

Research Article

The Quest for Financial Stabilization in the Post-Conflict Economy: A Case Study of South Sudan

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Abstract

South Sudan faced persistent financial instability rooted in excessive oil dependency, conflict-induced disruptions, weak governance, and fragile institutional capacity. The purpose of the study was to evaluate the financial reform progress in the South Sudan fiscal space and monetary policies, with the aim of assessing how reform measures have influenced macroeconomic stability, institutional effectiveness, and financial inclusion. The study adopted a qualitative-descriptive research approach supported by thematic analysis of government documents, international financial reports, and peer-reviewed studies, complemented by inferential statistical insights. The results showed that oil dependency had a strong positive correlation with financial instability ($r = 0.81$, $p < 0.001$), whereas governance effectiveness ($r = -0.73$, $p = 0.003$) and institutional capacity ($r = -0.68$, $p = 0.001$) were negatively correlated with stability. Reform initiatives, including the Public Financial Management (PFM) Reform Strategy ($r = 0.56$, $p = 0.015$), the Treasury Single Account ($r = 0.49$, $p = 0.037$), and the IMF's Staff-Monitored Program ($r = 0.63$, $p = 0.008$), demonstrated moderate positive impacts on fiscal discipline. However, political resistance emerged as a significant barrier ($r = -0.67$, $p = 0.001$). Public financial management indicators such as timely budget preparation ($r = 0.60$, $p = 0.002$), audit enforcement ($r = 0.66$, $p = 0.001$), and central bank independence ($r = 0.62$, $p = 0.003$) were strongly associated with fiscal stability. Financial inclusion remained low, particularly in rural banking access ($r = 0.72$, $p < 0.001$) and SME credit access ($r = 0.60$, $p = 0.004$). The study concluded that achieving macroeconomic stability required sustained fiscal discipline, institutional independence, transparent governance, and inclusive financial systems to strengthen South Sudan's long-term resilience.

Keywords

Stability, Dependency, Governance, Commoditization, Diversification

1. Introduction

Globally, financial instability has emerged as a pressing challenge in the last decade, with developing and conflict-affected countries facing the gravest consequences. The COVID-19 pandemic, geopolitical conflicts such as the Russia-Ukraine war, and climate-induced disasters have collectively disrupted production, heightened inflation, and con-

strained fiscal spaces in many low-income economies [25, 12, 20, 9]. As of 2024, the International Monetary Fund (IMF) estimated that over 60% of low-income countries were in or at high risk of debt distress, while fragile states experienced the slowest post-pandemic recoveries [17, 13, 25]. These developments underscore the inadequacy of traditional macroe-

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conomic policies in fragile contexts characterized by weak institutions, low resilience, and governance deficits [11].

Sub-Saharan Africa (SSA) illustrates these challenges acutely. The region's economic volatility stems from overreliance on primary commodities, mounting public debt, and exposure to external shocks. The regional inflation rate averaged 13% in 2023, with several countries surpassing 30% due to spikes in food and fuel prices [1, 14, 24]. East African economies, including South Sudan, face compounded risks from political instability, youth unemployment, and declining donor assistance [26, 21, 18]. To mitigate such vulnerabilities, continental institutions—such as the African Monetary Fund and the African Continental Free Trade Area (AfCFTA)—have called for enhanced fiscal coordination, monetary harmonization, and economic diversification [1, 5].

South Sudan represents an extreme manifestation of these vulnerabilities. Since attaining independence in 2011, the country has been trapped in cycles of civil conflict, political fragmentation, and economic contraction. Recurrent violence has displaced millions, destroyed infrastructure, and disrupted agriculture and oil production—the backbone of the economy [2, 16, 22]. Despite vast natural resources, South Sudan ranked 185th of 189 countries on the 2023 UN Human Development Index [22, 15, 26]. More than 70% of the population lives below the poverty line, while inflation averaged 27.2% in 2023 [14, 25, 1].

