

GOVERNMENT OF SOUTH SUDAN



MINISTRY OF TRADE AND INDUSTRY

DRAFT REPORT

DIAGNOSTIC TRADE INTEGRATION STUDY (DTIS) UPDATE

APRIL 2022

Table of Contents

Abbreviations and acronyms	xiii
EXECUTIVE SUMMARY	xiv
Business Environment and Entrepreneurship	xviii
CHAPTER 1: INTRODUCTION.....	1
1.1 ENSURING MACRO-ECONOMIC STABILITY FOR INCLUSIVE TRADE AND SUSTAINABLE DEVELOPMENT	1
1.2.1 GDP and GDP Per capita Trends.....	1
1.2.2 Real sector.....	5
1.2.3 Fiscal sector	6
1.2.4 Monetary sector.....	11
1.2.5 External Sector	20
1.3.1 Population trends and dynamics in relation to trade	22
1.3.2 Poverty trends	23
1.3.3 Employment.....	25
1.4.1 Assessment of South Sudan Merchandize Export Trade	31
1.4.2 Trade in Services	38
1.5 Impact of COVID-19 on the Macro and socio-economy	40
Support to the real sector	42
Fiscal sector streamlining.....	42
Exchange Rate Policy.....	43
PILLAR 2: INTEGRATING EFFECTIVELY IN REGIONAL AND GLOBAL MARKETS	44
CHAPTER 2: REGIONAL INTEGRATION AND WTO ACCESSION.....	44
2.1 Introduction.....	44
2.2 South Sudan WTO Accession	44
2.2.1 Status of WTO accession	44
2.2.2 Challenges.....	45
2.2.3 Commitments	45
2.2.4 National strategy for accession	46
2.3 Status and implications of trade policy instruments on WTO accession	47
2.3.1 Trade remedies.....	47
a) Anti – Dumping Measures.....	47

b)	Safeguard Measures	47
c)	Countervailing Measures	47
2.3.2	Export taxes	47
2.3.3	Import Permit	48
2.3.4	Tariff regime for industrial development	48
2.3.5	Economic diversification	49
2.3.6	Taxation and Trade Development	49
2.4	Regional Integration Agenda, Challenges and Opportunities	49
2.4.1	EAC regional integration	49
(a)	Customs Union Protocol	51
2.4.2	Utilization of market access opportunities under:	56
2.4.3	Private sector engagement in WTO Accession and regional integration initiatives; ..	60
2.4.4	Implications of alignment with the EAC CET and policy recommendations;	61
2.4.5	Women and youth in business in relation to EAC, AfCFTA and WTO accession	61
2.5	Recommendations and Policy Measures	63
2.5.1	Trade Policy Instruments	63
2.5.2	International Trade and Market Access	64
2.5.3	Promoting Pan-African Trade and Economic Integration	65
	CHAPTER 3: STANDARDS AND QUALITY INFRASTRUCTURE	68
3.1	Introduction	68
3.2	Recent developments in the area of QI	69
3.2.1	Key functions of QI	69
3.2.2	Standards Information Centre and Promotion of Standards	73
3.2.3	Membership and conformity to Regional and International Standardisation Bodies	74
3.2.4	Metrology	74
3.2.5	Legal Metrology	75
3.2.6	Industrial Metrology (Calibration Services)	76
3.2.7	Conformity assessment	77
3.3	Mechanisms for standards development and adoption and status of activities	80
3.4	Quality and Market Access	82
3.4.1	Market Access and Export Potential	82
3.4.2	Trade Capacity	84
3.5	Sanitary and Phytosanitary (SPS) compliance issues -SPS Policy or Strategy	85

3.5.1	Food Safety	86
3.6	Summary of Trade Quality and Standards Challenges in South Sudan	96
3.7	Recommendations to improve Trade Quality and Standards	97
CHAPTER 4: TRADE FACILITATION		99
4.1	Introduction.....	99
4.2	Infrastructure Quality	100
4.2.1	ICT	100
4.2.2	Transport and Logistics.....	103
4.2.3	Road Transport.....	103
4.2.4	Water Transport	109
4.2.5	Rail transport	112
4.2.6	Air transport.....	112
4.2.7	Power Sector	113
4.2.8	Storage infrastructure	115
4.2.9	Agriculture infrastructure and Technology	116
4.3	Trade Regulatory and Facilitation System	117
4.3.1	Integrated risk-based clearance and an electronic system	118
4.3.2	Trade Facilitation and Access to Trade information.....	119
4.3.3	Progress in Customs Modernization	120
4.4	Gender Issues in Cross-border Trade.....	121
4.4.1	Implications of trade facilitation measures on women in cross border trade	122
4.4.2	Status of Interagency coordination mechanisms.....	122
4.5	Adoption and implementation of:.....	124
4.5.1	Approved Economic Operator (AEO)	124
4.5.2	EAC's single customs territory (SCT).....	124
4.6	Elimination of Non-Tariff Barriers	125
4.7	Summary of Trade Facilitation Challenges in South Sudan.....	126
4.7.1	Trade Facilitation Information.....	126
4.7.2	Quality and Standards.....	127
4.7.3	Importation, Exportation and Transit management	127
4.7.4	Infrastructure and ICT equipment for Trade Facilitation	127
4.7.5	Institutional Coordination.....	127
4.7.6	Gender integration.....	128

4.8	Recommendations to improve trade facilitation	129
4.8.1	Trade Facilitation Information.....	129
4.8.2	Elimination of NTBs	129
4.8.3	Customs Administration.....	129
4.8.4	Importation, Exportation and Transit management	130
4.8.5	Institutional Coordination.....	130
4.8.6	Infrastructure and ICT equipment for Trade Facilitation	130
4.8.7	Capacity Building for Trade Facilitation Institutions, especially Boarder Agencies	131
4.8.8	Gender Integration	131
CHAPTER 5: BUSINESS ENVIRONMENT AND ENTREPRENEURSHIP		132
5.1	Introduction.....	132
5.2	Investment Analysis	132
5.2.1	Institutional and Policy Framework.....	132
5.2.2	FDI flows.....	133
5.2.3	Investment promotion and facilitation measures.....	133
5.2.4	Land policy	134
5.3	Enabling Business Environment.....	135
5.3.1	Major obstacles for businesses.....	137
5.3.2	Conflict/Insecurity	140
5.3.3	Transport Costs and Logistics	141
5.3.4	Clearing for exports and imports in South Sudan	143
5.3.5	Electricity/ power constraints	144
5.3.6	Contract enforcement	144
5.3.7	Corruption.....	145
5.3.8	Procurement	147
5.4	Status of Business policies, laws, and regulations	167
5.5	State of Cooperative Development	168
5.5.1	State of Cooperative Development	168
5.5.2	Regulatory and Institutional Framework for Cooperative Development.....	168
5.5.3	Private sector associations.....	169
5.5.4	Business support and development services	170
5.6	Women and Youth Entrepreneurship.....	170
5.6.1	Women/youth entrepreneurship development.....	172

5.6.2	Challenges for women in entrepreneurship in South Sudan.....	173
5.6.3	Empowerment support.....	174
5.7	Micro, Small and Medium Enterprises.....	174
5.8	Industrial Parks and Special Economic Zones Status.....	174
5.9	Tourism Status.....	175
5.10	Skills Development.....	175
5.11	Recommendations.....	179
	Investment promotion and facilitation measures.....	179
	Land policy.....	179
	Insecurity.....	180
	Transport and logistics.....	180
	Access and cost of power.....	180
	Contract Enforcement.....	180
	Taxation Regime.....	180
	Access to Finance to the private sector especially SMEs.....	180
	To improve the Competition Regime.....	181
	To protect the Intellectual Property Rights of the population:.....	181
	Consumer Protection.....	181
	Governance.....	181
	Business policies, laws, and regulations.....	182
	Cooperative Development.....	182
	Women/youth entrepreneurship development.....	182
	Micro, Small and Medium Enterprises Development.....	182
	Industrial Parks and Special Economic Zones.....	183
	Skills Development.....	183
Chapter 6:	Sectoral Trade, Economic Diversification and Competitiveness.....	184
6.1	Introduction.....	184
6.2	Agriculture Productivity and Competitiveness.....	185
6.2.1	Institutional and Policy Framework.....	185
6.2.2	OBJECTIVES AND ACTIVITIES OF CAMP.....	186
6.2.3	PRIORITIES.....	187
6.2.4	AGRICULTURE CONTRIBUTION TO GDP.....	188
6.2.5	Opportunities identified.....	188

6.2.6	Major constraints.....	188
6.2.7	Private sector involvement in agricultural development.....	189
6.2.8	Outputs.....	189
6.3	COMPREHENSIVE AGRICULTURE MASTER PLAN.....	190
6.3.1	Implementation.....	190
6.3.2	The investment plan.....	190
6.3.3	Value addition initiatives implemented since 2014.....	191
6.3.4	Crop productivity in South Sudan.....	192
6.3.5	Agriculture Sectoral Comparative Advantage.....	196
6.3.6	Agriculture Value Chains with high export potential.....	196
	• The forest resource base.....	209
	• Climate, soils, and land forms.....	210
	• Investment potential in the forest sector.....	211
	PILLAR 5: CROSS CUTTING ISSUES.....	258
	CHAPTER 7: DIGITAL TRADE AND E-COMMERCE.....	258
7.1	Introduction.....	258
7.2	Policy and Regulatory Framework for Digital trade and E-commerce.....	258
7.3	Challenges and Opportunities to Digitization in South Sudan.....	260
7.3.1	Barriers to digitalization and adoption of E-commerce initiatives in South Sudan.....	260
7.4	Recommendations to expand ICT and E-Commerce in South Sudan.....	265
7.4.1	E-Commerce Readiness Assessment and Strategies Formulation.....	265
7.4.2	ICT Infrastructure and Services.....	266
7.4.3	Payment Solutions.....	266
7.4.4	Legal and Regulatory Framework.....	266
7.3.6	Access to Financing.....	267
	PILLAR 6: INSTITUTIONAL STRENGTHENING AND POLICY COORDINATION.....	268
	CHAPTER 8: TRADE POLICY COORDINATION AND IMPLEMENTATION IN SOUTH SUDAN.....	268
8.1	Introduction.....	268
8.2	Institutional Capacity of the Ministry of Trade and Industry.....	268
8.2.1	Recent Institutional changes and effectiveness in supporting Trade policy formulation and implementation.....	268
8.2.2	Institutional Capacity and effectiveness to support coordination of:.....	269
8.3	The National Consultation Mechanism on Trade.....	270

8.3.1	Negotiation coordination mechanism and institutional capacity.....	270
8.4	Key trade related support institutions and their Mandates.....	271
8.4.1	The South Sudan National Bureau of Standards (SSNBS).....	271
8.5	Trade Policy Making.....	272
8.5.1	Stakeholder engagement.....	272
8.5.2	Status of/Existence Trade related sub-Committees.....	273
8.5.3	Trade policy implementation.....	274
8.5.4	Human Resource Development for Trade policy implementation.....	274
8.5.5	Timeframe for Implementation.....	274
8.5.6	Resource mobilisation.....	274
8.5.7	Monitoring and Evaluation.....	275
8.5.8	Communication Strategy.....	275
8.5.9	Trade-Related Technical Assistance.....	275
8.5.10	Existing trade-related technical assistance programmes.....	276
References.....		278
9	CONSOLIDATED ACTION MATRIX AND POTENTIAL SOURCES OF FUNDING.....	279
9.1	Introduction.....	279
9.2	Status of DTIS 2014 implementation.....	279
9.3	Implemented activities.....	280
9.4	Remaining activities.....	282
9.5	Factors hindering implementation.....	287
9.6	Plan of action for DTISU 2022.....	288
9.7	Approach to resource mobilization.....	289
9.8	Internal sources.....	291
9.9	External sources.....	292
9.10	Monitoring and evaluation framework.....	292
9.11	National M&E structure.....	293
9.12	M&E of DTISU 2020.....	294
SCHEDULE: DTISU 2020 CONSOLIDATED ACTION MATRIX.....		297

List of Tables

Table 1: South Sudan economic sectors as percent of GDP and other indicators, 2018-2023	4
Table 2: Contributions to growth percent	6
Table 3: Government fiscal operations as percentage of GDP	10
Table 4: Budget balance in relation to GDP for selected countries 2019-2021	11
Table 5: The current account (Millions of dollars percent GDP in parentheses)	21
Table 6: Poverty headcount ratio at \$1.90 a day (2011 PPP) (percent of population)	25
Table 7: Distribution of public employment and wages	27
Table 8: Functions in which foreign firms employ South Sudanese workers	29
Table 9: South Sudan and EAC states total product exports (2009-2020)	32
Table 10: South Sudan and EAC states total product imports (2009-2020)	32
Table 11: Merchandise export structure by product group in 2012-2020	34
Table 12: South Sudan’s Merchandise: Product concentration (PI) and diversification indices (DI) of exports and imports with comparators	35
Table 13: South Sudan’s merchandise export value to EAC, COMESA and the world (2016-2020)	36
Table 14: South Sudan’s merchandise import value from EAC, COMESA and the world (2018-2020)	36
Table 15: Top goods exporters to South Sudan	37
Table 16: South Sudan’s Top Products with Export Potential in the World and regions	83
Table 17: Infrastructure budgets: National Government Budget Allocations (\$m), 2018	100
Table 18: Individuals using the Internet (percent of population) in South Sudan with comparators (2011-2020)	102
Table 19: Mobile cellular subscriptions (Millions)	102
Table 20: Current Internal Generation Capacities and Deficiencies	113
Table 21: Electricity power consumption in selected countries and regions	114
Table 22: Foreign direct investment, net inflows (percent of GDP)	133
Table 23: South Sudan Ease of Doing Business Rank and Indicators with Comparators	136
Table 24: Rankings on Doing Business by topic for South Sudan	137
Table 25: Cost of custom clearing for exports and imports in South Sudan neighboring countries and comparators for 2020	143
Table 26: CPIA transparency, accountability, and corruption in the public sector rating (1=low to 6=high), Sudan and EAC Peers 2014-2020	145
Table 27: Bribery incidence (percentage of firms experiencing at least one bribe payment request)- various years	146
Table 28: SME experience in seeking credit from financial institutions/ Domestic credit to private sector (percent of GDP)	153
Table 29: Selected financial sector indicators	154
Table 30: Access to finance for enterprises	155
Table 31: South Sudan’s Governance Indicators Scores (estimates) with comparators, 2019	166
Table 32: Women s ownership and employment	172
Table 33: Agricultural products offered in the market	192
Table 34: South Sudan’s agricultural yields by crop and livestock sector (2012-2020)	192
Table 35: South Sudan’s comparative advantage by sector and Comparators	196
Table 36: South Sudan fish imports (US\$,000) 2012-2020	200

Table 37:Major domestic actors for production and trade of forest products.....	213
Table 38:The reserves and Net reserves for the years 2018-2019 as per GPOC, SPOC & DPOC..	244
Table 39:Crude oil pipelines in Sudan and South Sudan.....	245
Table 40:South Sudan Mineral Licensing System	249
Table 41:Population access and proximity to ICT infrastructure in selected countries	261
Table 42:Telecom firms’ performance in the South Sudan Telecom ecosystem.....	263
Table 43:Last Mile Internet Cost compared to Africa Average	263
Table 44:Summary of recommended projects, DTISU 2022	288
Table 45:Selected Fiscal Indicators for South Sudan 2009-2022.....	292

List of Figures

Figure 1: South Sudan Real GDP growth and other East African countries (2019-2025)	2
Figure 2: South Sudan Annual GDP per capita growth (percent)	2
Figure 3: Sources of real GDP growth percent /year	5
Figure 4: Oil and non-oil revenue, in SSP and percentage of GDP.....	7
Figure 5: Government revenue and investment budget, bn SSP	8
Figure 6:Narrowing of exchange rate spread.....	14
Figure 7:Inflation Rate Trend	17
Figure 8:Inflation trends (2012–2021).....	19
Figure 9:South Sudan’s exports & imports of goods & services, percent of GDP 2010-2021	20
Figure 10:South Sudan’s age distribution by sex	22
Figure 11:South Sudan’s population structure.....	23
Figure 12:Poverty headcount ratios in South Sudan.....	24
Figure 13:Education and employment	29
Figure 14:Employment in agriculture, services and industry, 2010-2019.....	30
Figure 15:Youth attitudes toward work in agriculture.....	31
Figure 16:International Merchandize exports and imports for South Sudan 2012-2025.....	33
Figure 17:South Sudan Merchandize Trade Balance.....	33
Figure 18:South Sudan’s Top five partners, exports in 2012-2020.....	37
Figure 19: South Sudan imports from Uganda	38
Figure 20: South Sudan exports to Uganda surged in 2020.....	38
Figure 21: South Sudan’s Trade in services (percent of GDP) and comparators	39
Figure 22: South Sudan Services value added 2008- 2025 (constant 2015 US\$ Billions).....	39
Figure 23: South Sudan’s import and export in services (US\$ millions) by main category 2015-2019.....	40
Figure 24: Socioeconomic impact of COVID-19	41
Figure 25: Changes in living standards due to the COVID 19 pandemic.....	42
Figure 26:Markets with potential for South Sudan’s exports	84
Figure 27:South Sudan and EAC states ICT services exports and imports (US\$, million) (2015-2019)	101
Figure 28: South Sudan and EAC states exports and imports of transport services (US\$, million) (2015-2019).....	103
Figure 29: Classification of South Sudan Roads	104
Figure 30: South Sudan Regional Connectivity.....	104
Figure 31: South Sudan International and National Road Network	105
Figure 32: South Sudan Principal Transport Corridors	105
Figure 33: South Sudan –Strategic Core Road Network	106
Figure 34: South Sudan Road Network Condition	106
Figure 35: South Sudan –Prioritization of the Strategic Core Road Network	107
Figure 36: South Sudan magnitude of the strategic road network.....	108

Figure 37: Road Sector Policies and Strategies	108
Figure 38: White Nile River – Main Ports on Kosti-Juba Corridor.....	109
Figure 39: Potential Sites for Major Hydro-Electricity Projects in South Sudan	115
Figure 40:How cereals are stored by if traders sell throughout the year	116
Figure 41:Proportion of integrated markets across products	117
Figure 42:Main business obstacles - all commercial businesses	137
Figure 43:Main business obstacles, by business size.....	138
Figure 45:Obstacles viewed as serious or very serious problems 2010 and 2019	139
Figure 46:Impact of conflict on businesses	140
Figure 47:Multi-Year Conflict Overview 2018 2022	140
Figure 48:Number of checkpoints at which traders must make payments on the way to the market	142
Figure 49:Cost of Clearing Customs South Sudan and comparators.....	144
Figure 50:Percentage of firms identifying corruption as an obstacle to their operations– international comparison.....	146
Figure 51:RSS public procurement framework	148
Figure 52:Percentage of Firms Identifying Tax Administration as a Constraint-International Comparison	151
Figure 53:Number of Visits by Tax Officials (Days per Week)-International Comparison	152
Figure 54:Real private sector credit growth percent / yy.....	156
Figure 55:Distribution of private sector credit percent of total FY 2018 19	157
Figure 56:Access to banking and use of loans, by ownership	158
Figure 57:Firms Identifying Access to Finance as a Major Impediment to Operations-International Comparison	159
Figure 58:Percentage of Manufacturing Firms Identifying Access to Finance as a Major Constraint-International Comparison.....	159
Figure 59:South Sudan governance detailed indicators 2016–2019.....	167
Figure 60:Women's ownership and employment - by type of activity	171
Figure 61:Household job activities by sector.....	176
Figure 62:Number of businesses and jobs in commercial businesses, by activity	177
Figure 63:Education levels of workers by type and size of business	177
Figure 64:Perceived obstacles to hiring South Sudanese workers, among foreign businesses ..	178
Figure 65:Weighted Average Labour Productivity-International Comparison	178
Figure 66:The Average Annual productive capacities index for South Sudan and Comparators for 2000-2018	179
Figure 67:Cereal production in South Sudan (2012-2020).....	193
Figure 68:Cereal production deficits and surpluses by region.....	194
Figure 69:Value of South Sudan’s food imports over total merchandise exports (percent) (3-year average	194

