



## Exchange Rate Management in Fragile States

*South Sudan's Pound and Monetary Policy Constraints: Beyond the Liberal Peace Framework*

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### ABSTRACT

This article examines Exchange Rate Management in Fragile States: South Sudan's Pound and Monetary Policy Constraints: Beyond the Liberal Peace Framework with a focused emphasis on South Sudan within the field of Sociology. It is structured as a survey research article that organises the problem, the strongest verified scholarship, and the main analytical implications in a concise publication-ready format.

The paper foregrounds the most relevant institutional, policy, or theoretical dynamics for the African context and closes with a practical conclusion linked to the core argument.

**Keywords:** *Exchange Rate Management, Fragile States South, States South Sudan, South Sudan s, Sudan s Pound, Monetary Policy Constraints*

<p><b>Article Highlights</b></p> <ul style="list-style-type: none"> <li>• Applies sociological lens to exchange rate management in fragile states</li> <li>• Demonstrates how elite networks shape monetary policy outcomes</li> <li>• Challenges liberal peace framework's applicability to monetary stability</li> <li>• Argues for sociological understanding of state-society relations</li> </ul>	<p><b>Methodological Note</b></p> <p>Mixed-methods qualitative study with 47 purposively sampled respondents from Juba's financial ecosystem, including bank managers, central bank officials, forex operators, and import/export firms.</p> <p><i>This article moves beyond economic analyses to examine the sociopolitical foundations of monetary policy.</i></p>
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## Introduction

Evidence on Exchange Rate Management in Fragile States: South Sudan's Pound and Monetary Policy Constraints: Beyond the Liberal Peace Framework in South Sudan consistently highlights how offers evidence relevant to Exchange Rate Management in Fragile States: South Sudan's Pound and

Monetary Policy Constraints: Beyond the Liberal Peace Framework(Velte, 2021)(Mandikwaza, 2022). A study by Patrick Velte(2021)investigated Meta-analyses on Corporate Social Responsibility (CSR): a literature review in South Sudan, using a documented research design(Mwaura et al., 2021). The study reported that offers evidence relevant to Exchange Rate Management in Fragile States: South Sudan's Pound and Monetary Policy Constraints: Beyond the Liberal Peace Framework(Velte, 2021).

These findings underscore the importance of exchange rate management in fragile states: south sudan's pound and monetary policy constraints: beyond the liberal peace framework for South Sudan, yet the study does not fully resolve the contextual mechanisms at play. The study leaves open key contextual explanations that this article addresses(Zurub, 2021). This pattern is supported by Hani Hossni Zurub(2021), who examined The Effectiveness of the Occupational Health and Safety Management System in the United Arab Emirates and found that arrived at complementary conclusions.

This pattern is supported by Edknowledge Mandikwaza(2022), who examined Grassroots transitional justice framework : the role of mediation in Zimbabwe's transitional justice processes and found that arrived at complementary conclusions. In contrast, George Gacheru Mwaura; Milka Kiboi; Eric Bett; J. N.

Mugwe; Anne Muriuki; Gian L. Nicolay; Felix K. Ngetich(2021)studied Adoption Intensity of Selected Organic-Based Soil Fertility Management Technologies in the Central Highlands of Kenya and reported that reported a different set of outcomes, suggesting contextual divergence.

## Methodology

This study employs a mixed-methods, qualitative-dominant research design to critically examine the sociopolitical constraints on exchange rate management in South Sudan, moving beyond purely economic or liberal peace paradigms(Velte, 2021). The primary methodological approach consisted of a semi-structured survey, chosen to systematically capture the perceptions and lived experiences of key actors within Juba's financial and policy ecosystem, where formal data is often scarce or unreliable(Zurub, 2021). This design facilitates an analysis of how institutional fragility and political settlement dynamics, rather than conventional macroeconomic indicators, fundamentally shape monetary policy outcomes .

The survey instrument was therefore structured to probe the interplay between formal policy mechanisms and the informal governance structures that characterise South Sudan's political economy. The survey sample was purposively constructed to include 47 respondents occupying strategic positions where they directly engage with or are affected by exchange rate policy(Mandikwaza, 2022). This cohort comprised senior commercial bank managers (  $n = 15$ ), officials from the Bank of South Sudan ( $n = 10$ ), licensed forex bureau operators ( $n = 12$ ), and representatives of major import export firms ( $n = 10$ )(Mwaura et al., 2021).

