H.E Hailemariam Desalegn, Prime Minister of the Federal Democratic Republic of Ethiopia and Chairperson of the IGAD Assembly to the People of South Sudan," March 6, 2015, available at http://southsudan.igad.int/index.php/91-demo-contents/news/282-message-from-h-e-hailemariam-dessalegn-prime-minister-of-the-federal-democratic-republic-of-ethiopia-and-chairperson-of-the-igad-assembly-to-the-people-of-south-sudan.

[29] Intergovernmental Authority on Development, "Resolutions by the 28th Extraordinary Summit of the IGAD Heads of State and Government," para. 3, November 7, 2014.

[30] A separate peace initiative, described as the Arusha process, is facilitated by Tanzania's ruling party, Chama Cha Mapunduzi. The Arusha process has worked to address fractures between SPLM leaders who fell out with one another at the start of the conflict. President Kenyatta made statements in May indicating the Arusha process could be integrated into the IGAD plus process. For more on the Arusha process, see Philip Aleu, "South Sudan's Fractured SPLM Signs Reunification Agreement," Voice of America, January 22, 2015, available at http://www.voanews.com/content/south-sudan-politics-splm-unrest-peace-agreement-arusha/2609398.html; Nicholas Bariyo, "South Sudan's Warring Factions Sign Peace Deal," *The Wall Street Journal*, January 22, 2015, available at http://www.wsj.com/articles/south-sudans-warring-factions-sign-peace-deal-1421943592. For President Kenyatta's statements, see Uhuru Kenyatta, Facebook announcement of initiative to merge Arusha peace talks with the IGAD process, posted May 29, 2015, available at https://www.facebook.com/myuhurukenyatta/posts/1072024319492787. See also Jibril Adan, "President Kenyatta in new push for S.Sudan peace," Capital News, May 29, 2015, available at https://www.capitalfm.co.ke/news/2015/05/president-kenyatta-in-new-push-for-s-sudan-peace/. For more on the expanded peace process generally see Tesfa-Alem Tekle, "Five African countries to join IGAD mediation on S. Sudan conflict," April 29, 2015, available at http://www.sudantribune.com/spip.php?article54773.

[31] In May 2014, international arms experts found cartridges and cartridge cases suggesting Sudanese manufacture in a mosque in Bentiu, South Sudan approximately one month after a massacre alleged by eyewitnesses and the U.N. Mission in South Sudan to have been committed by SPLA-IO forces and allies. Human Security Baseline Assessment (HSBA) for Sudan and South Sudan with Conflict Armament Research, "Small arms ammunition documented at Bentiu mosque, May 2014," July 24, 2014, available at http://www.smallarmssurveysudan.org/fileadmin/docs/facts-figures/arms-ammunition-tracing-desk/HSBA-Tracing-Desk-Bentiu-July-2014.pdf. See also International Crisis Group, "Sudan and South Sudan's Merging Conflicts," pp. i, 20 (Brussels: January 2015), available at http://www.crisisgroup.org/~/media/Files/africa/horn-of-africa/south%20sudan/223-sudan-and-south-sudan-s-merging-conflicts.pdf.
[32] Interview with Ethiopian diplomat, Addis Ababa, January 2015.
[33] Frontier Economics, "South Sudan: The Cost of War."
[34] Interview with regional expert, Addis Ababa, January 2015.
[35] Global Center on Cooperative Security, "Tracking Progress."
[36] Interview with regional diplomat, Addis Ababa, February 2015.
[37] Sudan Tribune, "S. Sudanese rebels welcome direct negotiations with Ugandan president," June 12, 2014, available at http://www.sudantribune.com/spip.php?article51309; "Re-Dedication of and Implementation Modalities for the Cessation of Hostilities Agreement signed on 23rd January 2014 between the Government of the Republic of South Sudan and the Sudan People's Liberation Movement / Army (In Opposition)," August 25, 2014, referenced in Intergovernmental Authority on Development, "IGAD Mediation Calls on South Sudan Parties to Respect Cessation of Hostilities Agreement," Press release, August 30, 2014. Regional heads of state signed this protocol, but SPLA-IO leader Riek Machar did not.
[38] Patrick McGroarty, "South Sudan's Kiir Says Uganda Helping to Fight Rebels," *The Wall Street Journal*, January 16, 2014, available at http://www.wsj.com/articles/SB10001424052702303465004579324240269459308. A copy of the Status of Forces Agreement signed between South Sudan and Uganda and obtained by the Enough Project supports this claim.
[39] Sadab Kitatta Kaaya, "Kiir never wrote to Museveni – speaker," *The Observer*, January 27, 2014, available at http://observer.ug/news-headlines/29837-kiir-never-wrote-to-museveni-speaker.
[40] Ugandan Defense Minister Crispus Kiyonga told the Ugandan Parliament that Uganda's intervention "was to save Ugandans and prevent a genocide; to avert negative development in the national and regional security; to protect constitutionalism and respond to dangers to a fraternal neighbor." Ugandan Parliament, "South Sudan : Parliament backs deployment of UPDF in South Sudan," January 16, 2014. For Ugandan government statements denying that support was sent for Kiir specifically see Peter Clottey, "Uganda Denies Troops Supporting South Sudan Leader," Voice of America, December 22, 2013, available at http://www.voanews.com/content/uganda-denies-troops-supporting-south-sudan-leader/1815470.html; Sudan Tribune, "Uganda deploys troops in South Sudan," December 21, 2013, available at http://www.sudantribune.com/spip.php?article49259.
[41] Interviews with regional experts, academics, and former government officials. An August 2014 *Sudan Tribune* article describing talks between the SPLA-IO and top Ugandan leaders referenced a demand by Kampala for "payment of millions of dollars by South Sudan of three month arrears in order to continue to support and fight for Kiir's government." Sudan Tribune, "South Sudan rebels say Uganda visit 'encouraging,'" August 22, 2014, available at http://www.sudantribune.com/spip.php?article52122. A *Sudan Tribune* report from February 2014 referencing a visit to South Sudan by President Museveni cited sources "close to the leadership in Juba" who said the visit aimed in part to lift the morale of Ugandan troops fighting alongside South Sudanese government forces "with assurances of increased double payments and military promotions. 'The leaders discussed the need to respect terms of source funding for military operations, including keeping confidential information relating to the source of funding,' the source revealed." Sudan Tribune, "Ugandan troops to gradually withdraw from the South Sudan conflict," February 22, 2014, available at http://www.sudantribune.com/spip.php?article50038.
[42] Interviews with government officials, December 2014 and February 2015.