Figure 70:Historical estimates and forecast of population in food crisis in South Sudan, 2008 2021	195
Figure 71:Spatial Distribution of Population Facing Food Insecurity in South Sudan	195
Figure 72:Forest cover (trees closed-to-sparse) in South Sudan	205
Figure 73:Opportunities in South Sudan Gum Arabic Value Chain.....	239
Figure 74:Biggest Obstacles Cited by Hotel Firms	241
Figure 75:The Map shows the areas of current petroleum activities in the Republic of South Sudan.	243
Figure 76:South Sudan Oil Production.....	245
Figure 77:South Sudan Mineral Potential Map: Geoscientific Database of Mineral Development	250
Figure 78:Use of internet and mobile cellular subscription in South Sudan	262
Figure 79:Aid Receipts for South Sudan	276
Figure 80:Bilateral ODA by Sector for South Sudan, 2018-19 Average	276
Figure 81:Top Ten Donors of ODA for South Sudan, 2018-19 Average, USD Millions	276
Figure 82:Distribution of government revenues, percent	291
Figure 83:Sector expenditure shares, percent of total.....	291
Figure 84:Implementation arrangements for the DTISU 2020 Consolidated Action Matrix	295

Abbreviations and acronyms

CAGR	Compound Annual Growth Rate
DRC	Democratic Republic of Congo
EAC	East African Community
EAO	African Economic Outlook
GDP	Growth Domestic Product
IMF	International Monetary Fund
Kgs	Kilograms
MW	Mega Watt
NBI	National Backbone Infrastructure
PAYE	Pay As You Earn
PPP	Public Private Partnership
US	United States
USA	United States of America
VAT	Value Added Tax
GDP	Gross Domestic Product
IRR	Internal Rate of Return
NPV	Net Present Value
VAT	Value Added Tax

EXECUTIVE SUMMARY

South Sudan last produced a Diagnostic Trade Integration Study (DTIS) in 2014, but there have been new developments since the DTIS 2014 and therefore need for analysis of trade performance and the structural transformation and emerging trade patterns since 2014. In line with the work plan of the Tier 1 project approved by the EIF Board, this DTIS update seeks to provide further analytical assessment of the progress to-date of South Sudan's trade regime and capacity. The DTIS Update takes stock of the 2014 DTIS, measure progress to date, and identify key strategies and activities to address supply-side constraints to trade and contribute to remedy challenges affecting South Sudan trade. Undertaken with the support of UNDP, the main objective of the DTIS update is to develop an up to date and trade integration policy document that can stimulate the development of an inclusive and sustainable trade for South Sudan's goods and services. Therefore, this DTIS update assessed the implementation status of policies and programmes since DTIS 2014 and provided a roadmap to address the challenges facing South Sudan with respect to trade and is based on the agreed DTISU Concept Note.

The Macro-Economic Context

The recent real GDP growth for South Sudan has not been strong. Largely as the result of the 2013 and 2016 conflicts and consequent insecurity, growth rates have recovered to about 5.5 percent. Since 2011, real non-oil GDP has dropped by 37 percent, and real oil GDP by 72 percent. During this time oil production shrunk by 94 percent in 2012 and 75 percent in 2013. In the Real sector, between 2013 and 2015, net exports were the major drivers of growth, driven by oil production. In real terms GDP growth for the non-oil sectors (agriculture, industry and services) has been generally negative (Table 2). In the Fiscal sector, in South Sudan, fiscal policy is dependent on oil revenue and lacks an orientation toward productive investment with the national budget almost entirely funded by oil revenue receipts (Figure 4). In the monetary sector, the exchange rate has fallen from 2.95 SSP/USD at independence to nearly 430 SSP/USD in March 2022¹. At the same time, the gap between the parallel and official exchange rates has almost collapsed. South Sudan experienced very high inflation, particularly during 2015 – 2018 as the country grappled with the consequences of conflict and macroeconomic collapse rising up to 170percent in 2019, before

¹ Bank of South Sudan

declining to 20 percent by July 2021 as the exchange rate maintained some stability (Figure 7). In the External Sector, the country's current balance is not healthy and is worsening with all balances trending downwards (Table 5).

Socio-economic Status

South Sudan is a country of 11.2 million people (UNCTAD, 2022) of whom 6.6 million are aged below 25 years (constituting about 59 percent of the entire population) and even if the data is patchy across the region, South Sudan has one of the highest poverty rates in the East African region (Table 6). Labour force participation is in line with neighbouring countries, and there is little unemployment – but the displaced are far less likely to be working. As is common in low-income countries, there is very little unemployment in urban South Sudan, and about three quarters of the urban working-age population is active and employed.

Trade Analysis- products and services

In the East Africa Common market, South Sudan's export position has been deteriorating over the years, with exports of merchandise decreasing from 2.5 billion USD in 2013 to 793 million USD in 2020. The country's exports are dominated by the extractives especially oil and minerals, making about 80 percent of the country's exports in 2020 (Table 11). In terms of imports, South Sudan imports mostly consumer commodities with low technology (Table 12). Exports from South Sudan go to oil dependent countries like China. In the region, only Uganda is a destination for some reasonable amounts of exports (Figure 18). Goods exports to South Sudan are mainly from Uganda and Kenya with China the only non-regional country that exports some substantial amounts to the country (Table 15).

Regional Integration and WTO Accession

South Sudan commenced its WTO accession process in 2018 becoming an observer, attending 1st working party meeting and has indicated its commitment to continue with the WTO Accession process despite the inadequate understanding of the potential benefits and costs of WTO Accession. South Sudan has been a member of EAC since October 2016 and, a signatory to the Africa Continental Free Trade Area (AfCFTA) but yet to ratify the treaty. South Sudan has drafted the EAC integration strategy to guide the integration into EAC and other regional RECs. South Sudan has no strategy to inform WTO Accession process. To date, South Sudan's implementation of EAC provisions has been lagging due to poor inter-ministerial

coordination and lack of specific actions in the EAC roadmap to inform harmonization of laws and procedures to support implementation of EAC. For example, on the country's commitment on the implementation of a Customs Union which arguably, the most important commitment that South Sudan made in the context of joining the EAC, the country has not made much progress and since the country is still developing its institutions, its legal framework, and building capacity, it has not been able to take much advantage of the access to market opportunities accruing from joining the EAC. At the moment, the country has not carried out any study to determine the implication of adopting the EAC CET on the country and inform any foreseen revenue loss mitigation strategy.

Standards and Quality of Infrastructure

South Sudan trades in agriculture and livestock products and is also keen to diversify the economy through value addition and manufacturing. Accession to WTO and participation in AfCFTA, EAC and GSP programmes implies that the domestic SPS /TBT legislative framework needs to conform to the provisions of WTO TBT /SPS Agreement. South Sudan has a draft National Quality Policy (NQP) and SPS Policy developed in 2021 awaiting endorsement of Council of Ministries. South Sudan is yet to establish SPS and Technical TBT enquiry and the National Notification Authority Points. South Sudan needs to digitize the issuance of phytosanitary certificates to exporters by adopting e-phyto. There is very limited scope for the calibration services in the country. Since the establishment of the South Sudan National Bureau of Standards (SSNBS) in 2012, there has been no Product certification system in the country since the establishment of the e National Bureau of Standards.

There are six laboratories owned by the Government of South Sudan but presently, there are no testing laboratories in the country that have been accredited in all of the analytical methodologies. South Sudan has developed seven (7) national standards. About 300 regional standards (East African Standards or EAS) are available but these have not been adopted in South Sudan. As just an observer to the WTO, South Sudan has not yet ratified the Trade Facilitation Agreement (TFA) made its notification of category "A, B and C" commitments after earlier notification of category. Most of the policies on food safety are either in their draft versions or are not updated to reflect the current regulatory environments. International standards and requirements are supposed to be gazetted by the South Sudan National Bureau Standards; however, it appears this is not being done. South Sudan is a contracting member to the IPPC, which is a multilateral treaty for cooperation in plant health and protection under the auspices of the Food and Agriculture Organization of the United Nations (FAO). No risk management system has been developed prompting all agencies to keep on checking and inspecting every consignment causing delay in clearing of goods.

Trade Facilitation

South Sudan has a significant infrastructure deficit, which must be addressed to provide necessary impetus for economic diversification. Even though statistics on the country are scanty, available data shows that South Sudan has one of the worst ICT indicators in the region and globally. For example, in 2017, only 7 percent of the population used internet, compared to 21 percent in Rwanda, 17 percent in Kenya and way below the Sub-Saharan average of 22.3 percent (Table 17). South Sudan's transport sector is underdeveloped.

In the East African region, the average of South Sudan's exports of transport services for the period 2015-2019, at 20 million USD is much lower than for peers such as Uganda at 618 million USD, Kenya at 2.2 billion USD and Tanzania 4.7 billion USD (Figure 29). South Sudan has one of the lowest road densities in Africa with a total road network of 17,000 km with most, gravel roads which are impassable during the rainy season (Figure 30). However, the country is regionally connected to trunk roads emanating from neighbouring countries (Figure 31). This necessitates that the country works on its transboundary roads that will help it connect to the regional trunk roads (Figure 32). The country has set an ambitious program to develop all core roads starting with the Strategic Core Roads with some of them already contracted and already undergoing construction (Figure 36).

River transport is an important mode of transport in South Sudan because of waterways but also due to the poor road network. The total length of navigable section of the Nile, the White Nile and is 1,393 kilo meters. In addition, there are other navigable tributaries such as the Sobat River and Bahr El Gazal-Meshra Achol. However, the key river ports of Juba, Mongalla, Bor, Adok, Shambe, Malakal and Renk are in poor condition and need to be rehabilitated or upgraded. Since 2014, not much has changed in regards to rail transport in the country. The rail infrastructure in South Sudan, still consists of approximately 250 km is in a neglected state with missing sections. As it was in 2014, there are still about 24 airports in the country, of which only two have paved runways. South Sudan has one of the least energy rates in the world. In 2014, at 44 kWh per capita, South Sudan had the least electricity power consumption in the region and the World (Table 20).

Logistic storage capacity in South Sudan is limited to the transport sector. Warehousing facilities at the main border crossings or logistic centres such as Juba are extremely limited except for humanitarian organizations that organize their logistics work. Food logistics is very important for

any country's food trade and security. Undeveloped logistics and poor connectivity in food surplus and deficit locations is a major problem in South Sudan with most products, markets are not nationally integrated with major implications for trade (Figure 42).

Trade Regulatory and Facilitation System

Trading across borders remains a major challenge all customs processes of clearance done manually, there are no clear plan to implement an automated system for customs data. Consequently, as of 2019, it took about 6 days to export in South Sudan as compared to 2 in Uganda and 3 in Rwanda (World Bank Ease of Business 2020). There has been a tremendous progress in the engagement of South Sudanese women in trade in general and cross border trade in particular. Over the past years, South Sudan Customs Services (SSCS) have made some progress with the implementation EAC provisions. In particular, the Single Administrative Document, the One Stop Border Post. Transparency and predictability in business environment is constrained by lack of Trade information Portal to provide the business community with complete, timely and up-to-date information relating to trade from a single website that is comprehensive in its scope, user friendly, interactive and easily accessible using a single search engine.

Business Environment and Entrepreneurship

The business environment in South Sudan remains challenging with the 2020 Doing Business (DB) report ranking South Sudan 185 out of 189 economies. FDI to South Sudan is one of the least in the World and has been getting worse (Table 21). This is mainly a reflection of the challenging environment occasioned by the recent conflict situation. While the investment Promotion Act, speaks of access to public information, there is no website to facilitate publication of such information to potential investors, who may not be based in South Sudan. The land policy is still in draft form and not yet adopted. In a World Bank commissioned survey on Urban Businesses, business complain of a wide variety of obstacles to their operations, with insecurity and lack of market access the most complained about (Figure 43). On transport costs and logistics, the cost to ship a 20-foot container from Europe to Juba via Mombasa is US\$9,285, of which the inland transportation and handling Mombasa-Juba cost is US\$7,200 compared to the significantly lower Mombasa-Kampala cost of US\$2,150. Insecurity and checkpoints obstruct business with majority (58percent) of all market traders say they have been recently concerned for their security on the

road². Market traders report that at the median, they expect to pay 5,000 SSP (about 17 USD) to pass a checkpoint or roadblock. South Sudan has one of the highest costs of clearing exports and imports. In 2020, the cost to export documentary compliance at 193 USD was only lower than those of DRC (500 USD) and Sudan (Table 24). On power, available data shows that in 2014, the value lost due to electrical outages (percent of sales for affected firms) for South Sudan was about 14 percent compared to 5 percent for Kenya and 2 percent for Rwanda and above the SSA of 9 percent (World Development Indicators 2021). On corruption, within the EAC, South Sudan scores the lowest according to the World Bank's CPIA transparency, accountability, and corruption in the public sector rating (Table 25). Similarly, in the last two years, South Sudan has been ranked the most corrupt country in the world by Transparency International (Transparency International, 2022).

Bribery to get anything done is one of the highest in the world (Table 26). This level of corruption is inimical to investments and private sector performance in the country. In terms of procurement, despite the existence of the Public Procurement Framework, certain challenges are apparent, which include insufficient transparency, a legal and institutional framework with room for improvement, technical and capacity limitations, mistrust, and a lack of prosecution. On the taxation Regime, while an overall tax burden in South Sudan of 28.7 percent of pre-tax profit is relatively low in comparison to many regional and international competitors, taxes are a significant hurdle for doing business in South Sudan, with the key problem being the multiple numbers of taxes that need to be paid at different time over the year to national and local government agencies.

On access to finance, less than 3 percent of the South Sudanese population have access to financial services compared to 42 percent and 20 percent in Kenya and Uganda respectively and only 13 percent of the population own a bank account. In 2015, the South Sudan domestic credit to private sector as a percent of GDP was just 2.3 percent, the lowest in the region and way below the SSA average (Table 27). Credit as share of GDP declined from 3.7percent to 1.0percent and deposits declined from 33.9 percent to 10.2 percent over the period 2016 – 2019 respectively (Table 28).

² Reviving Markets and Market-Linked Agriculture in South Sudan Jobs, Recovery, And Peacebuilding in Urban South Sudan – Technical Report Iii Jan Von Der Goltz et al.

On the Competition Regime, there is competition legislative framework to support the development of competition regime in line with the broader principles of EAC competition Act 2006. The Intellectual Property Rights in the country is challenged by political instability and insecurity that breeds impunity. In terms of governance, country is doing badly across the board but especially in security and rule of law and foundations for economic opportunity (Figure 60). On the Status of Business policies, laws, and regulations, by the time of the DTIS (2014), there were nearly 60 new business-related laws of which 80 percent have been enacted by the National Legislative Assembly but due to the two wars that followed the country's independence and the 2016 one that followed the 2014 DTIS, the legislation agenda slowed down considerably and some laws missing are still missing while others are in draft form or lying at the Ministry of Justice. South Sudan has vibrant private sector associations represented by two major organisations namely, the South Sudan Chamber of Commerce, Industry and Agriculture (SSCCIA), and South Sudan Workers Trade Union Federation (SSWTUF). There are also those that cater for women entrepreneurs including the Women and Youth Entrepreneurship, the Chamber of women Entrepreneurs (CoWE), the South Sudanese Women Empowerment Association (SSWEA) and the Women Empowerment Initiative (WEI).

Sectoral Trade, Economic Diversification and Competitiveness

South Sudan has been the most oil-dependent country in the world, with oil accounting for almost the totality of its exports, and around 60 percent of its gross domestic product (GDP). However, the agriculture sector is the largest source of income and employment (85-95 percent of the work force). Despite the reliance on oil, about 95 percent of population is engaged in agriculture, including livestock. Approximately 75 percent of the country's land area is suitable for agriculture and about half of the total land space, is estimated to be suitable for cultivation. But only 4 percent of arable land is under cultivation. Agriculture contributes 15 percent to South Sudan's GDP. Only 1 out of 10 states is food sufficient.

The country in 2015 developed an Institutional and Policy Framework for agriculture development is outlined in the Comprehensive Agriculture Master Plan (CAMP) to support the stakeholder consultation process; provide a situational analysis of the agriculture sector; formulation of a framework for agricultural development and identification of priority areas; formulation of

investment plans; which include developed project profile sheets; and proposal of the implementation framework to materialize the master plan. The CAMP came up with priorities and investment plans to develop various agriculture value chains.

In spite of CAMP, since 2014, there are few primary processors involved in agro-processing of small quantities of mainly cereals and oil crop products, most of which are sold in the local markets (Table 37) and due to the insecurity, that followed the outbreak of conflicts in 2013 and 2016, and the continued low-level instability, value addition initiatives that had started stopped. The deficit in production has led to the country to be heavily dependent on food imports despite the abundance of arable land. Food imports as a percent of merchandise imports have consistently increased throughout the last decade (Figure 70). Due to the low agricultural production and productivity South Sudan has one of the lowest revealed comparative advantages in food production in the region despite its vast arable land (Table 44). But there are some agricultures Value Chains in the country with high export potential including Fisheries, gum Arabic, Timber, Sesame, Honey and others.

South Sudan has a significant capture fishery in its major rivers and wetlands, concentrated on the Sudd swamps (between Malakal and Bor) with more than 1.7 million people are thought to depend directly on fisheries for livelihood, food security or income and 14percent of households in South Sudan, particularly those in the Sudd area along the river Nile and its tributaries, engaged in fishery as a means of livelihood. Current estimates for fish harvested stand at only 40,000 tons, mainly due to poor infrastructure and insecurity, while potential in South Sudan for fisheries production ranges between 150,000 - 300,000 tons of fish per year. The challenge remains commercialization and use of technology to catch and evacuate fish to markets. In terms of timber, South Sudan is endowed with diverse natural forests and woodlands with an estimated total area of 191,667 km², or about 30percent of total land area. There are a number of forest products produced in the country with regional and global markets Teak logs, teak products and gum acacia are products with regional and global market potential and if future potential markets are considered, shea products. There is need for investment to scale up production and take these to markets.

In terms of the cattle value chain in South Sudan, per capita the country has one of the highest numbers of cattle where they are usually seen as a symbol of power and are often owned by men and passed down through a patrilineal lineage. The problem is that a very small portion of this is commercialized. For example, currently, in South Sudan, a lot of milk and milk products are imported. On the poultry value chain, small animals are very important for women empowerment because culturally, they are only reserved for them as cattle are left for men. While there are few advanced poultry farms, most of which are in Juba, South Sudan's poultry remains an infant industry. But there is an increased demand from urban consumers for meat and eggs, which is a major opportunity for small-scale poultry producers.

In terms of honey, beekeeping in South Sudan has been practiced for generations for the production of honey as food products, medicine, and as a form of income generation and is practiced by women and younger people, in addition to being sustainable. And whereas, honey can be sold for relatively high prices in Juba, to international or national customers or even exported regionally, there are no adequate storage containers or packages for honey. Increasing honey production would require more professional aggregating units, as well as larger storage rooms.

For Sesame, while in South Sudan most is produced on a subsistence level, there has been an increase in market production for sesame. Whereas, the market for sesame in South Sudan is quite small domestically, a number of exporters transport the sesame seeds to regional markets. There is also a pre-existing demand in several markets including southeast Asia, Middle East, and Europe which can be exploited. EU and Middle East markets are capable of absorbing huge amounts of sesame, as it is used in multiple key food products such as hummus, halawa, tahini, desserts, and snacks.