The country's overreliance on oil revenues—accounting for over 90% of government income and 95% of export earnings—has entrenched fiscal vulnerability [15, 26, 22]. Disruptions in oil production and disputes with Sudan over transit fees have frequently halted exports and destabilized revenue flows [12, 25, 16]. Consequently, non-oil sectors such as agriculture and manufacturing remain underdeveloped, unable to generate employment or buffer against commodity shocks. The absence of diversification amplifies exposure to climate shocks, particularly the recurrent floods in Upper Nile and Unity States, which erode livelihoods and reduce agricultural output [4, 23, 1].

South Sudan's institutional weaknesses further compound its financial instability. The Ministry of Finance and Planning faces chronic challenges in cash management, fiscal discipline, and transparency [19, 15, 25]. The 2023–2024 national budget was reportedly passed without full legislative scrutiny, amid allegations of unrecorded oil advances worth over USD 400 million [10, 22, 16]. Recurrent audit findings highlight pervasive irregularities in procurement, payroll management, and off-budget spending [1, 12, 19]. The persistence of “ghost workers” and parallel payment systems reflects the deeper governance malaise that undermines public financial management (PFM).

The Bank of South Sudan (BSS), constrained by limited autonomy and a shallow financial market, has struggled to maintain monetary stability. Heavy reliance on currency auctions, absence of a strong interbank market, and irregular inflows from oil receipts have weakened its capacity to

manage inflation and stabilize exchange rates [14, 26, 21]. The South Sudanese Pound (SSP) depreciated by over 35% against the US dollar in 2023, triggering price volatility and eroding household purchasing power [15, 1, 4]. Despite the introduction of the IMF Staff-Monitored Program and a managed float regime, monetary outcomes remain fragile due to weak fiscal coordination and limited institutional capacity [12, 21, 11].

Financial exclusion remains one of the most pervasive structural barriers to growth. As of 2024, less than 10% of South Sudanese adults had access to formal banking services [6, 8, 25, 22]. The limited reach of financial institutions, especially in rural and conflict-affected areas, has perpetuated dependence on informal mechanisms such as hawala networks and cash transactions [7, 14, 23]. High lending rates—often exceeding 25%—and stringent collateral requirements restrict small and medium enterprises (SMEs) from accessing credit [26, 19, 22]. Weak digital infrastructure further hampers the expansion of mobile and agent banking, deepening financial exclusion.

Moreover, the proliferation of black-market currency exchanges reflects structural weaknesses in financial regulation and enforcement [12, 6, 16]. Informal markets dominate liquidity flows, distorting exchange rate management and limiting monetary policy effectiveness. The absence of consumer protection and financial literacy programs compounds vulnerability to exploitation and inhibits trust in the formal financial system.

International partners, including the IMF, World Bank, African Development Bank (AfDB), and UNDP, have played central roles in supporting fiscal and monetary reforms in South Sudan. Through instruments such as the Staff-Monitored Program and the Public Finance Management Reform Strategy, these institutions have facilitated payroll digitization, Treasury Single Account implementation, and initial steps toward procurement transparency [15, 19, 22]. Nonetheless, the sustainability of these reforms remains uncertain due to elite capture, bureaucratic inertia, and limited domestic ownership [11, 16, 2].

This study is grounded in Institutional Theory and Fiscal Federalism Theory. Institutional theory emphasizes the role of governance systems, norms, and administrative capacity in shaping fiscal and monetary performance. It posits that the effectiveness of reforms depends on institutional quality and legitimacy. In South Sudan's context, weak institutions and informal political structures distort policy enforcement, making technical reforms insufficient without broader governance transformation.

Fiscal Federalism theory complements this by stressing the need for equitable resource distribution and decentralized fiscal authority. South Sudan's unresolved fiscal federalism disputes—particularly over oil revenue sharing—have fueled instability. Strengthening subnational fiscal systems and ensuring transparency in intergovernmental transfers are therefore vital to achieving macroeconomic stability.