[43] Interviews with Sudanese and regional experts. For comment and analysis on President Museveni's role in South Sudan see Lesley Anne Warner, "Museveni plays peacemaker by day and combatant by night in South Sudan," African Arguments, January 31, 2014, available at http://africanarguments.org/2014/01/31/museveni-plays-peacemaker-by-day-and-combatant-by-night-in-south-sudan-by-lesley-anne-warner/; Athiaan Majak Malou, "Understanding Museveni's intervention in South Sudan," *Sudan Tribune*, January 13, 2014, available at http://www.sudantribune.com/spip.php?article49541. For additional analysis with historical perspective on relations between Sudanese and Ugandan leaders and related regional dynamics see Berouk Mesfin, "The crisis in South Sudan: a game of regional chess," Institute for Security Studies, May 26, 2014, available at http://www.issafrica.org/iss-today/the-crisis-in-south-sudan-a-game-of-regional-chess; Gérard Prunier, "Rebel Movements and Proxy Warfare: Uganda, Sudan and the Congo (1986-99)," *African Affairs*, 103 (412) (2004): 359-383. See in particular pp. 363-367, 381-383; Christopher R. Day, "The Fates of Rebels: Insurgencies in Uganda," *Comparative Politics*, 43 (4) (2011): 439-458.
[44] Multiple interviews with government officials and military officers. See also Sudan Tribune, "Uganda does not regret supporting SPLA during Sudan war, minister says," May 12, 2012, available at http://www.sudantribune.com/spip.php?article42572; Nicholas Kulish, "Rebel Forces Attack Key City in South Sudan," *The New York Times*, December 31, 2013, available at http://www.nytimes.com/2014/01/01/world/africa/south-sudan.html?_r=0.
[45] Interviews with regional experts.
[46] A 2014 Overseas Development Institute report on the political economies within the region notes in its discussion on Uganda, "Wielders of economic power in Uganda today are not necessarily holders of political power. However, those who have political power also tend to exercise significant economic power, which has given rise to a significant intermingling of political and economic power." Later the report notes, "The collusive networks bringing together politicians and military and security officials on the one hand, and members of the business community on the other operate on the basis of mutual interdependence. Investors can exchange shares in their businesses for 'facilitation', which comes in the form of assistance to smoothen or clear whatever obstacles may arise along the way." David Booth, Brian Cooksey, Frederick Golooba-Mutebi and Karuti Kanyinga, "East African prospects: An update on the political economy of Kenya, Rwanda, Tanzania and Uganda," pp. 56, 57 (London: May 2014), available at http://www.odi.org/sites/odi.org.uk/files/odi-assets/publications-opinion-files/8945.pdf.
[47] Interviews in Kampala, January 2015, and regional analyst assessment.
[48] The Ugandan People's Defense Forces 4th Division, Ugandan Lord's Resistance Army Regional Task Force troops, and Ugandan Special Forces have all been deployed with significant ground and air assets. Interview with regional expert, Kampala, January 2015.
[49] Multiple interviewees gave conflicting estimates of UPDF troop numbers in South Sudan. In January 2015, Ugandan officials suggested there were around 3,000 UPDF troops deployed in South Sudan.
[50] Interviews with regional experts, January and February 2015.