For South Sudan, Gum Arabic is one of the few agricultural commodities that are commercialized and have had a value chain that has been in existence for a very long time and the country is endowed with natural resources of which Gum Arabic is in abundance covering an entire three quarters of the country. Estimated potential production of gum Arabic in South Sudan is about 15,580 MT, making South Sudan the 4th largest producer in Africa. Lack of knowledge and/or capacity of the rural producers regarding the sale of gum Arabic at fair price is a major issue.

Gum Arabic is also a good product for youth and women who are involved in the harvesting of gum Arabic but not much in its sale where they can be helped to engage.

On the Tourism Value Chain, whereas the country is rich with flora and fauna and has the potential to establish a travel and tourism industry, this has not been possible until the current insecurity is contained. There also opportunity to diversify tourism products into cultural activities and other non-natural bases tourism products. As noted earlier, the Oil Industry in South Sudan has been the most important in the country making up more than 90 percent of exports. But since 2014, no new oil exploration has been done because of the insecurity in the oil exploration and production. Also, a lot of work is needed to establish additional oil reserves, to improve recovery and increase production from the current oil fields and advertise new areas for oil exploration.

On the Mineral Sector, the Government of South Sudan has identified the development of the mining sector as a priority in its efforts to diversify the economy away from the present dependence on oil. Since 2005, close to 30 companies have shown interest in exploring for minerals in South Sudan. In South Sudan, there are a number of mineral resources scattered across the country with most in the western and southern parts of the country (Figure 78). But political instability generates insecurity in the production areas of the minerals hampering exploration and production of the minerals to the required standard and/or level and if this is solved, the sector has the potential to diversify the economy of the country.

Digital Trade and e-Commerce

South Sudan as an LDC and a land locked country should benefit most from E-commerce in comparative terms, since its geography creates higher trade barriers. In order to regulate this burgeoning sector of the economy, government has put in place a legal framework that includes Acts, laws, policies and strategies. However, still only 4 percent of South Sudan's population lives within 25km of a fibre node, and only 7percent within 50km. Lack of fibre backhaul is likely to be the key constraint. Compared to its neighbours, Kenya and Uganda lead with 41percent and 31 percent of their populations living within 25km of a fibre node (Table 50). MTN still controls over 55 percent of the market share in the South Sudan telecom ecosystem with subscriber numbers increasing rapidly in the recent years. MTN figures show that there has been a massive unmet

demand. South Sudan is one of the most expensive countries in Africa for mobile broadband of 1GB per month or higher, in absolute and nominal terms. 49 countries in Africa are cheaper for 1GB and 52 countries are cheaper for 20GB per month (Table 52).

Trade Policy Coordination and Implementation in South Sudan

The impact of trade policy is felt by diverse stakeholder groups such as businesses, consumers, farmers, industrialists, innovators, youth, and women. Hence the need for multi-stakeholder consultations and inclusive trade policy-making and implementation processes. Most of the trade policy formulation is being undertaken through the Enhanced Integrated Framework (EIF), a Trade related Technical Assistance in Least Developed Countries, that works towards promoting economic growth and sustainable development and helping to lift more people out of poverty. There is a committee in charge of WTO accession and a focal point but there is need for more capacity to enable the country understand the implication of accession. The trade policy provides for the setting up of a national multi-sector consultative mechanism to play a coordination role between the government, private sector and civil society organisations. However, this mechanism is yet to be set up partly because the trade policy is not yet approved. Currently the national coordination mechanism for trade is still lacking and is currently being done by the EIF National Implementation Committee whose capacity is very limited in terms of personnel, finances and equipment.

Trade policy making in the country is spearheaded by the MTTI with the involvement of trade related agencies and private sector association such as the South Sudan Business Forum, the South Sudan Business Council and the South Sudan Chamber of Commerce. The private sector and the academia, and civil society are involved in the trade policy making policy but these public-private dialogue mechanisms need a legal and regulatory framework to set them up rather than being used on an ad hoc basis. The ministry of trade has not developed a comprehensive communication strategy to popularize its policies but with the adoption of a trade policy this needs to be prioritized. Currently, the most prominent AfT programme is the Enhanced Integrated Framework (EIF), a Trade related Technical Assistance in Least Developed Countries, that works towards promoting economic growth and sustainable development and helping to lift more people out of poverty.

Status of DTIS 2014 implementation

For the country that had just got its independence and come out of a way, the production of the DTIS 2014 was a landmark achievement, the or the first comprehensive framework for trade promotion and development. However, the outbreak of another war in 2016 scuttled most of these plans. The only notable achievements include: Setting up of the EIF Tier 1 Coordination office and capacity and institutional development of the EIF focal point and the NIU; Appointment of the WTO Focal point and the Accession Negotiation Committee; Appointment of the EAC integration Focal point and the Integration Negotiation Committee that enabled the country joining the EAC; Procurement of ICT equipment for the EIF Coordination Office; and Setting up of a trade facilitation training centre This update rates implementation at about 16 percent.

The major factor that hindered successful implementation of the DTIS 2014 was the political instability and insecurity that followed the 2013 and 2016 conflicts. Due to the disruptions in institutions and lack of resources, all the recommendations in the DTIS remained on paper and were never incorporated into the national and sectoral workplans and budgets.

Plan of action for DTISU 2022:

The DTIS 2022 is planned to be implemented for about 8 years up to 2030. There are projects that can be implemented in the short term (2022-2023). These include many of the activities that were urgent in the DTIS 2014 which still remain undone. These activities are in all the eight chapters. Other projects will be implemented in the medium (2024-2025) and long term (up to 2030). Table 54 below provides a summary including the cost estimates of projects under each chapter, while the list of projects that have been recommended for implementation under DTISU 2020 are appended at the end of this chapter.

Required Resources and Sources

The total estimated cost of all projects is enormous at close to 12 billion USD (5,040 billion SSP) mainly due to the considerable amounts needed for infrastructure. The infrastructure costs including transport, energy and ICT is about 10.9 billion USD (4578 billion SSP) meaning that without this huge cost, the implementation of this action matrix would be about 1.1 Billion USD (462 Billion SSP) over 8 years, an annual average of about 138 million USD or 58 Billion SSP. Considering that in the draft FY2021/22 National Budget, gross government revenue is estimated at 647.4 billion SSP, the expenditure on the DTIS 2022 Matrix can be afforded (Table 55).

Monitoring and evaluation framework for DTIS, 2022

The main problem for M&E in South Sudan is the low capacity both in government and outside such as in the civil society. Considering that the National Monitoring and Evaluation mechanism is not well developed, the Ministry of Trade and Industry through the National Implementation Unit (NIU) establishes separate M&E mechanisms but feeding into sectoral ones. In the 8 years of the DTIS, 2022, there should be planned Mid-term evaluations, annual assessments. Endline assessment and impact assessment. The DTIS, 2014 did not include a clear M&E and that was partly responsible for failure to assess its effectiveness but the DTIS, 2022 proposes a rigorous monitoring and evaluation. The DTISU, 2022 recommends the Programme National Steering Committee (PNSC) chaired by the Undersecretary of Trade and Industry that will coordinate and oversee all trade related activities now to include the DTIS, 2022. This NSC would be linked to the M&E framework proposed in the R-NDS including the evaluations milestones proposed in the NDS. The PNSC will have focal points in all the trade related agencies and institutions.

CHAPTER 1: INTRODUCTION

1.1 ENSURING MACRO-ECONOMIC STABILITY FOR INCLUSIVE TRADE AND SUSTAINABLE DEVELOPMENT

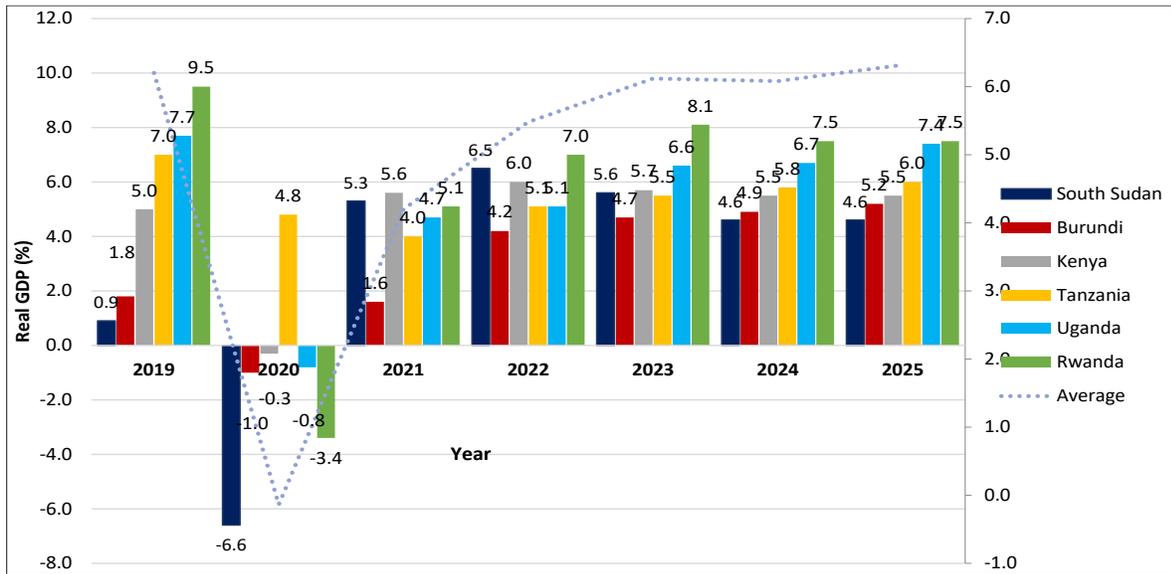
A stable macro-economic environment, with conducive economic indicators is vital to trade competitiveness and economic diversification. The impact of the monetary policy, characterized by unfavourable exchange rate is a key constraint to trade competitiveness. South Sudan acknowledges the importance of trade as an instrument for achieving inclusive and sustainable economic growth, diversifying the economy, generating employment and achieving economic resilience. There have been new developments since the DTIS 2014 and therefore this chapter seeks to shed light on the current underpinning macro-economic environment, recent trade performance and associated macro-economic environment. Analysis of trade performance will depict the extent of structural transformation and emerging trade patterns since 2014. The chapter analyses the trade performance in terms of the extent of structural transformation and emerging trade patterns since 2014 and presents the macro-economic indicators to explain the causal factors of the emerging trade patterns.

1.2 THE MACRO-ECONOMIC CONTEXT

1.2.1 GDP and GDP Per capita Trends

The recent real GDP growth for South Sudan has not been strong. Largely, as the result of the 2013 and 2016 conflicts and consequent insecurity, the country has had one of the worst growth rates of the East African countries (Figure 1). With the signing of the Revitalized Peace Agreement, growth rates have recovered to about 5.5 percent and expected to recover and expected to stay on the same trajectory up to 2025 in spite of the COVID-19 pandemic (Figure 1).

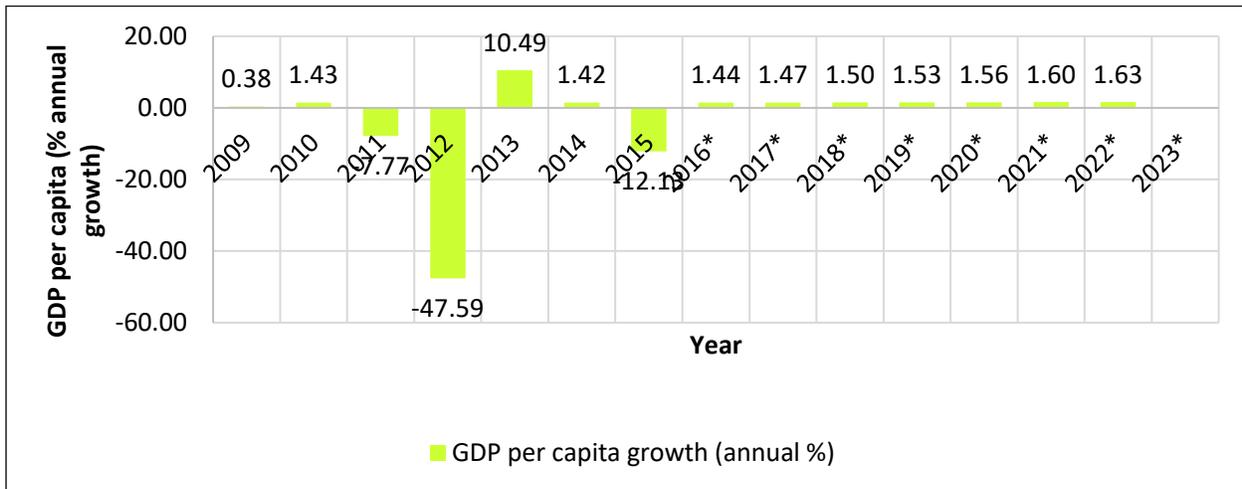
Figure 1: South Sudan Real GDP growth and other East African countries (2019-2025)



Source: IMF, African Economic outlook, 2013 & 2021

Apart from 2013, per capita GDP for South Sudan has barely grown, and in some case in conflict years declined with negative implications for the livelihoods of the population (Figure 2).

Figure 2: South Sudan Annual GDP per capita growth (percent)



Note: *means estimated values, 2016-2022 growth of 2percent assumed, since South Sudan had no data for those years.

Source: databank.worldbank.org³

³ <https://data.worldbank.org/country/south-sudan?view=chart>

As has been the case since independence, oil has been the source of almost all the growth, with agriculture following (Table 1). At independence in 2011, South Sudan produced nearly three-fourths of former Sudan's total oil output of nearly a half million barrels per day. The Government of South Sudan relies on oil for the vast majority of its budget revenues, although oil production has fallen sharply since independence. South Sudan is one of the most oil-dependent countries in the world, with 98percent of the government's annual operating budget and 80percent of its gross domestic product (GDP) derived from oil (CIA, 2022)⁴.

Since 2011, real non-oil GDP has dropped by 37 percent, and real oil GDP by 72 percent ⁵. At independence, the oil and mining sector accounted for about 60 percent of the economy, making South Sudan one of the most oil-dependent economies in the world. However, the structure of the economy changed slightly with a fall in oil production after 2012. The relative contribution of the non-oil economy expanded as the economy shrank when the country descended into conflict and oil production was suspended. As South Sudan spiralled toward conflict in 2013, solid non-oil growth before independence was followed by a contraction in non-oil activity, and a plunge in oil-sector output. In the two years that preceded independence, economic growth averaged 5.3 percent, with growth in the non-oil economy reaching 14 percent driven by activities in retail, real estate and construction sub sectors. Activity in the oil sector was subdued. The shutdown of oil production in 2012 and onset of conflict in 2013 led to the first economic crisis, with output contracting by 46 percent in 2012 followed by a further contraction of 27 percent in 2013. During this time oil production shrunk by 94 percent in 2012 and 75 percent in 2013. The non-oil sector contracted sharply by 8 percent in 2011, and barely grew over the following two years.

⁴ CIA (2022). Accessed at: <https://www.cia.gov/the-world-factbook/countries/south-sudan/>

⁵: Mawejje, Joseph. 2020. "Macroeconomic and Fiscal Environment For Jobs, Recovery, And Peacebuilding In Urban South Sudan: Technical Report II." World Bank, Washington, DC.

Table 1: South Sudan economic sectors as percent of GDP and other indicators, 2018-2023

	FY2018/19	FY2019/20 (Est)	FY2020/21 (Est)	FY2021/20 (Est)	FY2022/23 (Est)
GDP at constant market prices	3.2	9.5	-4.1	2.6	3.0
Oil	10.7	27.5	-2.9	3.2	1.1
Non-oil	0.0	0.8	-4.9	2.2	4.1
GDP at constant factor prices	3.2	9.5	-4.1	2.6	3.0
Agriculture	9.9	6.0	3.5	3.5	3.6
Non-oil industry and services	-1.5	0.0	-6.3	2.0	4.2
Oil sector	10.7	27.5	-2.9	3.2	1.1
Inflation (Average)					
Exchange Rate, official (SSP/USD avg)	152.4	161.8	232.7	285.8	331.6
Exchange Rate, market (SSP/USD avg)	251.1	310.2	542.8	---	---
Memorandum Items					
Oil production (millions of barrels)	49.1	62.1	602	621	62.8
South Sudan oil price (USD/bbl. avg)	62.9	49.3	47.9	54.7	53.4
Brent price (USD/bbl. Avg)	64.9	51.3	49.9	56.7	55.4776
Nominal GDP (SSP Billions)	776.2	827.8	929.9	1,227.4	1,503.4

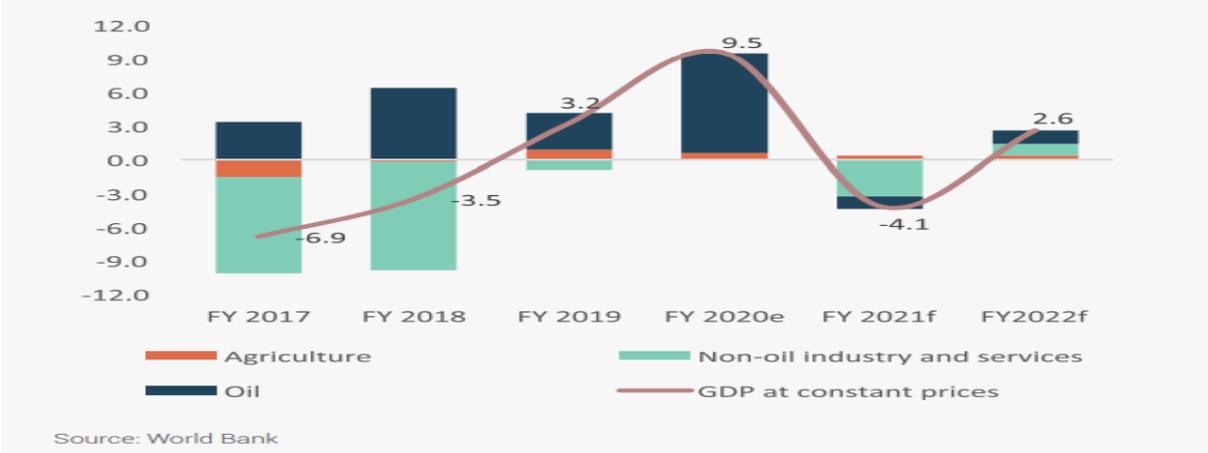
Source: World Bank Data, 2022

Conflict and macroeconomic challenges have caused the non-oil sector to contract each year since 2011, with a cumulative drop in non-oil GDP of 37 percent. While the economy recovered briefly in 2014 with the oil and mining sector growing by 18 percent, the non-oil economy continued to struggle, and the cumulative effects of conflict and a difficult macroeconomic environment weighed heavily on private sector activity. The economy continued to struggle as the fall in global oil prices starting in 2014 exacerbated an already precarious fiscal situation. The resumption of conflict in 2016 further aggravated matters as the economy contracted for four consecutive years during 2015 – 2018. The peace process holds the promise of reversing South Sudan’s economic decline, but further concrete progress is needed. A revitalized peace agreement was signed in September 2018, preparing the ground for formation of a government of national unity in February 2020, following a last-minute compromise that restored the ten historical states.

However, progress on key aspects of the peace process have been much slower than anticipated. In particular, implementation of the so-called security arrangements which include the demilitarization of all major towns and civilian centres, and disarmament of civilians. At the same time, the allocation of state with these challenges, the security situation in the country has not improved as much as was expected. Intercommunal violence has continued in the three historical regions of Bhar-el-Gazal, Equatoria and Upper Nile, as well as in the three new administrative areas of Abyei, Greater Pibor and Ruweng. The share of oil revenue in GDP has halved, and some

of the resulting structural changes may present an opportunity for the future. Conflict has led to a big shift in the composition of GDP: the share of the oil sector has declined from about 60 percent in 2011 to about 32 percent in FY2019.