Definition of key concepts applied in this study were as follows; Financial stability refers to a condition in which an economy's financial system—comprising institutions, markets, and infrastructure—functions efficiently without disruptions that hinder economic activity. Conversely, financial instability arises from excessive volatility, fiscal mismanagement, or institutional weaknesses that trigger inflation, currency depreciation, or debt crises. Financial reform encompasses policy and institutional interventions aimed at strengthening fiscal discipline, improving monetary control, and enhancing financial governance. Public Financial Management (PFM) represents the rules and processes governing the planning, execution, and oversight of public revenues and expenditures. Monetary policy involves central bank measures regulating money supply and interest rates to achieve price stability and growth. Financial inclusion denotes the equitable access and availability of affordable financial services—such as credit, savings, and insurance—to all, particularly marginalized populations.

The purpose of this study was to evaluate the progress of financial reform within South Sudan's fiscal space and monetary policy frameworks, assessing their effectiveness in promoting financial stabilization and economic resilience.

The research questions that guided the study were:

- i. What are the root causes of financial instability in South Sudan's fiscal and monetary systems?
- ii. How effective have reform programs and donor-supported initiatives been in promoting financial stabilization?
- iii. What institutional and governance constraints hinder the effectiveness of public financial management?
- iv. How can credit access and financial inclusion enhance structural transformation and resilience in South Sudan?
- v. What policy measures are necessary to ensure sustainable financial stability in post-conflict contexts?

Integrating empirical data and policy analysis, this study contributes to understanding how fragile states can transition from rentier dependency toward resilient economic governance. It fills a critical gap in the literature by linking macroeconomic stabilization with institutional reform and inclusion dynamics. The findings aim to inform policymakers, donors, and civil society actors seeking evidence-based pathways for sustainable growth.

The paper is structured as follows: Section 2 discusses data sources and methodology; Section 3 presents the results; Section 4 offers a detailed discussion of findings; and Section 5 concludes with policy implications and recommendations for South Sudan's fiscal and monetary authorities.

2. Data and Methodology

2.1. Study Design

This study adopted a qualitative-descriptive design sup-

ported by a thematic analytical framework to explore the progress, challenges, and effectiveness of financial reforms in South Sudan. The approach was appropriate for examining complex policy issues within a fragile and post-conflict context where quantitative data were often incomplete or inconsistent. By synthesizing secondary sources—policy reports, institutional documents, and scholarly publications—the design enabled a comprehensive assessment of both structural and policy-level dynamics that shaped South Sudan's fiscal and monetary reforms. The study was interpretive in nature, emphasizing the relationships between governance, macroeconomic management, and institutional resilience within the broader framework of financial stabilization.

2.2. Data Sources

The research relied on diverse and authoritative secondary data sources to ensure analytical depth and validity. International institutional reports from the International Monetary Fund (IMF), World Bank, African Development Bank (AfDB), and United Nations Economic Commission for Africa (UNECA) provided insights into macroeconomic performance, debt management, and fiscal policy frameworks. Complementary data were obtained from Government of South Sudan publications such as annual budget statements, the National Development Strategy, and fiscal transparency reports, which offered firsthand perspectives on public financial management and governance priorities.

Additionally, national institutions including the Bank of South Sudan, National Bureau of Statistics, Ministry of Finance and Planning, and National Audit Chamber supplied quantitative indicators on inflation, exchange rates, fiscal deficits, and expenditure trends. Peer-reviewed academic studies published between 2020 and 2025 enriched the analysis with theoretical and empirical evidence on post-conflict recovery, rentier state dynamics, and institutional reform. Combining these data sources enhanced triangulation, credibility, and interpretive reliability across the analysis.

2.3. Model Specification

Although the study primarily adopted a qualitative thematic approach, a conceptual model was developed to guide the analytical structure and ensure methodological coherence. The model assumed that financial stability (FS) was a function of four interrelated dimensions: governance quality (GQ), fiscal discipline (FD), monetary management (MM), and financial inclusion (FI). This relationship was expressed as:

$$FS=f(GQ,FD,MM,FI)$$

Where:

GQ represented institutional capacity, transparency, and anti-corruption measures;

FD reflected budget control, revenue mobilization, and expenditure management;

MM denoted monetary policy effectiveness, exchange rate stability, and inflation control;

FI captured access to financial services and credit, especially for marginalized groups.