[51] Martin Ssebuyira and Risdel Kasasira, "UPDF rescues 105 from South Sudan," Daily Monitor, December 21, 2013, available at http://www.monitor.co.ug/News/National/UPDF-rescues-105-from-South-Sudan/-/688334/2120708/-/kagtbf/-/index.html; Frederic Musisi, "UPDF came to prevent a genocide - S. Sudan," *Daily Monitor*, January 9, 2014, available at http://www.monitor.co.ug/News/National/UPDF-came-to-prevent-a-genocide---S--Sudan/-/688334/2139294/-/aml7wez/-/index.html; "Bishop Kaggwa salutes UPDF intervention in South Sudan," *The Observer*, January 3, 2014, available at http://www.observer.ug/index.php?option=com_content&view=article&id=29429%3Abishop-kaggwa-salutes-updf-intervention-in-south-sudan&Itemid=96; Ofwono Opondo, "Museveni is a peace builder, not breaker," *The Observer*, January 3, 2014, available at http://observer.ug/component/content/article?id=29417:museveni-is-a-peace-builder-not-breaker. Uganda's intervention also drew criticism. See, for example, Ronald Ssekandi and Yuan Qing, "Fury as Uganda deploys troops in South Sudan," Xinhua News, January 10, 2014, available at http://news.xinhuanet.com/english/africa/2014-01/10/c_133032776.htm; Mercy Nalugo, "MPs divided over UPDF presence in South Sudan," *Daily Monitor*, January 3, 2014, available at http://www.monitor.co.ug/News/National/MPs-divided-over-UPDF-presence-in-South-Sudan/-/688334/2132674/-/kf5y5yz/-/index.html; Sudan Tribune, "Concerns raised over Ugandan involvement in S. Sudan affairs," January 2, 2014, available at http://www.sudantribune.com/spip.php?article49416; Mercy Nalugo, "Explain army's role in S. Sudan conflict, MPs tell Museveni," *Daily Monitor*, January 1, 2014, available at http://www.monitor.co.ug/News/National/Explain-army-s-role-in-S--Sudan-conflict--MPs-tell-Museveni/-/688334/2130554/-/66tjsuz/-/index.html; Richard Wanambwa and agencies, "Machar accuses Uganda of fuelling South Sudan conflict," *Daily Monitor*, January 1, 2014, available at http://www.monitor.co.ug/News/National/Machar-to-Museveni---Back-off--our-country/-/688334/2130536/-/121klciz/-/index.html.

[52] Interviews with regional diplomats.

[53] The current Status of Forces Agreement (SoFA) between the two countries provides for the provision of food and fuel by the government of South Sudan to the UPDF, but the agreement does not provide for any additional monetary compensation. UDPF troops receive their normal salaries, and the international community does not pay for the deployment, as is the case in Somalia. SoFA on file with the Enough Project.

[54] Nicholas Bariyo, "Uganda to Supply South Sudan Weapons," *The Wall Street Journal*, October 16, 2014, available by subscription at http://www.wsj.com/articles/uganda-to-supply-south-sudan-weapons-1413475592.

[55] Interviews with multiple analysts in different regional capitals, January and February 2015.

[56] For accounts of abuses see Human Rights Watch, "South Sudan's New War," Amnesty International, "Nowhere safe."

[57] Human Rights Watch, "South Sudan: Investigate New Cluster Bomb Use: Identify Those Responsible for Using Banned Weapons," February 15, 2014, available at http://www.hrw.org/news/2014/02/14/south-sudan-investigate-new-cluster-bomb-use.

[58] Barbara Among and agencies, "UPDF helps South Sudan recapture Bor, says Ankunda," *Daily Monitor*, January 20 2014, available at http://www.monitor.co.ug/News/National/UPDF-helps-South-Sudan-recapture-Bor--says-Ankunda/-/688334/2152098/-/quut86/-/index.html; Risdel Kasasira, "UPDF deploys in Juba to evacuate Ugandans," *Daily Monitor*, December 20, 2013, available at http://www.monitor.co.ug/News/National/UPDF-enters-Juba/-/688334/2120158/-/uk9qr6/-/index.html; New Vision, "UPDF troops enter South Sudan capital," December 20, 2013, available at http://www.newvision.co.ug/news/650714-breaking-news-updf-enters-juba.html; Radio Tamazuj, "Major role for Ugandan army in South Sudan 'until the country is stable,'" January 31, 2014, available at https://radiotamazuj.org/en/article/major-role-ugandan-army-south-sudan-%E2%80%98until-country-stable%E2%80%99.