Figure 3: Sources of real GDP growth percent /year



Source: World Bank Economic Update, 2022

1.2.2 Real sector

South Sudan has a narrow economic base with the real sector dominated by the oil industry. Other sectors of the economy like agriculture and industry have been growing but coming from a low base. Between 2013 and 2015, net exports were the major drivers of growth, driven by oil production. However, the contribution of exports waned as production and prices declined. Two trends have emerged since 2013: the contribution of private consumption to growth has been negative, and government predatory consumption absorbed whatever little wealth could have been created over the same time period, mostly through increased security and military spending. The decline in private consumption reflects the cost of conflict and humanitarian crisis.

Conflict has not only affected food production, but also constrained trade, limited access to markets, and impeded the timely delivery of humanitarian and relief items in various remote locations across the country. In addition, the macroeconomic crisis that followed conflict and the shutdown of oil production further eroded consumer spending since 2013/14. At the same time, government consumption has grown as oil receipts have been used to expand expenditures on

defence, security, and peacekeeping operations. Investment has played a negligible role, and this is mainly observed in private sector engagement in the real estate, construction, and oil sectors. Recovery will require a resurgence of private consumption, as well as, hopefully, greater investment.

In real terms GDP growth for the non-oil sectors (agriculture, industry and services), this has been generally negative (Table 2).

Table 2: Contributions to growth percent

	2011	2012	2013	2014	2015	2016	2017	2018	2019
Real GDP growth (Supply Side)	-4.6	-46.1	13.1	3.4	-10.8	-11.2	-6.9	-3.5	3.2
Agriculture	-0.8	-1.4	4.7	-1.8	1.6	-1.8	-1.5	-1.0	-0.2
Industry	-2.7	-33.6	-26.0	26.1	-17.2	-3.9	-1.2	5.1	3.2
o/w oil	-1.4	-31.9	-33.3	30.5	-18.9	-3.3	3.3	6.4	3.2
Services	-1.1	-11.1	34.4	-20.9	4.7	-5.5	-4.2	-7.6	0.2
Real GDP growth (Demand Side)	-4.6	-46.1	13.1	3.4	-10.8	-11.2	-6.9	-3.5	3.2
Final consumption	-5.3	1.1	7.2	-2.1	-20.3	-9.5	-8.2	-2.5	1.9
o/w Government	-2.9	-1.1	3.1	3.7	0.4	1.0	1.2	1.8	2.4
o/w Household	-2.4	2.2	4.0	-5.8	-20.8	-10.6	-9.4	-4.3	-0.5
Investment	0.9	-7.3	2.1	-0.3	0.2	0.0	0.5	0.7	0.8
Net exports	-0.2	-39.9	3.9	5.9	9.3	-1.7	0.8	-1.7	0.5

Source: World Bank staff estimates

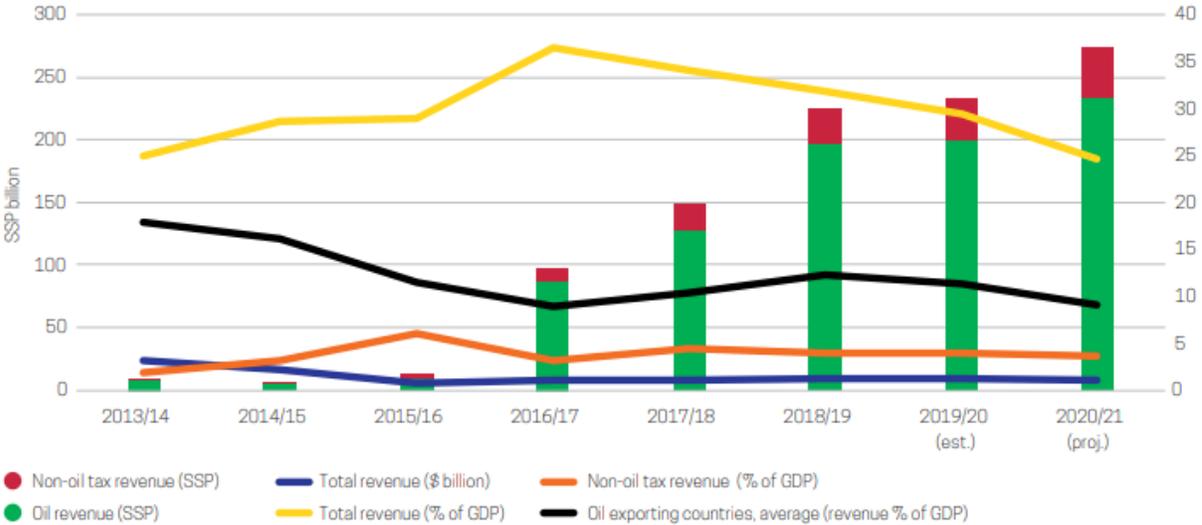
1.2.3 Fiscal sector

In South Sudan, fiscal policy is dependent on oil revenue and lacks an orientation toward productive investment with the national budget almost entirely funded by oil revenue receipts (Figure 4). With the establishment of the National Revenue Authority (NRA), a reform process is underway with the goal of increasing the contributions from non-oil tax revenues, but the impact is not yet clear. With no mechanisms in place to buffer fluctuations, budget expansions and contractions closely follow oil revenue receipts, and fiscal policy is procyclical. Budgets are opaque and a large proportion of oil revenues does not go into the budget. In consequence, public investment in a trade friendly agenda is limited, despite the enormous investment needs. Extra-budgetary expenditures and financing shortfalls due to unaccounted for advance oil sales lead to a continuous accumulation of domestic arrears and complicate budget and debt management⁶.

⁶ : Mawejje, Joseph. 2020. "Macroeconomic and Fiscal Environment For Jobs, Recovery, And Peacebuilding In Urban South Sudan: Technical Report II." World Bank, Washington, DC.

Capital spending remains limited. Consequently, South Sudan continues to under invest in sectors that would have the largest knock-on effect on poverty reduction and building resilience, building a stock of physical and human capital, and stimulate investments and trade.

Figure 4: Oil and non-oil revenue, in SSP and percentage of GDP



Source: Data from IMF Staff Reports (South Sudanese authorities and IMF)

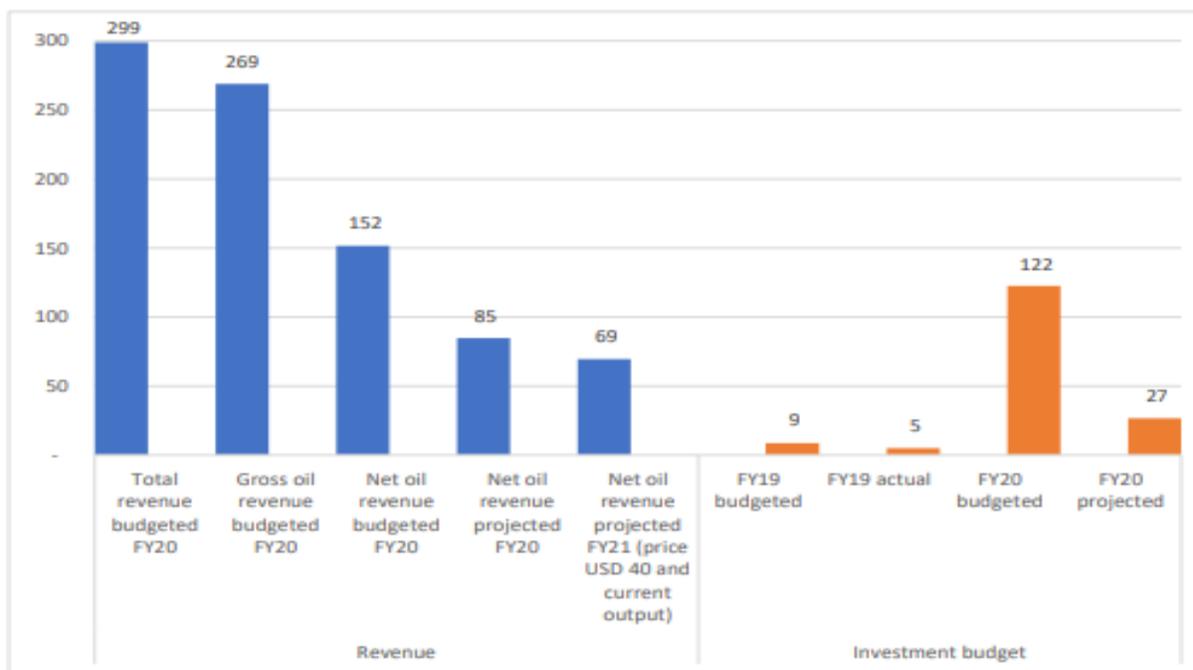
Despite arrears in public sector salaries, much spending goes toward security forces and public administration, with little spending on investment projects. While recent budget allocations indicate an ambition to shift from security and defence spending to a more diversified expenditure plan, actual budget executions show that the security sectors still absorb a large share of the budget. For instance, the security sector was allocated 19percent in the FY2018/19 budget but received 41percent of total resources in the first 9 months of the fiscal year. Spending on trade friendly service thus remains limited, and South Sudan continues to underinvest in sectors that would help prevent an erosion of education levels due to the conflict, and that have the largest knock-on effect on poverty reduction, building resilience, and human capital development. In addition, allocations to sectors that would unlock the productivity of the non-oil economy such as in agriculture and rural development is limited.

In this regard, the revitalized agreement on the resolution of conflict (R-ARCSS) envisages the creation of enterprise development funds, which would work through private sector associations to improve productivity through capacity enhancement and easing access to financing. However,

these are not yet operational. Thus, the fiscal outlays are not supportive of a trade enhancement agenda. Poor budget execution has been exacerbated by lower revenue going into the budget with FY20 government spending on infrastructure and service delivery estimated to be lower than budget. The FY20 capital spending was projected to be 22 percent of budget, with significant under-execution in key sectors such as infrastructure (13percent), health (27 percent), social and humanitarian (9percent), and education (73percent).

By contrast current spending is projected to be 186percent of budget, with accountability (483percent), rule of law (345percent), public administration (193percent), and security (113percent) all spending significantly above budget. Amid the Covid-19 pandemic, the FY2019/20 budget deficit has widened with large shortfalls for both oil and non-oil revenue. The FY20 budget envisaged gross oil revenue receipts of about SSP 269 billion (US\$1.7 billion) and net oil revenues of about SSP 152 billion (US\$ 942 million) with the difference being statutory deductions, including transfers to Sudan. However, with the recent plunge in oil prices, estimates show that gross oil revenues will likely turnout at SSP 209 billion (US\$1.3 billion) with net flows into the budget amounting to SSP 85 billion (US\$ 527 million), leading to a shortfall of about US\$ 415 in FY20 budget on oil revenues alone (Figure 5). At the same time, non-oil tax revenues are expected to turn out 3 percent lower than budgeted, with a short fall of about US\$ 4.7 million.

Figure 5: Government revenue and investment budget, bn SSP



With these developments, coupled with current budget overspending, the fiscal deficit is expected to reach US\$ 510 million (8.5 percent of GDP) from US\$ 166 million (3 percent of GDP) that was in the budget (Figure 7).

With South Sudan authorities struggling to meet budget obligations and salary arrears well in excess of six months by June 2020, there would be sufficient funds to pay salaries, settle outstanding arrears, and increase capital investment – contributing to aggregate demand and jobs. In the short-run, security expenditures will dominate the budget, but the government hopes to shift spending toward development priorities over the coming three years. In the foreseeable future, however, the Government will continue allocating sizeable resources to the security, rule of law, and accountability sectors (Table 3).

Over the longer term, fiscal policy management could be strengthened by the adoption of an indicative reference multi-year expenditure framework, consistent with the national development plan/strategy. However, this would require authorities to first and foremost build capacity and put in place a credible macro-fiscal framework, as well as tools for forecasting a range of targets including revenue, expenditure, and output. Improving the business environment for jobs creation would require unlocking the largest constraints on business survival, growth, and competitiveness. South Sudan’s investment climate continues to be constrained by inadequate provision of public

capital and subdued demand. In the context of limited-service delivery, budgets have fed the state’s predatory consumption with the effect that capital investment is not funded. Consequently, there is a disconnect between fiscal policy and growth. Increasing expenditures on for service delivery, paying salaries, and starting the transition to spending on capital goods will help to unlock some of the binding constraints in the business environment and help firms grow, expand, and create jobs.

Table 3: Government fiscal operations as percentage of GDP

	FY2018/19 (Actual)	FY2019/20(Est)	FY2020/21(Proj)	FY 2021/22 (Proj)
Total government revenue	29.1	28.1	26.1	31.1
<i>Oil revenue</i>	25.5	24.3	21.1	27.1
<i>Non-oil tax revenue</i>	3.6	3.8	5.0	4.0
<i>Grants</i>	0.0	0.0	0.0	0.0
Total government expenditure	30.1	37.7	28.7	33.6
Recurrent spending	29.2	34.1	23.5	28.6
<i>Wages and salaries</i>	3.1	4.4	4.5	5.2
<i>Interest</i>	0.5	2.0	1.3	0.9
Capital spending	0.8	3.6	5.2	5.0
Primary balance	-0.4	-7.6	-1.5	-1.6
Overall balance (cash)	-0.9	-9.6	-2.7	-2.5
Variation arrears	2.2	-3.2	0.0	0.0
Overall balance (accrual)	-3.2	-6.8	-2.7	-2.5

Source: IMF, Ministry of Finance and Planning, World Bank estimates

However, in spite of that because of minimum development expenditure, relative low debt and the cushion from oil revenues, South Sudan fiscal balance is relatively healthier than for peers (Table 4).

Table 4: Budget balance in relation to GDP for selected countries 2019-2021

Country	Budget Surplus/deficit (FY 2017/2018)
South Sudan	-1.30 percent
Tanzania	-1.80 percent
Ethiopia	-3.20 percent
Uganda	-4.10 percent
Rwanda	-4.30 percent
Burundi	-5.70 percent
Kenya	-6.70 percent
Sudan	-10.60 percent

Source: CIA (2022). <https://www.cia.gov/the-world-factbook/field/budget-surplus-or-deficit/country-comparison>

1.2.4 Monetary sector

1.2.4.1 Exchange Rate Policy

Since independence, there has always a wide spread between the official and parallel market exchange rate that causes some distortions that matters for trade. Since independence, the SSP has depreciated by more than fifty-fold on the official rate, reflecting the destruction of much economic activity as well as money growth. The exchange rate has fallen from 2.95 SSP/USD at independence to nearly 430 SSP/USD in March 2022⁷. At the same time, the gap between the parallel and official exchange rates was 105 percent as the conversion rate for 1 USD reached 335 SSP. With low foreign exchange reserves, there is little access to USD at the official rate even for formal businesses and commercial banks. Because there is no good information on who can access USD at the official rate, and how much, it is hard to assess the impact of exchange rate policy on economic activity and trade. Those impacts that are certain are (i) the opportunity for rent-seeking due to the dual exchange rate, (ii) the fiscal consequences of budgeting USD-denominated oil revenue at the official rate, and (iii) low effective customs rates due to valuation of imported goods at the official rate.

⁷ Bank of South Sudan

Overvaluation of the official rate in principle makes domestic production less competitive with imports, and sets incentives against foreign investment. But because businesses in practice may not buy USD at the official rate, it is not clear whether these impacts currently materialize. At independence, South Sudan adopted a fixed exchange rate policy but conflict and collapse of oil revenue made it difficult to maintain. The exchange rate was arbitrarily fixed at 2.95 SSP/USD - the rate that prevailed at the time of secession from Sudan - and not necessarily determined by the economic circumstances of the newly-independent Republic. At the time, a fixed exchange rate regime was possible because the oil sector was booming, and South Sudan enjoyed a healthy balance of payments position that allowed accumulation of reserves.

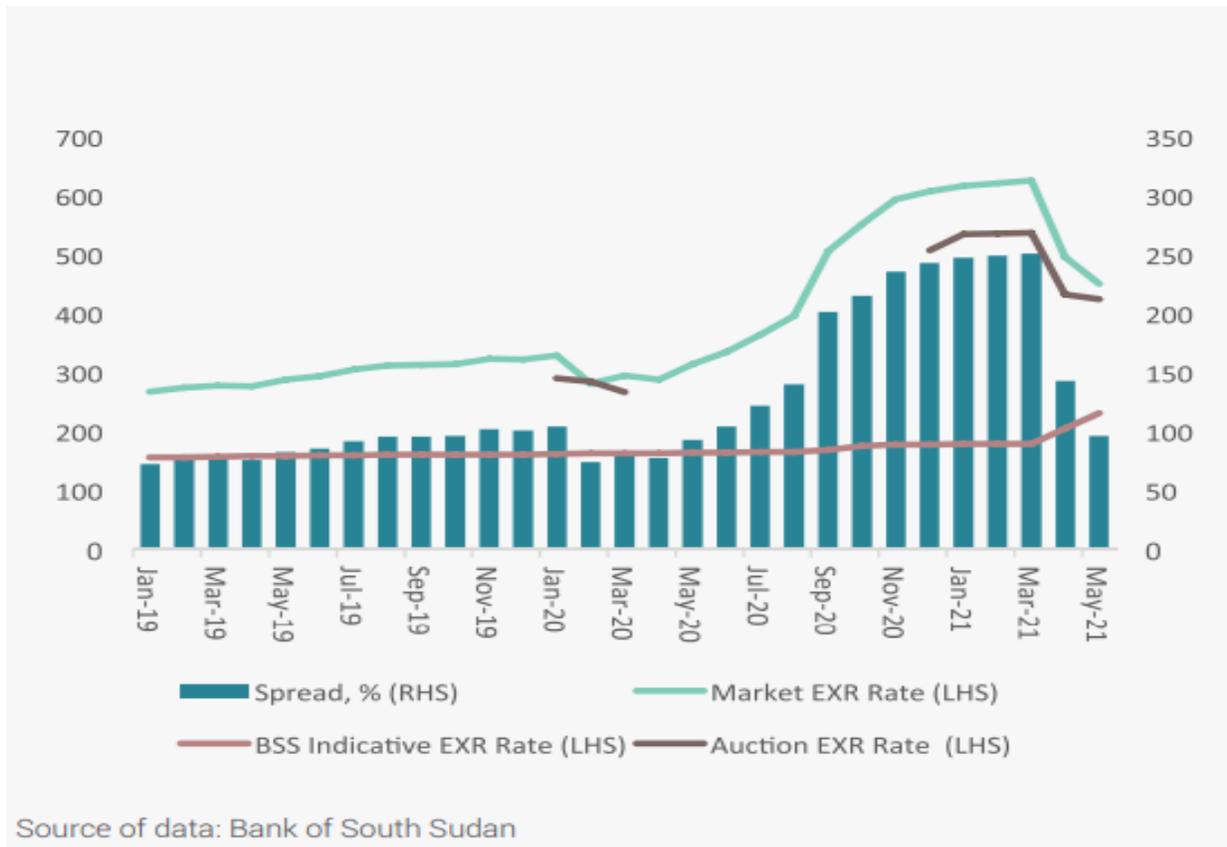
The economic situation changed significantly in the years that followed independence. The country had to deal with both internal and external shocks that affected both the balance of payments and fiscal balances. The resumption of civil conflict in December 2013 caused higher spending on defence and security operations, leading to a widening of the fiscal deficit. Oil production was disrupted, significantly affecting the flow of revenue. In addition, the collapse of oil prices from over \$100 per barrel in 2013 to nearly \$30 in 2015 exerted more pressure on an already fragile government fiscal position. By 2015, loss of confidence in the economy led to development of a parallel exchange market as government's external position deteriorated.