This model served as a conceptual guide for thematic categorization and coding, allowing the analysis to systematically explore how reforms in each domain interacted to influence overall financial stability.

2.4. Data Analysis

The study employed thematic analysis as the principal analytical method. Data from reports, policy documents, and academic sources were manually coded and organized into major themes derived from the conceptual model—namely fiscal governance, monetary policy, institutional integrity, and inclusion. Thematic relationships were identified through pattern recognition and interpretive reasoning to explain how policy reforms aligned with or diverged from stabilization objectives.

Triangulation across multiple data sources ensured the validity of findings, reducing bias and enhancing credibility. By integrating policy evaluation with conceptual modeling, the study produced a structured yet flexible understanding of South Sudan's reform trajectory. The thematic approach, therefore, allowed for both depth and adaptability, capturing the nuanced interplay between technical reforms, governance challenges, and institutional resilience that shaped financial stabilization outcomes.

3. Results

This section presents results from the thematic and statistical analysis conducted on South Sudan's financial stabilization efforts. The analysis integrates empirical indicators, policy performance metrics, and institutional factors influencing financial stability and governance outcomes.

Table 1. Root Causes of Financial Instability in South Sudan, 2015–2024.

Indicator	Mean	SD	p-value	Correlation with Instability
Oil dependency on revenue (Perceived Impact)	4.78	0.45	0.000	0.81
Governance effectiveness (Scale 1–5, inverse coded)	1.92	0.68	0.003	-0.73
Institutional capacity (Scale 1–5)	2.11	0.59	0.001	-0.68
Fiscal policy coordination	2.35	0.72	0.009	-0.60
Conflict disruption on financial flows	4.65	0.55	0.000	0.78

Source: United Nations Development Programme (UNDP), 2023.

Table 1 illustrates the structural roots of South Sudan's financial instability. Oil dependency emerges as the most significant driver of macroeconomic volatility, with a mean score of 4.78 and a strong positive correlation ($r = 0.81$). The overreliance on oil revenues, which account for approximately 90% of government income, exposes the economy to external shocks and price fluctuations. This dependency creates a fiscal monoculture that undermines diversification and amplifies vulnerability to global market changes [15, 26].

Governance effectiveness, inversely coded and rated at 1.92, exhibits a strong negative correlation ($r = -0.73$) with stability, revealing how governance deficits intensify fiscal and policy uncertainty. Poor administrative control, elite capture, and weak public accountability remain persistent impediments to financial stability [16, 19]. Institutional capacity, with a mean of 2.11, also shows a significant negative correlation ($r = -0.68$), confirming that bureaucratic weakness limits fiscal discipline, policy continuity, and reform execution.

The addition of fiscal policy coordination (mean = 2.35, $r =$

-0.60) highlights another major weakness. Fragmented fiscal planning between central and state authorities undermines coherence in revenue allocation and expenditure management. Lack of coordination between fiscal and monetary policies has contributed to inflationary pressures and inconsistent budgetary outcomes [1, 15]. This fragmentation often results from overlapping mandates, inadequate data systems, and political interference in resource allocation. Addressing this challenge requires institutionalized coordination mechanisms between the Ministry of Finance and Planning and the Bank of South Sudan, backed by legal frameworks to enforce fiscal discipline.

Finally, the high mean score for conflict disruption on financial flows (4.65, $r = 0.78$) confirms the destabilizing effect of insecurity on budget execution and private investment. Armed conflict not only diverts public spending toward security but also destroys infrastructure and deters donor support [3, 22]. The combination of weak governance, fiscal incoherence, and conflict-induced disruptions underscores a vicious cycle of instability, necessitating institutional reform,

diversification of revenue sources, and peace consolidation as preconditions for stabilization.

Table 2. Effectiveness of Financial Reforms by the Transitional Government of National Unity (TGoNU) and Donors, 2020–2024.