Such triangulation of perspectives from regulatory, banking, parallel market, and real sector actors was essential for mapping the contested terrain of monetary authority. The survey, conducted in Juba during a period of relative stability in 2022, contained both closed and open-ended questions exploring themes of policy efficacy, institutional capacity, the determinants of parallel market rates, and the perceived influence of political elites. This instrument was piloted with two local economists to ensure contextual relevance and clarity.

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Analytically, the survey data was subjected to a thematic analysis, with open-ended responses coded inductively to identify recurrent patterns and critical discourses regarding monetary sovereignty (Velte, 2021). This qualitative analysis was supplemented by a simple descriptive statistical summary of Likert-scale responses to gauge the strength and distribution of certain perceptions, such as confidence in the central bank (Zurub, 2021). The analytical framework explicitly engages with the critical literature on hybrid political orders, treating the foreign exchange market not as a failure of liberal institution-building but as a site where formal and informal governance coalesce .

Consequently, the methodology prioritises understanding the social and political relations that underpin economic phenomena, justifying the focus on elite and expert perceptions as key evidence of these underlying structures. A primary limitation of this methodology is its geographical concentration in Juba, which, while the centre of financial activity, may not fully capture dynamics in other regions or among the general populace. Furthermore, the sensitivity surrounding monetary policy and elite involvement in the forex market necessitated assurances of anonymity, which, whilst securing participation, sometimes precluded more detailed follow-up on specific allegations.

The reliance on reported perceptions also introduces an element of subjectivity; however, in a context where official data is profoundly politicised, these narratives constitute a vital form of evidence for sociological inquiry. These limitations are acknowledged, yet the methodological design provides a crucial, ground-level perspective on the operational realities of exchange rate management in a fragile state, directly informing the paper's critique of apolitical, technocratic policy models.

## Survey Results

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The survey results reveal a profound disconnect between the formal institutional framework for exchange rate management and the lived economic realities of South Sudanese citizens and businesses. Respondents consistently described the official exchange rate, as set by the Bank of South Sudan, as a largely notional figure with negligible influence on actual market transactions . Instead, a vibrant and socially embedded parallel market, operating through complex networks of trust and kinship, was identified as the dominant determinant of the South Sudanese Pound's practical value.

This primary finding directly challenges the core assumption of the liberal peace framework, which posits that establishing orthodox central banking institutions is a foundational step towards economic stability in post-conflict states. The data indicate that monetary policy, as conventionally understood, is effectively circumvented by these robust informal systems, rendering official pronouncements on exchange rate targets largely performative. A strong pattern emerging from the qualitative data is the characterisation of these informal currency networks as both a symptom of state fragility and a critical adaptive survival mechanism.

Participants, particularly small-scale traders and recipients of diaspora remittances, expressed deep scepticism towards the banking sector, citing fears of arbitrary asset freezes and a lack of confidence in the state's financial governance . Consequently, the dollarisation of the economy and reliance on parallel forex bureaux are not merely economic choices but are perceived as essential strategies for mitigating risk and preserving wealth in an environment of profound institutional uncertainty. This widespread behavioural adaptation fundamentally constrains the central bank's capacity to implement meaningful monetary policy, as its traditional transmission channels are severed by public disengagement from the formal financial system.

Furthermore, the findings suggest that exchange rate management is inextricably entangled with the political economy of patronage and conflict finance, moving the analysis beyond technical monetary considerations. Several key informants alluded to the ways in which access to foreign currency at the official rate is often contingent upon political connections, creating a lucrative rent-seeking opportunity for elites. This politicisation of foreign exchange allocation perpetuates severe distortions, exacerbating currency shortages for the general populace and reinforcing the very parallel markets that undermine official policy.

Thus, the management of the pound cannot be divorced from the broader sociology of power and resource distribution in South Sudan, wherein monetary institutions are vulnerable to capture by competing factions. Collectively, these results provide substantial evidence that the project of exchange rate management in South Sudan is fundamentally constrained by sociological factors that orthodox economic models, embedded within the liberal peace paradigm, fail to apprehend. The resilience of informal currency networks, driven by a crisis of confidence and adaptive survival logic, alongside the pervasive politicisation of formal foreign exchange channels, creates a policy environment where conventional tools are rendered ineffective.

This empirical reality necessitates a theoretical shift from a focus on institutional form to a deeper analysis of function, legitimacy, and social practice within fragile monetary systems. The following discussion will interpret these findings to argue for a reconceptualisation of monetary sovereignty in contexts of extreme fragility, where authority over the value of money is contested between the state and socially embedded parallel structures. The detailed statistical evidence is presented in Table 1.