At the start of FY 2015, Government deposits and foreign reserves had deteriorated significantly, with net foreign assets of the central bank amounting to US\$379 million, the equivalent of about three weeks of imports. In addition, the availability of external financing had been limited owing to high levels of country risk. With heightened investor risk perceptions, and a loss of confidence in the economy, the spread between the official and parallel exchange rate widened considerably and reached 530 percent in October 2015. A managed float adopted in 2015 initially helped reconcile the official and black-market rates, but was soon overtaken by further rapid devaluation. With these challenges the Bank of South Sudan adopted a controlled floating exchange rate policy on 15 December 2015. Consequently, the currency was devalued with the new official exchange rate set at 18.5 SSP/USD, equal to the parallel market rate. A more flexible, market-determined exchange rate was needed to help absorb external shocks and maintain the Bank of South Sudan's ability to use monetary policy to influence domestic economic conditions.

Despite the change in exchange rate policy, the South Sudanese Pound (SSP) continued to depreciate on both the official and the parallel market. On the parallel market, the Pound depreciated from SSP 18.5 per dollar in December 2015 to SSP 70 per dollar by August 2016 and SSP 172 per dollar by August 2017. The current exchange rate policy that introduced provisions for special accounts lacks transparency and fairness in allocation of FX to the market. Since mid-2017, when the Bank of South Sudan introduced the “Special Accounts” scheme viii, commercial banks have been required to immediately sell all the foreign exchange (FX) purchased from the special account holders to the BSS (both transactions should be at the official (indicative) rate), while banks have been allowed to subsequently repurchase 25 percent from the BSS. This exchange rate system and banks’ surrender requirement to the BSS have contributed to a decline in FX inflows. Consequently, the exchange rate market is still beset with soaring premium, indicating that the official rate is overvalued and does not reflect the underlying economic fundamentals. As of 2020, depreciation continued, but at a slower pace following formation of revitalized government of national unity, with covid19 related shocks leading to a reduction in import demand.

Despite a brief appreciation in the three months leading to the signing of the latest peace deal in September 2018, the exchange rate has continued to depreciate and the spread between the official and parallel exchange rate widened further. However, the exchange rate appreciated on the parallel market following political events that led to the formation of the RTGoNU in February 2020 and maintained this position following the introduction of covid19 containment measures through March and April 2020, with the parallel rate averaging SSP 286 for each USD during this period. The demand for US\$ probably dropped as traders of non-essential items were no longer able to open their stores, while the demand for SSP increased as citizens stocked up on food and essential items in anticipation of the wider lockdown and increased their precautionary holdings of SSP. However, recent trends indicate what may well be a market correction, with parallel market rate recorded at SSP 335 by the third week of June 2020 – its lowest value against the dollar since the start of 2020 (Figure 6).

Figure 6: Narrowing of exchange rate spread



Over the medium term, a decline in inward remittances is expected to be a more significant driver of a depreciated market exchange rate, as the economic contraction in high-income countries home to South Sudan’s diaspora affects incomes. However, the anticipated sharp fall in Government’s foreign exchange receipts from oil may not have a big an impact on the market exchange rate as government is understood to spend most of the forex it receives on its own operations and so sells relatively little into the market through auctioning to forex bureaus. There are some standard implications of a distorted exchange rate, but it is hard to determine whether they materialize in South Sudan, since it is hard to know whether FX is traded at the official rate.

Overvalued exchange rates are associated with shortages of foreign currency, rent-seeking and corruption, unsustainably large current account deficits, balance-of-payments crises, and stop and-go macroeconomic cycles – all of which constrain economic growth and jobs. In addition,

exchange rate policies have large fiscal implications, particularly in countries where the government derives a substantial portion of income from windfall revenues, such as from exploitation of natural resource sectors or from aid. South Sudan is this type of country, where the indicative exchange rate is set below the market value and this is in principle a hindrance to investment. Money coming into the country has a lower local currency value and yet the factor inputs are priced at the higher exchange rate, leading to distortions that disincentivize investment and therefore job creation. At the same time, the current system has encouraged rent seeking because it entails a hidden transfer of resources from the government to individuals with privileged access to foreign exchange at the official rate.

In commodity exporting countries, such as South Sudan, competitive exchange rate policies play a crucial role in promoting diversification. From the point of view of both formal and informal investors, the exchange rate is a key determinant of the incentives facing domestic economic agents, because it influences the relative prices of both tradable and non-tradable goods. Indeed, economic theory shows that an overvalued currency makes imports too cheap, renders exporting unattractive, provides poor incentives for investors, and ultimately undermines confidence in the economic policy environment. Therefore, exchange rate policies provide incentives for the nature of economic activities that evolve in the economy. Designing a trade focused recovery agenda would require getting the exchange rate right as this will ensure the competitiveness of the domestic tradable sectors.

In addition, the type of exchange rate regime adopted has monetary policy implications, and therefore has a large influence on how the central bank operates, as well as the nature of its balance sheet and its financial strength. Maintaining a sound financial sector and price stability is a core objective of the central bank. The challenge facing the Bank of South Sudan in the conduct of monetary policy is the inadequate tools at its disposal. The interbank market and market for treasury bills is not developed and the central bank worries about the cost of monetary policy. Therefore, the means available to sterilize money growth are limited. With these challenges, the efficacy of the Bank of South Sudan in ensuring price stability is limited.

The central bank would wish to diversify its monetary policy instruments by introducing treasury bills, the interbank market, and the time deposit facility. While the FX auction mechanism has been re-instated, the central bank does not get enough forex to auction limiting its effectiveness. From a trade perspective, it is important that the central bank developed a FX policy that can ensure price stability and provide the right incentives for enterprise competitiveness. Good policy advice will require understanding the degree to which there is access to FX at the official rate: if FX is traded at the official rate, devaluation might have much broader consequences in the real economy. Dutch Disease effects are apparent, but the exact magnitude is not entirely clear as little revenue from the oil sector is spent through the budget. Recent estimates show that the share of oil revenues that reaches the budget has ranged between 5 percent and 45 percent. The rest is payment to Sudan, Nilepet's share, and for oil advances.

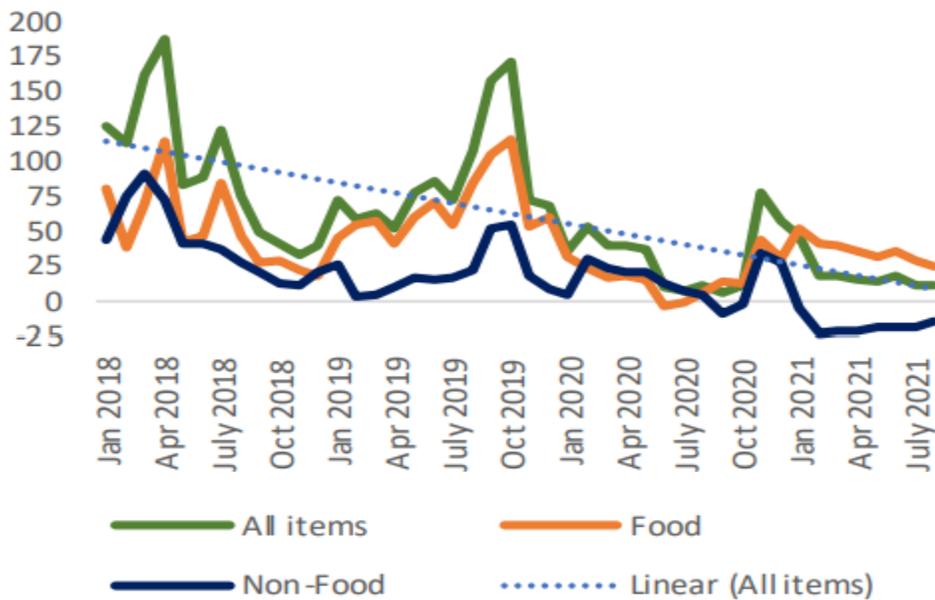
As a first step, authorities in South Sudan should take steps to unify the current multiple exchange rate system and allow the exchange rate to be market determined. This will help address external imbalances, improve resilience to shocks, encourage investment, and will allow more revenue into the budget. In addition, the resumption of exchange rate auctions for commercial banks and taking measures to replenish central bank reserves (for example using some of the oil revenue receipts) would support exchange rate stabilization. These measures would then have to be accompanied by appropriate policy actions and public investments that would unlock the structural constraints to business survival and competitiveness, including improving: access to credit, availability of reasonably priced and reliable electricity, efficient transport, communication technologies, and human capital development. These would enhance the response of the economy to competitive and stable exchange rates.

However, there are short run trade-offs associated with pursuing a competitive real exchange rate policy, including lower wages and higher import prices. A more competitive (undervalued) real exchange rate would lead to higher import prices in local currency units. But the development of sectors that eventually become internationally tradable may take time.

1.2.4.2 Inflation Rate Policy

South Sudan experienced very high inflation, particularly during 2015 – 2018 as the country grappled with the consequences of conflict and macroeconomic collapse. During that time, inflation rose to 550 percent at its peak, fuelled by monetization of the fiscal deficit, exchange rate depreciation, and conflict-induced domestic supply constraints⁸. To date, inflation remains high. In late 2018 and early 2019, inflation declined to a range of 20-50 percent, on the back of a significant decline in money and exchange rate growth, highlighting the close link between money supply, exchange rate developments, and inflation. However, by October 2019, price levels were growing again at up to 170 percent, before declining to 20 percent by July 2021 as the exchange rate maintained some stability (Figure 7).

Figure 7: Inflation Rate Trend



Source: World Bank Economic update, 2022

⁸World Bank. 2022. South Sudan Economic Monitor: Towards a Jobs Agenda. Fifth Edition, February 2022. © World Bank.

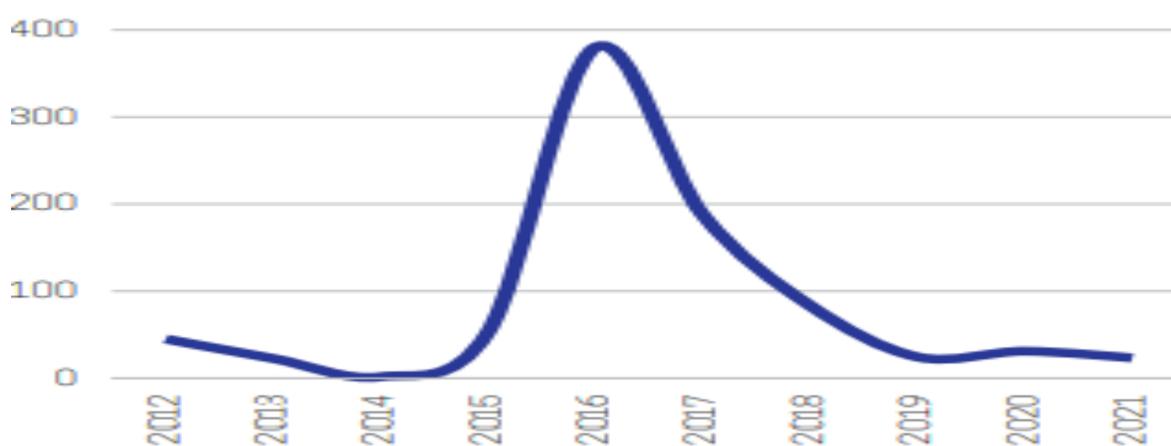
Given that South Sudan is an import dependent economy with limited domestic production capacities, exchange rate passthrough to domestic prices is high: changes in the inflation rate move together with changes in the rate of depreciation. For instance, when inflation slowed in the second half of 2018, the SSP, which had lost so much value to on the parallel market started to strengthen, driven by growing confidence in the economy and the positive impact of peace on trade and the functioning of markets. Conflict, drought, and floods have taken a profound toll on food production, contributing in turn to inflation.

Disrupted agricultural production, trade, and climate change induced losses have affected food supply, destroyed livelihoods and agricultural jobs, and led to high food prices. However, food price pressures started to dissipate following the signing of the peace agreement in September 2018. The pressure on prices of basic food crops, including maize, sorghum, wheat, cassava, and groundnuts started to dissipate during the second half of FY2018/19, after having reversed the sustained upward trend experienced in much of FY2017/18. The prices of a kilogram of beans and a litre of vegetable oil reduced by 25 percent in June 2019 compared to June 2018, continuing a downward trend that started in March and April 2019 respectively. Likewise, the year-on-year increases for the prices of beef, fish, and rice have been declining in the second half of FY2019.

The pressure on food prices dissipated somewhat following the signing of the peace agreement in September 2018, but the trend reversed starting in early 2020 with covid19 containment measures disrupting supply chains and trade flows. The declining food inflation following signifying of the latest truce reflected the effects of increased trade flows, better access to markets, and recovering domestic production. However, COVID19 related disruptions to trade, supply chains, and longer travel time have contributed to higher prices for essential commodities since the first quarter of 2020. By May 2020 Juba market prices for basic food stuff had risen by about 40-150percent (annualized monthly change) possibly highlighting the effects of the containment measures introduced in late March. Although borders remained open to commercial traffic, the covid19 related screening processes put in place resulted in slower cargo movement, with volumes passing through Nimule reportedly falling by between 50-70percent by April 2020. At the same time widespread insecurity, disrupted production, disrupted markets, and weak local currency continue to have an adverse effect on prices, negating the would be supply response.

However, inflation has generally been on decline over the years after the record rate of 2016 caused by that year conflict (Figure 8).

Figure 8: Inflation trends (2012–2021)



Source: African Development Bank Statistics Department

These crucial developments would undoubtedly remove some of the worst pressure on prices. Inflation is a symptom of conflict and economic decline, but it also poses a very important obstacle to business activities at all levels. Inflation has taken a serious toll on livelihoods (Pape et al. 2018). Surveys conducted in 2019 show that households, market traders, and more established businesses alike view the rapid price changes as a serious problem, and that they reduce or stop their activities because of the difficulty of coping with inflation (World Bank, 2020a, 2020c, 2020d).

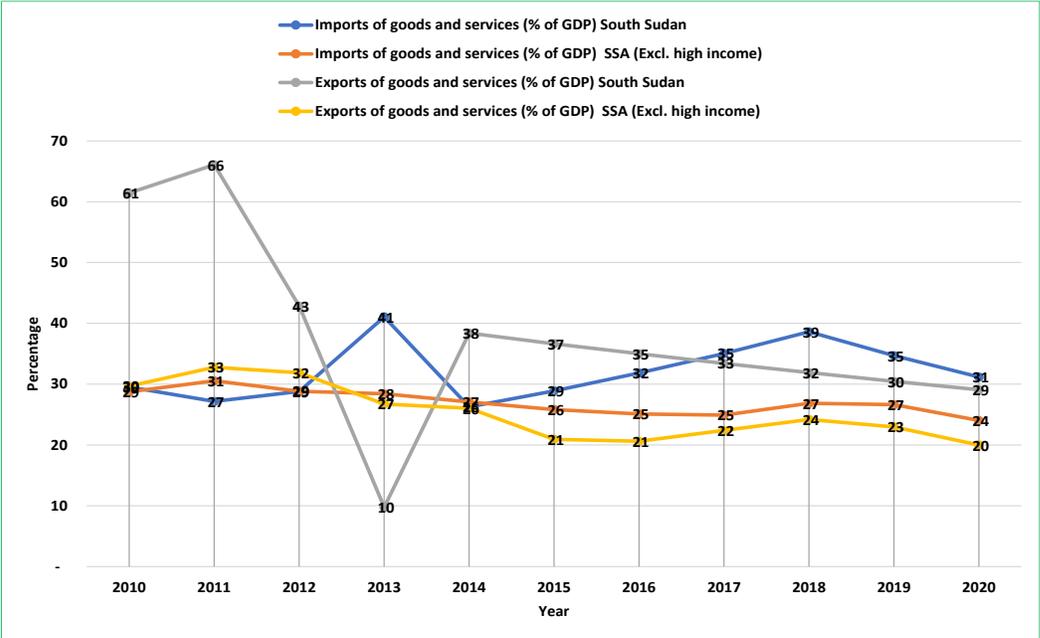
The literature provides evidence that macroeconomic instability negatively affects firm level outcomes, with implications for labour demand. Inflationary pressures that result in input price hikes, for example, have been shown to affect business sentiment, investment and productivity growth (Fischer, 2016), thus affecting private sector demand for jobs. Therefore, sustained efforts aimed at reducing inflation and ameliorating the overall macroeconomic environment are vital for supporting a jobs-cantered recovery and growth agenda in South Sudan. The key steps to stabilizing prices are stopping monetizing deficits, exchange rate stabilization, greater peace, and a recovery of food production playing a critical role on the supply side. The Government's key policy lever to control inflation is to abstain from monetizing budget deficits and restore independence of the central bank. This would go hand-in-hand exchange rate stabilization as the central bank resumes auctioning forex with the full participation of commercial banks, in addition

to forex bureaus. In the medium term, these short-term policy needs to be then complemented by the adoption of a target for monetary policy and an intermediate target, adequate for countries with an underdeveloped financial sector. In the longer term, however, the control of inflation is complicated by inadequacy of central bank capacity to influence the transmission mechanism. This would be strengthened as the financial sector develops and the treasury bills market becomes fully operational. On the supply side, greater peace and stability would help a resurgence food production and allow for a gradual return of confidence economic prospects, and hence, less pressure on the exchange rate.

1.2.5 External Sector

Except for 2013, as a result of active conflict, South Sudan exports and imports as a percentage of GDP are comparable and, in most cases, higher than the Sub-Saharan average (Figure 9).

Figure 9:South Sudan’s exports & imports of goods & services, percent of GDP 2010-2021



South Sudan figures for 2016-2020 are estimates based on the previous 3 years figures

Source: World Bank, World Development Indicators, 2021

However, the country's current balance is not healthy and is worsening with all balances trending downwards (Table 5).