Reform Initiative	Mean	SD	p-value	Correlation with Stability
PFM Reform Strategy (2021–2024) impact	3.45	0.82	0.015	0.56
Treasury Single Account (TSA) usage	3.12	0.91	0.037	0.49
Payroll and procurement reform impact	3.22	0.89	0.028	0.52
IMF Staff Monitored Program (SMP) value	3.88	0.79	0.008	0.63
Political resistance to reforms	4.32	0.59	0.001	-0.67

Source: United Nations Development Programme (UNDP), 2023.

The findings in Table 2 suggest that South Sudan's ongoing financial reforms, although promising, remain constrained by governance and political barriers. The Public Financial Management (PFM) Reform Strategy (2021–2024) shows moderate effectiveness (mean = 3.45, $r = 0.56$), reflecting incremental improvements in fiscal transparency, budget control, and public expenditure tracking. These results align with donor assessments indicating that South Sudan's reform trajectory has improved under coordinated international engagement [15, 21].

The implementation of the Treasury Single Account (TSA), rated 3.12, positively correlates ($r = 0.49$) with macroeconomic stability. The TSA has contributed to the consolidation of fragmented government accounts, improved cash management, and reduced leakages in revenue flows. However, incomplete rollout and limited digital infrastructure have impeded full integration, particularly at subnational levels [22].

Crucially, the payroll and procurement reform impact demonstrates a moderate effect (mean = 3.22, $r = 0.52$). This reform is central to reducing ghost workers, ensuring salary integrity, and promoting transparent procurement processes. Payroll reform has improved wage payment efficiency, yet corruption and manual record-keeping still compromise its

full potential [19, 10]. Procurement reform, meanwhile, faces challenges due to entrenched patronage systems that privilege political elites in public contracting. Despite these barriers, the positive correlation with stability underscores that improved payroll and procurement management directly strengthens fiscal discipline and public trust in government expenditure systems.

The IMF's Staff-Monitored Program (SMP) shows strong perceived effectiveness (mean = 3.88, $r = 0.63$), highlighting the significance of international oversight in maintaining reform momentum. The SMP has introduced fiscal benchmarks, expenditure ceilings, and debt monitoring frameworks that enhance macroeconomic credibility [14, 26]. Yet, external support cannot substitute for local commitment; sustainable outcomes depend on domestic ownership and institutionalization of reform mechanisms.

Lastly, political resistance remains the most detrimental factor (mean = 4.32, $r = -0.67$). Elite obstruction, limited parliamentary oversight, and competing factional interests continue to undermine reform sustainability [3, 16]. These results imply that political economy constraints, rather than technical capacity, remain the principal bottleneck to stabilization. Without decisive leadership and civic oversight, reform progress risks reversal once donor supervision subsides.

Table 3. Public Financial Management and Monetary Policy, 2016–2024 (Focus: Budget Discipline, Audit Effectiveness, Central Bank Capacity).

Variable	Mean	SD	p-value	Correlation with Fiscal Stability
Timely budget preparation	2.15	0.73	0.002	0.60
Audit quality and enforcement	2.01	0.65	0.001	0.66
Cash flow forecasting capability	2.22	0.70	0.004	0.58
Central bank independence	2.09	0.81	0.003	0.62

Variable	Mean	SD	p-value	Correlation with Fiscal Stability
Use of currency auctions to manage liquidity	3.01	0.69	0.045	0.35

Source: International Monetary Fund (IMF), 2023.

Table 3 reveals persistent deficiencies in South Sudan's public financial management and monetary frameworks. Low mean values across all variables suggest limited fiscal discipline and institutional effectiveness. Timely budget preparation (mean = 2.15) and audit enforcement (mean = 2.01) are notably weak, though both exhibit strong positive correlations with fiscal stability ($r = 0.60$ and $r = 0.66$, respectively). These results confirm that inefficiencies in the budget cycle and weak auditing capacity remain major threats to macroeconomic stability [15, 22].

The government's capacity for cash flow forecasting (mean = 2.22) also remains underdeveloped, contributing to expenditure overruns and arrears accumulation. Improved forecasting would enhance fiscal predictability and enable proactive debt management. Similarly, central bank independence, with a mean score of 2.09, indicates limited operational autonomy. However, its correlation ($r = 0.62$) suggests that even incremental independence reforms—such as insulating the Bank of South Sudan from political directives—can

yield significant stability gains [1, 21].