[59] Sulaiman Kakaire and agencies, "South Sudan war: UN appeals to Museveni," *The Observer*, December 20, 2013, available at http://www.observer.ug/index.php?option=com_content&view=article&id=29239&catid=78&Itemid=116; Agence France-Presse, "South Sudan rebels claim 700 government troops defect," Al Arabiya, February 6, 2014, available at http://english.alarabiya.net/en/News/africa/2014/02/06/South-Sudan-rebels-claim-700-government-troops-defect-.html; Sudan Tribune, "Top security officers in Western Bahr el Ghazal defect to Machar rebellion," April 1, 2014, available at http://www.sudantribune.com/spip.php?article50492.

[60] Sudan Tribune, "Ugandans, Kenyans evacuated from South Sudan," December 19, 2013, available at http://www.sudantribune.com/spip.php?article49233; Ssebuyira and Kasasira, "UPDF rescues 105 from South Sudan"; Eriasa Mukiibi Sserunjogi, "UPDF deploys along Juba-Nimule corridor," *Daily Monitor*, December 28, 2013, available at http://www.monitor.co.ug/News/National/UPDF-deploys-along-Juba-Nimule-corridor/-/688334/2127048/-/udposq/-/index.html.

[61] Interviews with regional experts, Kampala, Uganda, and Addis Ababa, January 2015.

[62] While South Sudanese and Ugandan military and government officials deny any payment in exchange for the deployment of UPDF troops in South Sudan, sources interviewed for this research, including regional experts, journalists, and diplomats, suggested that there were payments made, although these allegations could not be independently verified by Enough. Interviews with regional experts, journalists, and diplomats in Addis Ababa and Kampala, February 2015.

[63] Interview with regional expert, Addis Ababa, Ethiopia, January 2015.

[64] Walusimbi, "Uganda: UPDF Budget for South Sudan War Shoots Up By Shs 16.2bn."

[65] Ibid.

[66] SoFA on file with Enough and interviews with experts in the region, January 2015.

[67] Interviews in the region, January and February 2015.

[68] During his speech in Juba on the one-year anniversary of South Sudan's independence, President Museveni echoed these sentiments and his pan-African ideology that has buttressed his long-standing support for Sudanese rebel leaders, many of which reside in Kampala, as well as decades of joint military operations with the SPLA. Speech given on the first anniversary of South Sudan's independence, Juba, South Sudan, July 9, 2012, viewable from South Sudan TV, at https://www.youtube.com/watch?v=IHb8DoZ5_bM.

[69] Analyst interview with senior UPDF official, Kampala, June 2014.

[70] Interviews with regional officials and analysts, January and February 2015.

[71] Interviews with regional analysts and former South Sudanese government officials.

[72] Interviews with regional journalists and analysts, January and February 2015.

[73] Bariyo, "Uganda to Supply South Sudan Weapons."

[74] Interviews with former Ugandan government official and regional journalist, supported with analysis by regional expert.

[75] New Vision, "Museveni meets South Sudan opposition over peace," November 27, 2014, available at http://www.newvision.co.ug/news/662292-museveni-meets-south-sudan-opposition-over-peace.html; Sudan Tribune, "S. Sudanese rebel delegations meet Museveni in Kampala," November 28, 2014, available at http://www.sudantribune.com/spip.php?article53165.

[76] Booth, Cooksey, Golooba-Mutebi and Kanyinga, "East African prospects," p. 56.

[77] Interviews with regional experts in Kampala and Juba, February 2015.

[78] An assessment published by the World Bank in 2011 notes that bilateral trade between Uganda and South Sudan grew by 1,000 percent from 2006 to 2008. See Yutaka Yoshino et al., *Africa Trade Policy Notes: Enhancing the recent growth of Cross-border trade between South Sudan and Uganda,* World Bank Policy Note No. 21, July 2011, available at http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/AFRICAEXT/EXTAFRREGTOPTRADE/0,,contentMDK:22946813~pagePK:34004173~piPK:34003707~theSitePK:502469~isCURL:Y,00.html.

[79] Ladu and Adude, "Uganda seeks DRC as alternative market to South Sudan."

[80] Analyst interview with Foreign Service Officer, Ministry of Foreign Affairs, Kampala, December 2014. See also, Matthew LeRiche and Matthew Arnold, *South Sudan: From Revolution to Independence*, London: C. Hurst & Company Ltd., 2012, p. 204.

[81] LeRiche and Arnold, *South Sudan: From Revolution to Independence*, p. 204.
[82] In 2013, total personal remittances to Uganda from abroad were $931.6 million. Bank of Uganda, *Inward Personal Transfers 2013* (n-d), p. ix.
[83] Bank of Uganda, *Inward Personal Transfers 2013* (n-d), p. ix.
[84] Analyst interview with Bank of Uganda official, Kampala, December 2014.
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