Table 5: The current account (Millions of dollars percent GDP in parentheses)

(Millions of dollars)	2017/18	2018/19	2019/20 Estimate	2020/21 Projection
Current account balance (% GDP)	-343 (-9.5)	-253 (-5.0)	-406 (-7.9)	-341 (-7.1)
Balance of goods (% GDP)	150 (4.2)	267 (5.2)	-38 (-0.7)	-440 (-9.2)
Exports of goods o/w Oil	2,568 2,552	3,103 3,086	3,088 3,061	2,912 2,883
Imports of goods	-2,418	-2,836	-3,126	-3,352
Balance of services (% GDP)	-675 (-18.8)	-707 (-13.9)	-648 (-12.6)	-658 (-13.7)
Income (% GDP)	-594 (-16.5)	-719 (-14.1)	-576 (-11.2)	-484 (-10.1)
Current transfers (% GDP)	776 (21.6)	906 (17.8)	856 (16.1)	1,241 (25.9)
General government	0.0	0.0	0.0	0.0
Workers' remittances	53	58	77	81
Financial transfers to Sudan	-409	-335	-468	-212
Other sectors	1,132	1,183	1,247	1,372
Memoranda items				
Nominal GDP (USD millions)	3,596	5,093	5,147	4,788
Gross foreign reserves (USD millions)	33	31	48	133
In months of imports	0.1	0.1	0.1	0.4

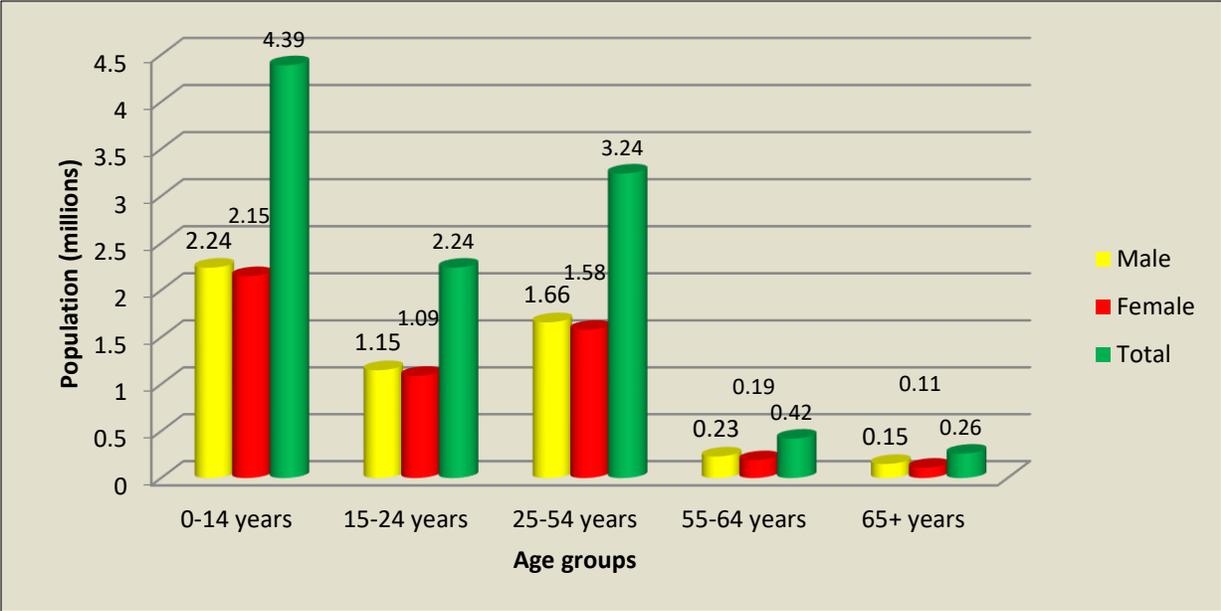
Source: International Monetary Fund, World Bank Estimates

1.3SOCIO-ECONOMIC STATUS

1.3.1 Population trends and dynamics in relation to trade

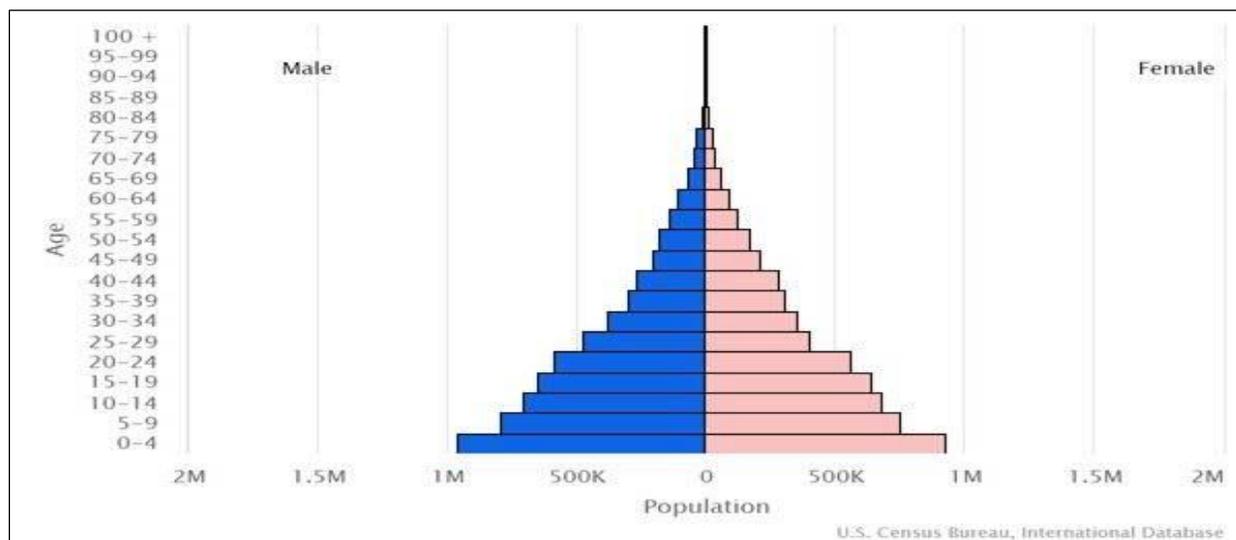
South Sudan is a country of 11.2 million people (UNCTAD, 2022) of whom 6.6 million are aged below 25 years (constituting about 59percent of the entire population) (Figure 10), making it a country with a clearly young population with more males than females in this young cohort (Figure 11).

Figure 10:South Sudan’s age distribution by sex



Source: CIA, 2022. <https://www.cia.gov/the-world-factbook/countries/south-sudan/>

Figure 11:South Sudan’s population structure



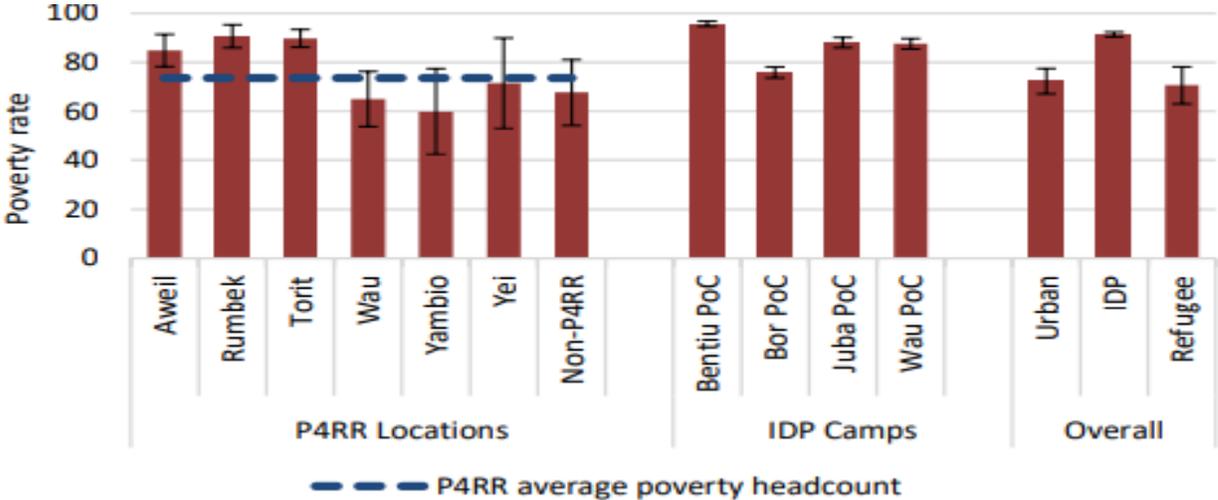
1.3.2 Poverty trends

In a study done by the World Bank on the urban economy in South Sudan, more than 7 in 10 residents and 9 in 10 IDPs were found to be poor. While earlier estimates of urban poverty were close to 25 percent (2008), estimates from recent data reflect a drastic increase in poverty after conflict. More than 70 percent of urban non-displaced populations, and 90 percent of IDPs in PoCs, live below the poverty line of US \$1.90 (2011 PPP) per capita per day (Figure 12). Other national estimates of the percentage of the population falling below the poverty line show that South Sudan has 76percent of its population living below the poverty line compared to 65percent in Burundi, 63percent in DRC, 36percent in Kenya, 26percent in Tanzania, 38 percent in Rwanda and 21 percent in Uganda⁹. The same estimates show that in terms of family income distribution (Gini index measures the degree of inequality in the distribution of family income in a country) South Sudan has a Gini index of 46, making it the top country in the region with the highest income inequality compared to Kenya’s 41, Rwanda’s, Burundi’s 39 and Tanzania’s 41 and Uganda’s 43.

⁹ CIA (2021). <https://www.cia.gov/the-world-factbook/field/population-below-poverty-line/>

Poverty rates are high in all towns, but there are important differences, with one in three residents above the poverty level in some towns, compared to only one in ten in others. In Aweil, Rumbek and Torit, poverty is nearly universal, with poverty rates of close to 90 percent. By way of contrast, poverty rates in Wau, Yambio and Yei – while high –are substantially lower, and around two thirds of the population live in poverty. Among the IDP PoCs, Bentiu in Unity State, has the highest poverty rate while Bor PoC in Jonglei State has the lowest. However, poverty is higher than 60 percent in all locations¹⁰. Urban poverty rates rose particularly sharply from 2015 onwards because of the devastating impact that extremely high inflation rates had on real purchasing power for the wage-dependent urban population. These strikingly high urban poverty levels indicate the potential for livelihoods programs to be closely linked to poverty reduction programming.

Figure 12:Poverty headcount ratios in South Sudan



Source: World Bank, 2021

¹⁰ Finn, Arden et al. 2020. “Job Outcomes in the Towns of South Sudan: Jobs, Recovery, And Peacebuilding In Urban South Sudan – Technical Report I.” World Bank, Washington, DC.

Even if the data is patchy across the region, South Sudan has one of the highest poverty rates in the East African region (Table 6).

Table 6: Poverty headcount ratio at \$1.90 a day (2011 PPP) (percent of population)

	2012	2013	2014	2015	2016	2017
Country Name						
Africa Eastern and Southern						
Burundi		72.8				
Kenya				37.1		
Rwanda		57.9			56.5	
Sudan			12.2			
Sub-Saharan Africa (excluding high income)						
South Sudan					76.4	
Tanzania						49.4
Uganda	35.7				41.3	
World	12.9	11.4	10.7	10.1	9.7	9.3

Source: World Bank, 2020

1.3.3 Employment

In South Sudan, the public sector is the dominant employer, with some 400,000 soldiers and police, and about as many other civil servants as there are workers in established businesses. The public sector accounts for the largest share of formal sector employment in South Sudan. This is not surprising given the non-diversified structure of the economy with few formal private sector employment opportunities. In FY 2019/20, the national-level civil service consisted of 449,343 personnel¹¹. The roughly 50,000 public employees outside of the armed forces and police are about as many as all urban workers in established businesses (formal or not), and equivalent to about 4 percent of the estimated urban labour force. Out of 91 percent) public employees, most (78 percent) are in the army, and 12 percent in police and prisons services – as compared to three percent in the education and health sectors combined (Table 7). The FY2018/19 expenditure outturns indicate that security sector salaries accounted for 61 percent of the total national wage bill excluding arrears payments, and 71 percent if combined with police and prison services.

Public employment is often a form of patronage, but has an important redistributive function. The general perception is that the recruitment as well as allocation of positions among existing staff is

¹¹ Mawejje, Joseph. 2020. “Macroeconomic and Fiscal Environment for Jobs, Recovery, And Peacebuilding In Urban South Sudan: Technical Report II.” World Bank, Washington, DC.

driven by political and kinship considerations, more than merit. Patronage and loyalty play a role in employment appointments at all levels, including in the non-technical and support functions. Furthermore, public employment plays an important redistributive function, as many of those receiving a regular salary support a significant number of dependents: at the median, households with a worker who is on the public payroll (in the armed forces or beyond) have seven members, and no other income-generating activity¹².

The fastest and most significant expansion in public employment occurred in the organized and armed forces. The South Sudanese armed forces grew from an estimated 90,000 in 2005 to about 200,000 in 2015 and 330,000 in 2018. At the same time, the civil service has a considerable number of staff employed in un-approved positions, usually considered to be support staff. South Sudan has one of the lowest literacy rates in Africa, explained by low availability, access, and quality of education. In 2016, only about 4 in 10 people reported being able to read and write. While this constitutes an improvement over the 2009 rate of about 3 in 10 (29 percent), it still performs among the lowest in Sub-Saharan Africa¹³.

With no functioning pension scheme, few civil servants retire, making it difficult to add fresh talent under the hiring freeze. Further renewal and skill upgrading have been hindered in recent years by the extended recruitment freeze on the one hand and the absence of a public sector pension system on the other hand. Due to the recruitment freeze and the fact that current staff cannot retire on a government pension, there have been very few opportunities to employ newly qualified staff. Constraints to expanding staff numbers have been a particularly difficult issue in the health sector—which has generally suffered from a lack of prioritization among expenditures.

The current wage structure is no longer sufficient to provide a decent standard of living. Pay gaps are significant for certain employment groups such as nurses relative to pay provided by international nongovernmental organizations. At the same time, motivation in public sector employment has been affected by government accumulation of civil service arrears. By May 2019, civil service salaries were in arrears of four months, transfers to states were in arrears of 5 months, and foreign diplomatic missions were in arrears of up to 14 months. In addition, unrealized

¹² Mawejje, Joseph. 2020. “Macroeconomic and Fiscal Environment for Jobs, Recovery, And Peacebuilding In Urban South Sudan: Technical Report II.” World Bank, Washington, DC.

¹³ Mawejje, Joseph. 2020. “Macroeconomic and Fiscal Environment for Jobs, Recovery, And Peacebuilding In Urban South Sudan: Technical Report II.” World Bank, Washington, DC.

budgetary allocations mean that many public sector departments can barely meet the minimum running costs, paralyzing government services.

The public service is burdened by low capacity, inefficiency, and rent seeking with limited motivation to deliver services. Low morale has come with a loss of public sector ethics, and has led to an increase in bribery and extortion, with a very large attendant burden on the public. Besides reducing motivation and public service delivery efficiency, unpaid civil service salaries are likely to lead to corruption in the form of informal taxes/payments for public services. In addition, where public services are not provided, the cost of making alternative private arrangements increases the cost of doing business with implications for private sector profitability and demand for jobs. There are numerous reports detailing illegal security checkpoints at which traders are harassed and extorted for informal payments along major trade routes. The cost of such payments is huge and was estimated to be as high as 8 percent of the value of goods¹⁴.

Table 7: Distribution of public employment and wages

Spending agency	No. of Employees	% Employees	% Wages
Accountability	2,097	0.5	9.6
Economic functions	4,748	1.1	1.4
Rule of Law	60,956	13.6	12.7
o/w police and prisons	53,904	12.0	10.1
Public administration	6,213	1.4	7.1
Infrastructure	2,042	0.5	0.3
Social and Humanitarian Affairs	1,596	0.4	0.7
Health	5,034	1.1	1.2
Nat. Res. & Rural Devt	9,927	2.2	1.6
Education	8,363	1.9	4.2
Security	348,367	77.5	61.1
Total	449,343	100.0	100.0

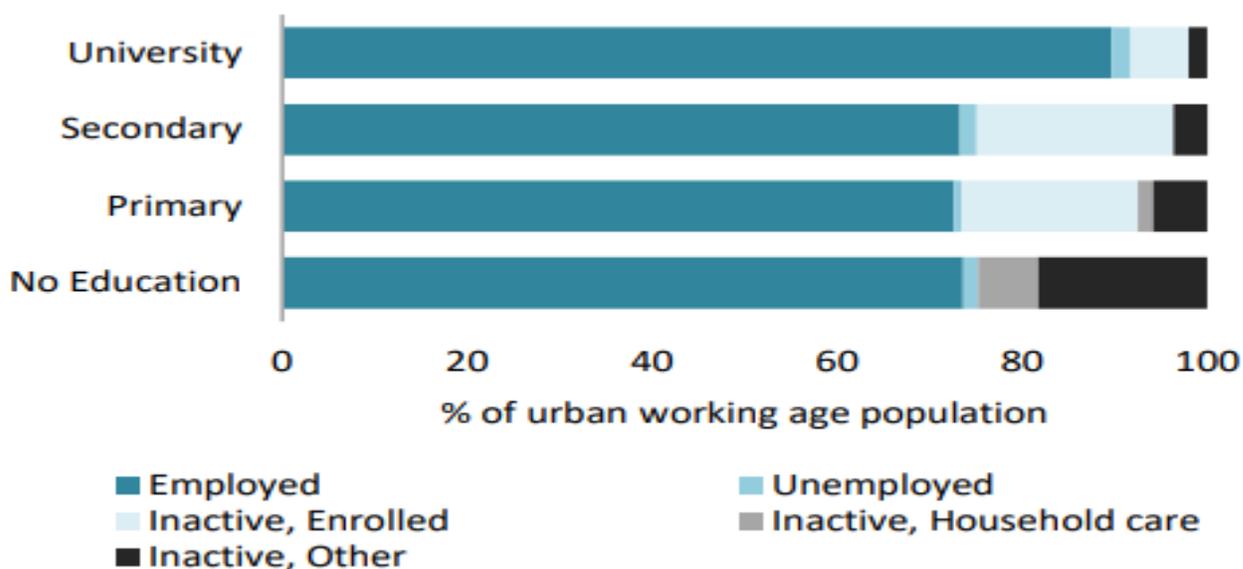
¹⁴ Pape, Utz Johann; Benson, Matthew Sterling; Ebrahim, Menaal Fatima; Lole, Jane Yaya. (2017). Reducing poverty through improved agro-logistics in a fragile country: findings from a trader survey in South Sudan. World Bank Group: Washington, D.C

About 70 percent of urban South Sudanese of working age have at least some primary education. Jobs and livelihoods programs should account for the skill level of the urban workforce. While education levels in the towns of South Sudan are low, most individuals of working age do have some formal education at either the primary level (39 percent) or secondary level (26 percent) education¹⁵. About 5 percent have qualifications beyond secondary school. Similarly, about two thirds of young urban South Sudanese aged 15-24 are literate. While access to education has increased for recent generations of young South Sudanese, there is a risk that conflict will erode such gains.

Labour force participation is in line with neighbouring countries, and there is little unemployment – but the displaced are far less likely to be working. As is common in low-income countries, there is very little unemployment in urban South Sudan, and about three quarters of the urban working-age population is active and employed. In low-income countries, outright unemployment is rare, given the imperative of contributing to the household’s livelihood. Urban South Sudan is no exception: only 2.1 percent of the labour force is unemployed (1.6 percent of the working age population). Nearly 75 percent are active and employed (Figure 13) – similar to labour force participation rates in urban Kenya (75 percent) or Uganda (70 percent). Among the inactive, 12 percent either say they are discouraged or that conflict is the reason for their inactivity (and hence, may also be best considered discouraged). They account for 3 percent of the working-age population. Broad unemployment (unemployment plus discouragement) is thus about 6 percent - somewhat more elevated than narrow unemployment, but still a small minority.

¹⁵ Finn, Arden et al. 2020. “Job Outcomes in the Towns of South Sudan: Jobs, Recovery, And Peacebuilding In Urban South Sudan – Technical Report I.” World Bank, Washington, DC

Figure 13: Education and employment



Source: World Bank Jobs Survey, 2021

But most job activities have very low productivity. Most South Sudanese are employed in mainly low productivity casual functions (Table 8). The exceptionally high poverty rates are direct evidence of the low productivity of most jobs that are available to South Sudanese workers. Low productivity is a common thread to many of the findings in this report, from an inability of households to diversify their activities, to common loss of secondary activities, a drop in wages and time worked per year, and to the difficulties youth face in starting activities beyond lending an extra hand to their household.