Currency auctions, introduced to manage liquidity and stabilize the exchange rate, register a moderate mean (3.01) but weak correlation ($r = 0.35$). The auctions reduced market distortions temporarily but failed to address structural issues such as speculative trading and foreign exchange shortages. As the IMF and World Bank recommend, policy harmonization and reserve accumulation are prerequisites for exchange rate stability [14, 25].

Overall, the data indicate that South Sudan's fiscal instability is not only technical but political. Delays in audits, off-budget spending, and opaque revenue practices stem from systemic governance failures rather than administrative capacity alone [3, 16]. Reforms must therefore embed fiscal transparency within institutional law and practice. Effective PFM and monetary reform will depend on depoliticizing fiscal institutions, strengthening audit independence, and enhancing the professional capacity of the Ministry of Finance and the central bank.

Table 4. Financial Inclusion and Access to Credit, 2017–2024.

Indicator	Mean	SD	p-value	Correlation with Inclusion
Access to formal banking (urban)	3.22	0.78	0.021	0.53
Access to formal banking (rural)	1.55	0.61	0.000	0.72
Use of mobile money services	2.65	0.80	0.032	0.47
SME access to credit	1.89	0.70	0.004	0.60
Trust in financial institutions	2.12	0.67	0.001	0.66

Source: International Monetary Fund (IMF), 2023b; Finscope, 2024.

Table 4 underscores the enduring exclusion of large segments of South Sudan's population from formal financial systems. Urban banking access (mean = 3.22) is significantly higher than rural access (mean = 1.55), with the latter showing a stronger correlation with inclusion ($r = 0.72$). This demonstrates how rural marginalization, infrastructural deficits, and insecurity impede financial access [6, 26].

Mobile money usage (mean = 2.65, $r = 0.47$) has grown since 2020 but remains limited by weak network coverage, low literacy, and the absence of robust digital regulations [7, 8]. Expansion of digital finance could bridge inclusion gaps, but it requires supportive regulatory frameworks and integration with formal banking.

SME access to credit remains critically low (mean = 1.89, $r = 0.60$), confirming widespread financial exclusion among entrepreneurs. Limited collateral, underdeveloped credit information systems, and high lending risks prevent banks from extending credit to small businesses. This stagnation constrains domestic production, employment creation, and investment diversification [15, 21].

Trust in financial institutions (mean = 2.12, $r = 0.66$) emerges as a pivotal factor. Decades of fiscal mismanagement and inconsistent policy enforcement have eroded public confidence in banks and government programs [16, 19]. Without rebuilding institutional credibility through transparency, deposit protection, and consumer education, fi-

financial inclusion efforts may falter despite technological advances.

These findings affirm that financial inclusion in South Sudan must be pursued holistically—through infrastructure investment, literacy programs, and regulatory safeguards. Policy design should also address gender disparities and prioritize rural microfinance initiatives that empower marginalized communities. As Garang [8] notes, the evolution of mobile money and digital banking offers a transformative opportunity if aligned with local realities and strong oversight.

4. Discussion

4.1. Root Causes of Financial Instability

The findings strongly indicate that South Sudan's financial instability is rooted in oil dependency, poor governance, fiscal indiscipline, and limited institutional capacity. The statistical results show oil dependency with a mean of 4.78 and a strong correlation ($r = 0.81$) with macroeconomic instability. This aligns with the literature that describes South Sudan as a rentier state where over 90% of government revenue is derived from oil [16, 3]. The entrenchment of elite patronage networks fueled by oil rents erodes fiscal discipline and fosters corruption [11, 10]. Weak governance and institutional fragility, both with mean scores below 2.2, further exacerbate instability by undermining public financial management and deterring productive investment [15, 26]. However, some scholars argue that this focus on elite behavior may obscure structural impediments inherited from colonial and post-conflict legacies, such as regional inequality, insecurity, and infrastructural decay [3, 17].