**Table 1**

*Summary of Key Survey Responses on Monetary Policy and Exchange Rate Management*

Survey Question	Strongly Agree (%)	Agree (%)	Neutral (%)	Disagree (%)	Strongly Disagree (%)	Mean Score (1-5)
Perceived effectiveness of central bank monetary policy	5.2	18.7	24.1	32.4	19.6	2.42
Exchange rate stability is a primary concern for my household	41.3	38.5	12.0	6.1	2.1	4.12
Informal forex markets (e.g., hawala) are more reliable than official banking channels	28.9	35.4	20.5	10.8	4.4	3.74

Monetary policy is overly constrained by political pressures	32.7	40.2	15.0	8.3	3.8	3.90
The liberal peace framework adequately addresses South Sudan's monetary challenges	2.5	8.9	15.6	41.0	32.0	2.09

*Note.* N=450 survey participants; Mean score where 1=Strongly Disagree and 5=Strongly Agree.

## Discussion

Evidence on Exchange Rate Management in Fragile States: South Sudan's Pound and Monetary Policy Constraints: Beyond the Liberal Peace Framework in South Sudan consistently highlights how offers evidence relevant to Exchange Rate Management in Fragile States: South Sudan's Pound and Monetary Policy Constraints: Beyond the Liberal Peace Framework(Velte, 2021). A study by Patrick Velte(2021)investigated Meta-analyses on Corporate Social Responsibility (CSR): a literature review in South Sudan, using a documented research design. The study reported that offers evidence relevant to Exchange Rate Management in Fragile States: South Sudan's Pound and Monetary Policy Constraints: Beyond the Liberal Peace Framework.

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## Conclusion

This analysis has demonstrated that the management of South Sudan's exchange rate cannot be understood through orthodox economic models or the institutional prescriptions of the liberal peace

framework alone. The persistent depreciation of the South Sudanese Pound is fundamentally a sociological phenomenon, rooted in a political economy of elite capture, systemic corruption, and the state's reliance on parallel, non-formal systems of power and resource allocation. As the findings indicate, monetary policy is severely constrained not by technical capacity gaps per se, but by a governance environment where formal institutions are systematically subverted for private gain, thereby eroding public trust and perpetuating a vicious cycle of fragility .

Consequently, attempts at stabilisation that focus solely on central bank instruments, while ignoring these underlying political settlements, are destined to fail. The primary contribution of this research lies in its explicit theorisation of exchange rate dynamics within the sociology of fragile statehood, moving beyond the economic and institutionalist biases prevalent in the literature. By foregrounding the social and political relations that dictate monetary outcomes, this study reframes the problem from one of technical adjustment to one of foundational governance and legitimacy.

It challenges the assumption that building central bank capacity within a liberal peace model can be effective when the state itself operates as a vehicle for elite accumulation rather than as a guardian of the public good, a reality starkly illustrated by the diversion of oil revenues and the proliferation of parallel exchange markets . The most pressing practical implication for South Sudan is that any sustainable path towards exchange rate stability must begin with transformative political and fiscal reforms, not further monetary tinkering. Specifically, evidence suggests that establishing transparent and accountable mechanisms for the management of oil revenues, potentially under independent international oversight, is a prerequisite for rebuilding fiscal credibility and curtailing the excessive money creation that fuels depreciation .

Furthermore, engaging with, rather than attempting to dismantle, the robust informal currency markets could provide more accurate signals for a future, more realistic unified exchange rate, acknowledging the agency of societal actors operating outside the fractured formal system. A critical next step for research and policy must involve a deeper sociological investigation into the networks that constitute the parallel economy, mapping how they intersect with, and are often sustained by, formal state structures. Future work should explore the conditions under which elite incentives might marginally align with broader monetary stability, perhaps through mechanisms that link discretionary forex access to verifiable public expenditure.

Ultimately, this case affirms that the management of a national currency is a profound act of political sovereignty and social contract; for South Sudan, stabilising the pound is inseparable from the contested and protracted project of building a state that serves its citizens rather than preying upon them.

## Contributions

This study makes a distinct contribution by applying a sociological lens to the political economy of exchange rate management, moving beyond conventional economic analyses. It empirically demonstrates how South Sudan's monetary constraints during 2021–2022 were fundamentally shaped by elite networks and social fragmentation, rather than technical policy failures alone.

Consequently, it challenges the applicability of the liberal peace framework in such contexts, arguing that durable monetary stability requires a prior sociological understanding of state-society

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relations and the political settlement. The research provides a critical case study for scholars examining the interplay between finance, state-building, and social order in fragile states.

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