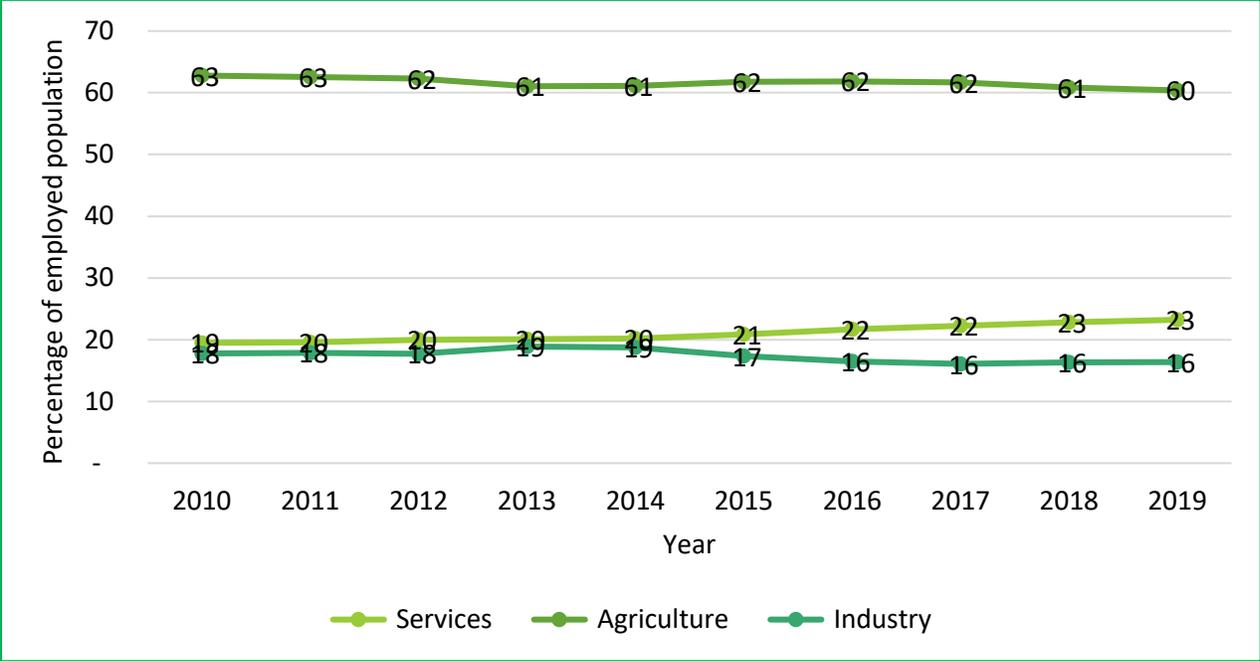
Table 8: Functions in which foreign firms employ South Sudanese workers

Functions in which foreign firms employ South Sudanese workers (share of foreign firms)	
Shopkeeper	30%
Salesperson	29%
Casual workers	8%
Artisans and mechanics	7%
Casual services	7%

Source: Foreign businesses survey, 2019.

Agriculture is the most promising sector for employment in the country and currently employs the most South Sudanese compared to other sectors (Figure 14).

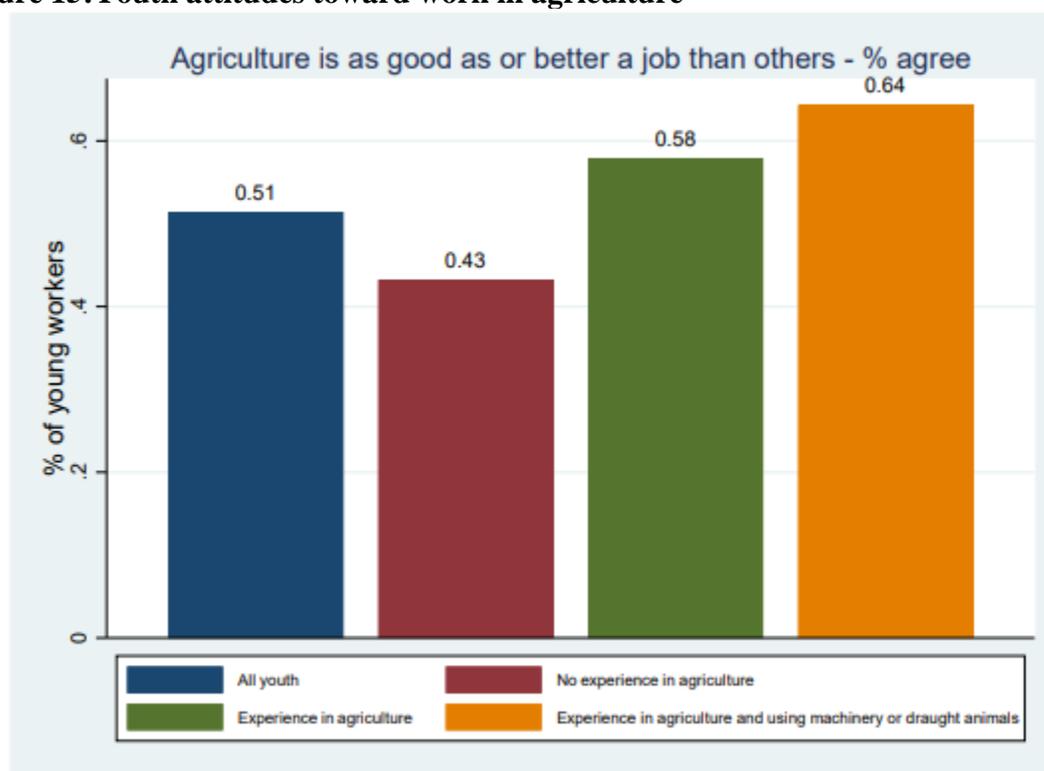
Figure 14: Employment in agriculture, services and industry, 2010-2019



Source: databank.worldbank.org (based on International Labour Organization estimates)

It is therefore encouraging that young workers have at least a somewhat positive view of those daily job activities linked to agriculture that they are familiar with. About half (51percent) of young workers feel that agriculture is as good a job as others or a better job (Figure 15). Given concern in many low-income countries about a lack of interest in agriculture, this is an important finding.

Figure 15: Youth attitudes toward work in agriculture



Source: Youth jobs survey 2019

1.4 TRADE ANALYSIS- PRODUCTS AND SERVICES

Trade performance is one of the most important indicators of the health of any economy. A country that has a diverse and developed trade regime is likely to ensure good livelihood to the population. Trade performance is also a function of the conducive business and investment environment. Trade performance and competitiveness has positive implications for a country’s participation in regional and international trade including in intra-Africa Trade –Africa Continental Free trade area.

1.4.1 Assessment of South Sudan Merchandize Export Trade

In the East African region, DRC is the leading exporter with US\$14.1 billion by 2020 followed by Kenya, Tanzania and Uganda (Table 9). In the East Africa Common market, South Sudan’s export position has been deteriorating over the years, with exports of merchandize decreasing from 2.5 billion USD in 2013 to 793 million USD in 2020. This makes South Sudan, the fourth largest exporter in the EAC, behind Tanzania (5.2 billion USD), Uganda (4.2 billion USD) and Kenya (6 billion USD), a decrease of 300 percent (Table 9). Comparable percent increases for Uganda, Kenya and Tanzania were 270 percent, 36

percent and 80 percent respectively. This shows that South Sudan is diminishing as a regional competitive player in the trade sector.

Table 9: South Sudan and EAC states total product exports (2009-2020)

Country	Total products exports (US\$, millions)							
	2013	2014	2015	2016	2017	2018	2019	2020
DRC	-	-	8,685	7,193	12,296	20,004	13,382	14,122
Kenya	5,832	6,109	5,932	5,698	5,747	6,049	5,836	6,023
United Republic of Tanzania	4,413	5,705	5,854	4,400	4,094	3,797	4,974	5,219
Uganda	2,408	2,262	2,267	2,482	2,901	3,087	3,564	4,149
South Sudan	2,476	4,415	2,334	1,475	1,291	1,662	1,640	793
Rwanda	622	616	549	555	948	1,018	1,162	336
Burundi	207	142	236	126	150	180	181	162

Sources: ITC calculations based on UN COMTRADE statistics since January, 2020

Kenya is the leading importer of products with US\$15.4 billion followed by Tanzania, Uganda and DRC in that order (Table 10). South Sudan's merchandise imports have also been increasing since 2017 from 0.3 billion USD in 2017 to 0.8 billion in 2020, an increase of about 170 percent, much lower than for exports (Table 10).

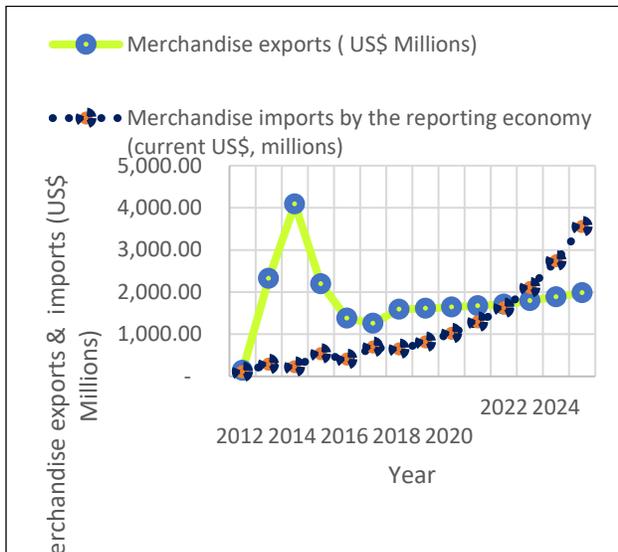
Table 10: South Sudan and EAC states total product imports (2009-2020)

	Total products imports (US\$, millions)											
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Kenya	10,202	12,093	14,885	16,284	16,409	18,402	16,106	14,112	16,691	17,380	17,220	15,405
Tanzania	6,531	8,013	11,184	11,716	12,525	12,691	14,706	7,689	7,710	8,514	13,274	11,477
Uganda	4,247	4,664	5,631	6,044	5,818	6,074	5,528	4,829	5,596	6,729	7,696	8,251
DRC	-	-	-	-	-	-	8,068	5,492	5,803	7,930	8,825	6,663
Rwanda	1,112	1,249	1,529	1,518	1,983	2,194	2,572	2,607	2,948	2,972	3,195	1,270
Burundi	345	404	1,128	1,003	727	673	958	639	786	794	887	909
South Sudan	-	-	-	343	635	784	465	552	301	468	609	824

Sources: ITC calculations based on UN COMTRADE statistics since January, 2020

Consequently, on the account of oil exports and the underdeveloped import sector, South Sudan trade balance has been healthy and the country has run a surplus in the last few years except in 2020 when COVID-19 impeded oil export markets resulting in a negative balance (Figures 16 and 17).

Figure 16: International Merchandise exports and imports for South Sudan 2012-2025

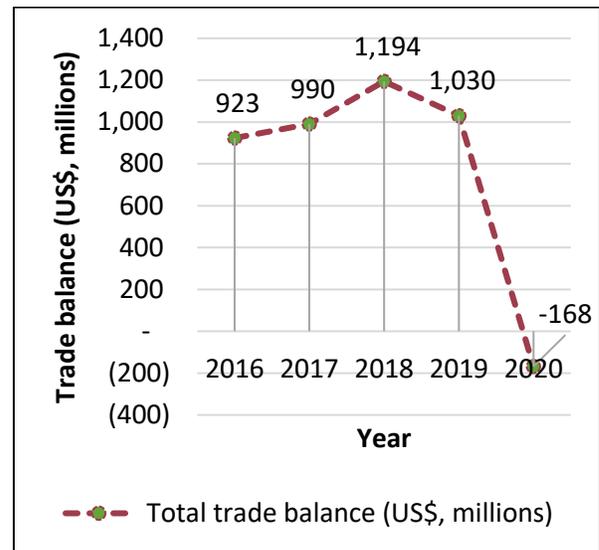


Note: Exports: 2020-2025 are estimates based on 2percent -5 percent growth rates in exports; Imports:2020-2020 (26 percent) & 2023-2025 (30 percent)

Source:

<https://data.worldbank.org/country/south-sudan>

Figure 17: South Sudan Merchandise Trade Balance



Sources: ITC calculations based on UN COMTRADE, 2021

1.4.1.1 Key exports and Imports

As noted earlier, South Sudan's exports are dominated by the extractives especially oil and minerals, making about 80 percent of the country's exports in 2020 (Table 11).

Table 11: Merchandise export structure by product group in 2012-2020

Product label	Aggregated, 2012-2020, US\$, millions
All products	5,443.36
Mineral fuels & oils and products	16,394
Natural precious stones & metals	171
Oil seeds, fruits and grains	105
Edible vegetables and certain roots and tubers	30
Cotton	22
Wood and articles of wood; wood charcoal	14
Cereals	14
Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof	6
Iron and steel	6

Source: UNCTAD, 2022

In terms of imports, South Sudan imports mostly consumer commodities with low technology (Table 12). One measure of trade competitiveness for a country is its level of export and import concentration and product diversification. According to UNCTAD, the product concentration index shows to which degree exports and imports of individual economies or of groups of economies are concentrated on a few products rather than being distributed in a more homogeneous manner among several products. The export concentration index measures, for each product, the degree of export market concentration by country of origin. The import concentration index on the other hand measures, for each product, the degree of import market concentration by country of destination. It tells us if a large share of commodity imports is bought by a small number of countries or, on the contrary, if the imports are well distributed among many countries. The diversification index indicates to what extent the structure of exports or imports by product of a given economy or group of economies differs from the world pattern (UNCTAD, 2021).

South Sudan's product concentration (PI) is very high (about 0.8 in 2020) showing that a large share of commodity exports is accounted for by a small number of countries and a large share of commodity imports is bought by a small number of countries (Table 12). This is much higher than the country's

regional peers and has not decreased that much from 0.99 in 2012 to 0.90 in 2020. The product diversification is similarly high (about 0.8) which shows that the structure of Uganda's exports and imports differs significantly from the world pattern. This is also comparable to the country's regional peers and has remained flat from 2016 to 2019. These results clearly shows that South Sudan is not competitive in many products and markets with potential for further market development.

Table 12: South Sudan's Merchandise: Product concentration (PI) and diversification indices (DI) of exports and imports with comparators

YEAR	2011		2012		2013		2014		2015		2016		2017		2018		2019		2020	
	I	DI	PI	DI	PI	DI	PI	DI	PI	DI	PI	DI	PI	DI	PI	DI	PI	DI	PI	DI
Burundi	0.5	0.8	0.6	0.8	0.7	0.8	0.6	0.8	0.6	0.8	0.5	0.8	0.4	0.8	0.4	0.8	0.5	0.8	0.5	0.8
DRC	0.3	0.8	0.4	0.8	0.3	0.8	0.4	0.8	0.6	0.9	0.5	0.9	0.4	0.9	0.4	0.9	0.5	0.9	0.6	0.9
Djibouti	0.2	0.5	0.1	0.6	0.1	0.6	0.1	0.5	0.1	0.6	0.1	0.6	0.1	0.6	0.1	0.6	0.1	0.6	0.1	0.6
Eritrea	0.2	0.7	0.3	0.7	0.3	0.7	0.4	0.7	0.4	0.7	0.2	0.7	0.2	0.7	0.2	0.7	0.2	0.8	0.2	0.8
Ethiopia	0.4	0.8	0.4	0.8	0.3	0.8	0.4	0.8	0.3	0.8	0.3	0.8	0.3	0.8	0.3	0.8	0.3	0.8	0.3	0.8
Kenya	0.2	0.6	0.2	0.6	0.2	0.7	0.2	0.6	0.2	0.7	0.2	0.7	0.3	0.7	0.2	0.7	0.2	0.7	0.2	0.7
Rwanda	0.5	0.8	0.4	0.8	0.5	0.8	0.4	0.8	0.3	0.7	0.3	0.8	0.3	0.8	0.4	0.8	0.4	0.8	0.4	0.8
Somalia	0.7	0.8	0.8	0.8	0.8	0.8	0.7	0.8	0.7	0.8	0.7	0.8	0.5	0.8	0.5	0.8	0.5	0.8	0.3	0.7
South Sudan	–	–	1.0	0.5	1.0	0.6	1.0	0.8	1.0	0.8	1.0	0.8	1.0	0.8	0.9	0.8	0.9	0.8	0.9	0.8
Tanzania	0.3	0.8	0.4	0.8	0.3	0.8	0.3	0.8	0.3	0.8	0.3	0.8	0.4	0.8	0.2	0.7	0.4	0.7	0.5	0.7
Uganda	0.2	0.8	0.2	0.7	0.2	0.7	0.2	0.8	0.2	0.7	0.2	0.7	0.2	0.8	0.3	0.8	0.3	0.8	0.5	0.8
Zambia	0.7	0.9	0.7	0.8	0.6	0.8	0.7	0.9	0.7	0.9	0.7	0.9	0.7	0.9	0.7	0.9	0.7	0.9	0.7	0.9
Zimbabwe	0.3	0.9	0.3	0.8	0.3	0.7	0.3	0.8	0.3	0.9	0.4	0.9	0.4	0.8	0.4	0.8	0.4	0.8	0.4	0.8

Source: UNCTAD secretariat calculations, based on UNCTAD, UNCTADStat Merchandise Trade Matrix¹⁶.

¹⁶ UNCTAD (2021). <https://unctadstat.unctad.org/wds/TableViewer/tableView.aspx>

1.4.1.2 Export and import markets

Due to mainly to the predominance of oil and extractives in South Sudan exports, the country is not a major player in the regional markets (such as EAC and COMESA). On the positive note however, the value of exports to the region has been increasing (Table 13).

Table 13: South Sudan’s merchandise export value to EAC, COMESA and the world (2016-2020)

Importers	Exported value (US\$, 000)				
	2016	2017	2018	2019	2020
World	1,475,227	1,290,883	1,661,847	1,640,256	850,371
Common Market for Eastern & Southern Africa (COMESA)	2,608	247	183	230	87,522
EAC	2,639	244	161	230	87,120

Source: ITC, 2021

Similarly, South Sudan imports from the region are low and have not been increasing much (Table 14).

Table 14: South Sudan’s merchandise import value from EAC, COMESA and the world (2018-2020)

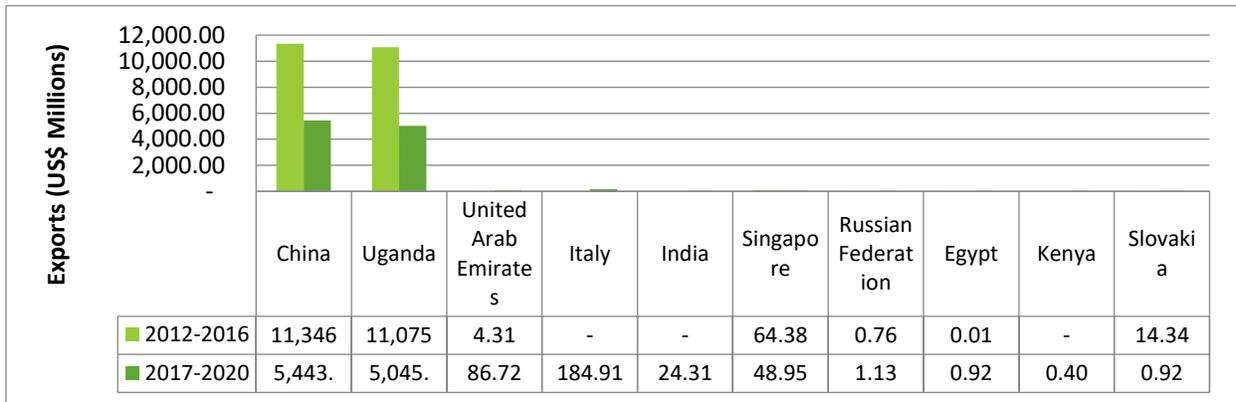
Exporters	Exported value (US\$, Billion)				
	2016	2017	2018	2019	2020
World	16,069.83	17,787.49	19,663.68	19,082.38	17,706.13
Common Market for Eastern & Southern Africa (COMESA)	155.56	155.77	184.97	181.29	148.38
EAC	0.40	0.16	0.13	0.14	0.57

Source: ITC, 2021

1.4.1.3 Geographical Destinations

As noted earlier, exports from South Sudan go to oil dependent countries like China. In the region, only Uganda is a destination for some reasonable amounts of exports (Figure 18).

Figure 18: South Sudan's Top five partners, exports in 2012-2020



Source: ICT (2021). <https://www.intracen.org/itc/market-info-tools/statistics-export-product-country/>

Goods exports to South Sudan are mainly from Uganda and Kenya with China the only non-regional country that exports some substantial amounts to the country (Table 15).