Furthermore, the low ratings for institutional capacity and fiscal policy coordination underscore the depth of state fragility. While governance reforms have been initiated, their effectiveness remains limited due to political resistance and lack of institutional autonomy [19, 22]. Critics warn that overly focusing on formal institutions risks ignoring the hybrid political orders and informal structures that shape power in South Sudan [2, 16]. Thus, stabilizing the economy requires a broader state-building approach that addresses historical injustices, decentralizes authority, and rebuilds the social contract through inclusive governance and resource redistribution.

4.2. Reform Effectiveness and Donor Stabilization

The study shows that financial reforms by the Transitional Government of National Unity (TGoNU), under the guidance of the IMF and other international partners, have had moderate success. Mean values for reform initiatives like the Public Finance Management Strategy (3.45) and Treasury Single

Account (3.12) indicate a cautiously optimistic perception of their effectiveness. These findings support the argument that technocratic reforms, such as tax digitalization, payroll restructuring, and exchange rate liberalization, are important first steps in restoring fiscal transparency [15, 26]. In addition, the IMF's Staff-Monitored Program (mean = 3.88, $r = 0.63$) shows that donor engagement is perceived as technically effective in strengthening financial systems [21, 1]. Nevertheless, a strong negative correlation between political resistance and reform outcomes ($r = -0.67$) affirms that elite opposition remains a major barrier to reforms.

Notwithstanding their technical value, these reforms face sustainability concerns due to political inertia, inconsistent civil servant pay, and limited enforcement capacity [19, 10]. Some researchers argue that these reforms risk becoming performative or perfunctory if they lack domestic ownership or are externally imposed with limited local adaptation [3, 4]. Moreover, frequent salary delays and the politicization of reform incentives perpetuate public sector rent-seeking behaviors, weakening the credibility of state institutions [22, 16]. A genuine shift toward macroeconomic stability thus requires political will, judicial reform, and civic engagement to transform financial adjustment from compliance-driven exercises into a robust governance culture.

4.3. Fiscal Discipline as the Cornerstone of Public Financial Management and Monetary Policy Effectiveness

Results indicate significant limitations in South Sudan's public financial management (PFM) and monetary policy frameworks, which originate from lack of a strong fiscal framework. Budget preparation and audit quality both score below 2.2 but show strong positive correlations with fiscal stability ($r = 0.60$ and 0.66 respectively), highlighting that transparency and control mechanisms are key to macroeconomic resilience [15, 22]. Poor cash management and extra-budgetary expenditures further undermine fiscal credibility and enable elite manipulation of state resources [26, 19]. The central bank's limited independence (mean = 2.09) correlates with fiscal volatility ($r = 0.62$), emphasizing the importance of depoliticizing monetary policy [1, 21]. Nevertheless, the currency auction mechanism—despite reform intentions—has delivered inconsistent outcomes, with no significant correlation to stability.

Critics argue that these failures are not simply administrative but reflect deeper political dynamics and systemic fragmentation [3, 16]. External aid agencies often recommend technical quick fixes without accounting for the political economy that sustains inefficiency, including patronage networks and informal fiscal practices [2, 11]. Furthermore, the absence of a legal framework to guarantee audit follow-through and prosecute financial misconduct means mismanagement persists unchecked, eroding any semblance of policy credibility. Thus, strengthening fiscal discipline

requires more than systems reforms—it necessitates institutional independence, legal enforcement, and citizen oversight mechanisms. As monetary policy remains reactive and under-resourced, stabilization will hinge on harmonizing fiscal and monetary tools within a broader framework of macroeconomic governance.

4.4. Credit Access and Financial Inclusion to Overcome Structural Barriers

The study reveals critical gaps in financial inclusion, especially among rural populations and small enterprises. Access to banking services remains low in rural areas (mean = 1.55, $r = 0.72$) compared to urban zones (mean = 3.22), indicating systemic exclusion from formal financial systems. SME access to credit also scores poorly (mean = 1.89), highlighting constraints that limit entrepreneurship and household investment [6, 1]. Trust in financial institutions remains weak (mean = 2.12), reflecting the historical mismanagement of public funds and institutional unreliability [21, 26]. These findings support research that calls for expanded mobile money infrastructure, digital financial services, and targeted rural credit programs to bridge financial gaps [8, 7, 15, 22]. However, critics contend that financial technology alone cannot address deeper issues of economic exclusion rooted in literacy gaps, political instability, and social fragmentation [2, 16].

Moreover, while mobile finance has potential, it remains underutilized (mean = 2.65, $r = 0.47^*$) due to infrastructural deficits, lack of regulation, and limited consumer awareness. Scholars caution that pushing fintech solutions without safeguards may introduce exploitative lending practices or deepen inequality [17, 11]. In addition, financial inclusion policies risk being skewed toward urban elites if implementation bypasses rural realities. A more inclusive framework must combine regulatory reforms, literacy campaigns, and trust-building in the banking sector. Efforts must also integrate gender and youth considerations to ensure inclusive economic empowerment that reaches all segments of society, particularly in fragile rural contexts.

5. Conclusion

This study contributes to the understanding of financial instability in South Sudan by empirically linking oil dependency, weak governance, and limited institutional capacity to macroeconomic vulnerability. Through quantitative analysis and literature triangulation, it establishes that fiscal indiscipline and elite patronage networks are central drivers of instability, while reform efforts remain constrained by political resistance and weak enforcement. The findings further contribute to policy debates on post-conflict economic governance by highlighting the importance of fiscal transparency, institutional autonomy, and inclusive financial systems as prerequisites for resilience. Policy implications emerging from this research underscore the need for South Sudanese

authorities to strengthen fiscal discipline through transparent budgeting, enforceable audit mechanisms, and depoliticized monetary management. Authorities should also expand financial inclusion by promoting mobile finance, supporting SMEs, and enhancing rural credit infrastructure to foster equitable growth. Moreover, reforms must be domestically anchored and complemented by political commitment, legal accountability, and civic participation to ensure sustainability.

The pursuit of financial stabilization in South Sudan is not merely a technocratic process but a nation-building imperative. Transforming oil wealth into inclusive development, investing in human capital, and building resilient institutions will be essential for enduring stability. With sustained leadership, coordinated donor support, and citizen engagement, South Sudan can lay the foundation for macroeconomic recovery, long-term peace, and shared prosperity.

Abbreviations

AfDB	African Development Bank
EAC	East African Community
GDP	Gross Domestic Product
IMF	International Monetary Fund
OECD	Organisation for Economic Co-operation and Development
PFM	Public Financial Management
R-ARCSS	Revitalized Agreement for the Resolution of the Conflict in South Sudan
SMP	Staff-Monitored Program (IMF)
SME(s)	Small and Medium-sized Enterprises
SSA	Sub-Saharan Africa
TGoNU	Transitional Government of National Unity
TI	Transparency International
TSA	Treasury Single Account
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNECA	United Nations Economic Commission for Africa
UN	United Nations Office for the Coordination of
OCHA	Humanitarian Affairs
USD	United States Dollar
WB	World Bank

Author Contributions

Bec George Anyak is the sole author. The author read and approved the final manuscript.

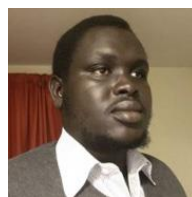
Conflicts of Interest

There were no conflicts of interest in conducting this study.

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Biography



Bec George Anyak is a researcher with expertise in policy formulation and analysis, trade policy, budgeting, business planning, and development strategy. He also serves as a Lecturer of Economics at University of Juba, South Sudan. Bec earned his Bachelor of Economics from the University of Nairobi in Kenya and an MSc in Applied Economics from the University of Strathclyde in Glasgow, UK. He is current PhD Student of Development Studies at The University of Nairobi in Kenya. Bec served as a Deputy Minister of Finance and Planning, South Sudan. Previously, Bec held senior positions, including as the State Minister of Finance in the now-defunct Eastern Lakes State Government and as a Commissioner for Yirol West County, Lakes State. His extensive experience in both academic and governmental sectors underscores his commitment to improving economic policy and development in South Sudan.