Table 15: Top goods exporters to South Sudan

Exporters	Imports (US\$, million)	
	2012-2016	2017-2020
Total	2,779.57	2,397.31
Uganda	713.03	357.34
Kenya	967.02	629.44
United Arab Emirates	1.57	607.25
China	376.49	407.61
India	-	40.53
Netherlands	60.85	71.30
Germany	37.04	30.25
United Kingdom	13.81	20.19
Thailand	5.44	36.07
Hong Kong, China	18.57	10.80
Denmark	11.55	16.02
Russian Federation	23.39	11.09

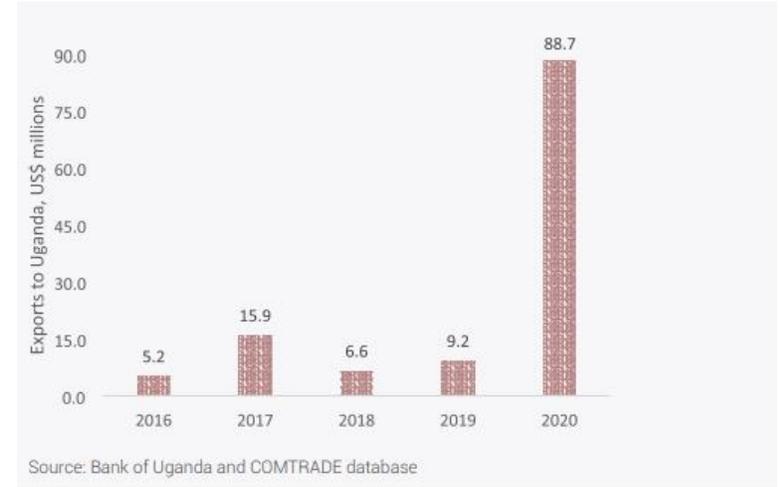
Source: ITC, 2021

Indeed, exports from Uganda have been increasing most of them informal, signifying the importance of cross-border trade between the two countries (Figures 19 and 20).

Figure 19: South Sudan imports from Uganda



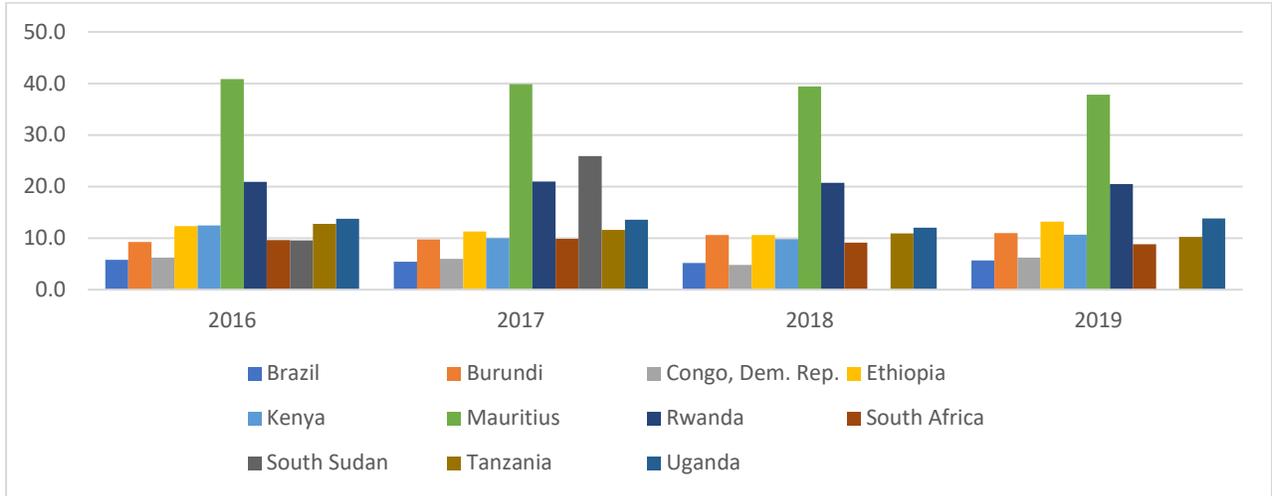
Figure 20: South Sudan exports to Uganda surged in 2020



1.4.2 Trade in Services

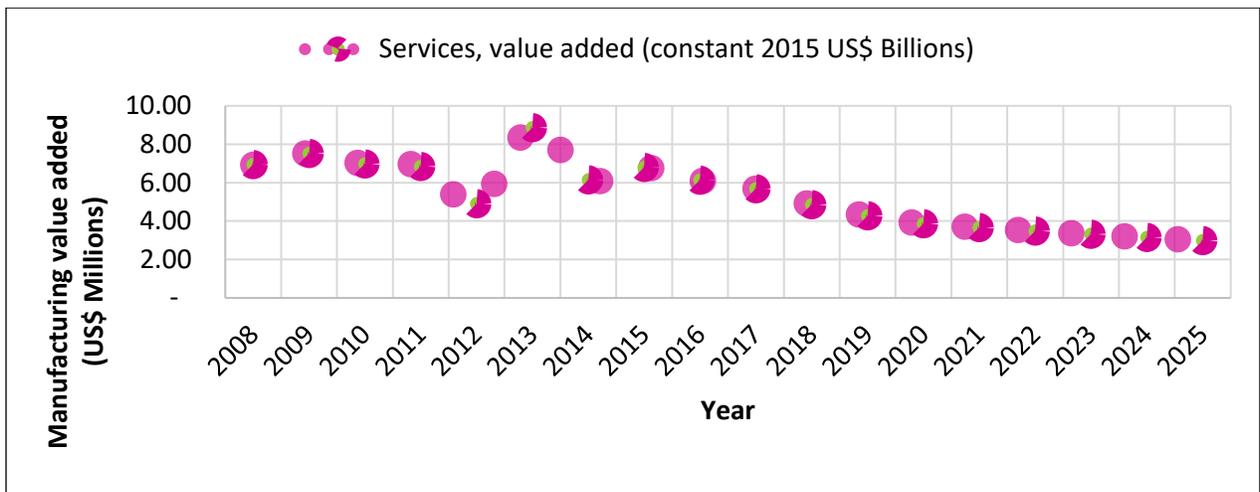
Trade in services is a good indicator about a country’s competitiveness because it shows the capabilities available to its private sector for performance and growth. South Sudan’s services exports as a percentage of GDP have increased between 2016 and 2017, from 10 percent in 2016 to 26 percent (Figure 21). However, the value added in services has been decreasing (Figure 22). South Sudan needs to work harder to match star performers like Mauritius (38 percent). Trade in services is often a function of the technology and skill sets of the population and on these two measures, South Sudan fares badly.

Figure 21: South Sudan’s Trade in services (percent of GDP) and comparators



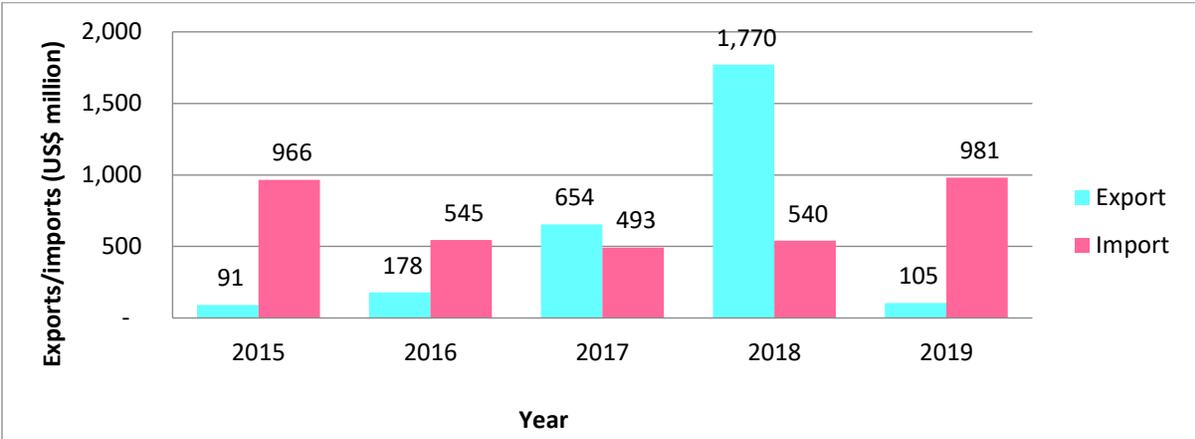
Source: World Development Indicators, 2021

Figure 22: South Sudan Services value added 2008- 2025 (constant 2015 US\$ Billions)



Similarly, services trade balance has been decreasing with the country increasingly importing more services than it exports, which does not auger well for competitiveness (Figure 23).

Figure 23: South Sudan’s import and export in services (US\$ millions) by main category 2015-2019



Source: UNCOMTRADE (2021). <https://comtrade.un.org/Data/>

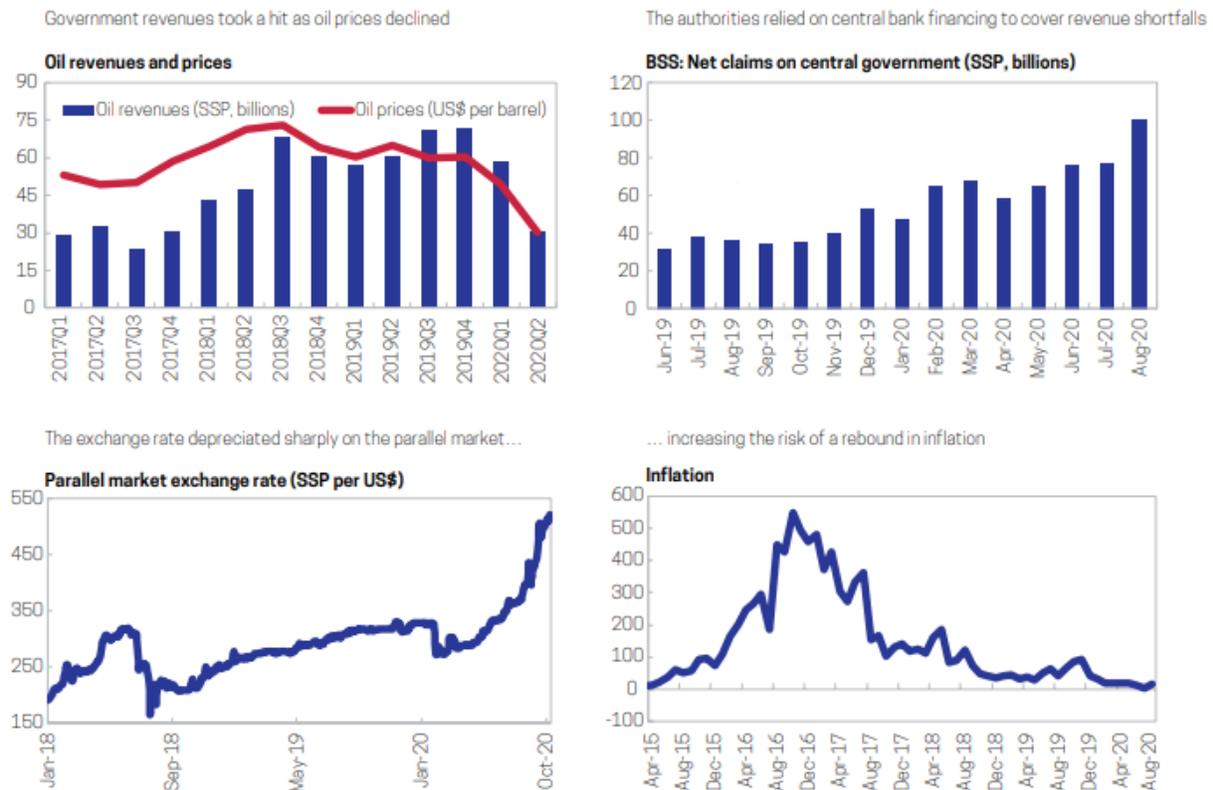
1.5 Impact of COVID-19 on the Macro and socio-economy

After the WHO confirmed cases of COVID-19 in South Sudan, between late March and early May 2020, South Sudan imposed lock-down policies similar to those used in many countries to control the spread of Covid-19. Juba was under curfew, and non-essential businesses were closed (while these measures were intended to be nation-wide, anecdotally, other towns experienced less change). Borders remained open for goods; however, rules on quarantine and turnaround times slowed imports and raised prices. The prices of staple grains rose precipitously during the early pandemic response, between 20 percent and 40 percent, though inflation may have slowed recently¹⁷. The resultant falls in oil prices put severe pressure on the government’s budget with negative implications for market demand for goods and services. Given the fact that the oil sector accounts for 70 percent of gross domestic product (GDP) and more than 90 percent of public revenues, the impact on the economy and revenue was immense (Figure 24). Another impact was the disruption of economic activity by government measures imposed to contain the spread of COVID-19 – social distancing,

¹⁷ Finn, Arden et al. 2020. “Job Outcomes in the Towns of South Sudan: Jobs, Recovery, And Peacebuilding In Urban South Sudan – Technical Report I.” World Bank, Washington, DC

restrictions on people’s movements and a sharp reduction in business operating hours disproportionately affected the service sector, which accounts for 6.1 percent of GDP.

Figure 24: Socioeconomic impact of COVID-19



Source: International Monetary Fund (IMF) staff report, 2021

The World Bank conducted phone surveys in June 2020 to monitor the impact on livelihoods of Covid-19 and measures to contain the pandemic which showed that one in eight households (13 percent) reported having lost all income from their main job activity at some point since the onset of the pandemic in early April (Figure 25). Losses were largest among the households that depend primarily on non-farm self-employed business activities. Traders who offer consumer commodities reported larger declines in revenue (a 35 percent drop at the median) than food traders (a 25 percent drop), consistent with temporary closures of non-food markets and a loss of consumer disposable income. Among businesses, four in five (81percent) reported a decrease, including 59 percent who say income has declined by half or more. Majorities of market traders explain that they have fewer customers on a typical market day (63 percent), and that customers buy less (60 percent).

Figure 25: Changes in living standards due to the COVID 19 pandemic



1.6 Recommendations

Support to the real sector

- Support to the productive sectors of the economy including agriculture and industry has the potential to diversify the economy and stimulate the development of the real sector. The country should therefore increase investment in value addition in key productive sectors - to enhance product and economic diversification. It should also investment in Human Capital and other capacities in order to increase productivity in productive sectors of the economy.

Fiscal sector streamlining

- It is important to improve transparency in oil revenue management to ensure that oil revenue flows into the budget in order to enhance higher productive spending. The government needs to begin shifting spending toward development priorities based on clear investment plans, proper execution, and impact assessment.

Exchange Rate Policy

- The Government needs to formulate a sustainable and transparent exchange rate policy that promotes trade by especially continuing to harmonize the dual exchange rate system that is currently constraining the country's competitiveness
- Diversification of revenue sources including non –oil revenues and taxes away from oil revenues

PILLAR 2: INTEGRATING EFFECTIVELY IN REGIONAL AND GLOBAL MARKETS

CHAPTER 2: REGIONAL INTEGRATION AND WTO ACCESSION

2.1 Introduction

South Sudan commenced its WTO accession process in 2018, submitted first Memorandum on Foreign Trade Regime and participated in the First Working Party Meeting in 2019. South Sudan has indicated its commitment to continue with the WTO Accession process despite the inadequate understanding of the potential benefits and costs of WTO Accession. South Sudan is a member of EAC and a signatory to the Africa Continental Free Trade Area (AfCFTA). The emerging trade policy environment requires a strategic policy approach to support WTO Accession process and effective implementation of EAC and AfCFTA trade agreements. The Government of South Sudan is ready to consider policy options to ensure its commitments in the regional and multilateral integration process contribute to sustainable development and economic self-reliance. This Chapter discusses the status as well as key challenges and opportunities for the country brought about by regional integration in Africa -i.e., EAC and AfCFTA -and global integration through WTO Accession. The chapter provides policy directions to support the country's WTO Accession and implementation of EAC, AfCFTA, while ensuring sustainable development and economic resilience.

2.2 South Sudan WTO Accession

2.2.1 Status of WTO accession

South Sudan launched an application to the council of Ministers of WTO in 2017 in Argentina and the country was accorded an observer status which ensures that the county enjoys technical support in terms of capacity building of the government officials and members of the private sector, and technology transfer in form IT support through provision of computers. In 2019, there was a first round of discussion and a chairman was appointed from Afghanistan to chair South Sudan accession to WTO and the country was asked to submit a memorandum of Foreign Trade Regime in 2019 and there were discussions, although subsequent ones were interrupted by Covid-19. Since then, South Sudan has been taking part in the WTO deliberations including workshops organized by the WTO secretariat for accession to WTO for countries in Horn of Africa, landlocked, and

least developed, and fragile. in Nairobi, Addis Ababa, and Djibouti in 2018, 2019, and 2020 respectively.

2.2.2 Challenges

Just like other Least Developed Countries (LDCs), South Sudan lack administrative and technical capacity to conduct complex negotiations and to undertake necessary policy adjustment to ensure compliance with WTO Obligations. South Sudan also faces limited awareness among stakeholders on WTO Accession and its development implications to socio-economic development. South Sudan must ensure that its capacity building needs are given adequate priority in the context of the negotiations and reform action required as it works towards WTO accession. South Sudan must take advantage of WTO Technical assistance programme other Aid for trade initiatives to support its capacity building initiatives and to undertake the domestic reform required.

2.2.3 Commitments

In order to ensure seamless accession and achievement of the objectives of the process, government committed to undertake the following policy measures:

- Develop National WTO accession Strategy
- Undertake cost benefit analysis to inform the WTO accession process;
- Ensure its capacity building needs are given adequate priority in the context of the negotiations and reform action required as it works towards WTO accession;
- Undertake Domestic Legislative Review against the WTO Obligation to identify the gaps develop and implement reform action plan;
- Establish a standing trade negotiation team with expertise on trade negotiation matters to be in charge of negotiation;
- Establish a stakeholder trade negotiation committee and enhance stakeholder participation in trade negotiations;
- Establish WTO Secretariat to support WTO accession
- Undertake necessary reform to ensure WTO Compliant trade regime
- Undertake sector studies to inform development of initial offers for trade in Goods and Services;
- Sensitise the stakeholders on opportunities and challenges associated with WTO accession

2.2.4 National strategy for accession

The country put forward a timeline for undertaking activities that will end with WTO Accession that includes the following actions:

- Implement National Sensitization programme to assist stakeholders understand the WTO accession process and implications of WTO membership for South Sudan by January 2021
- Technical support towards establishment of Institutional framework for the negotiation of the accession process established – e.g., National Steering committee to oversee the accession process, WTO Secretariat /Unit by November 2020
- Technical support towards establishment of Negotiation Team including the appointment of the Chief Negotiator by November 2020
- Build the Capacity of the national Negotiation Team by February 2021
- Technical support towards periodic Update of memorandum of Foreign Trade Regime (MFTR);
- Technical Support towards Finalization of Responses to questions raised on memorandum of Foreign Trade Regime (MFTR) by December 2020
- Undertaking Domestic Legislative Review against the WTO Obligation to identify the gaps develop and implement reform action plan
- Undertaking Sector Studies to inform development of Market access offers
- Development of Market Access Offers for Goods and Services
- Support towards Participation in Working Party Meetings;
- Map out and explore other Aid for Trade Resources (i.e. WTO, China LDCs, Technical assistance programme, Tradecom , Trade and Investment Advocacy Fund)
- There is need to consider the internal political situation and the priority given to the accession by the Acceding Government

What is remaining is for these planned activities (some of which are behind schedule) to be formulated into a comprehensive WTO Accession Strategy to guide the process.

2.3 Status and implications of trade policy instruments on WTO accession

2.3.1 Trade remedies

South Sudan as a developing country uses and/ have recourse to the following trade remedies to support industrial development.

a) Anti – Dumping Measures

Dumping is the sale of a product in a foreign market at less than the normal price in the domestic market of the exporter. Dumping is widely regarded as unfair, because the practice can disrupt markets and injure producers of comparable products in South Sudan. The key challenge for the government is to establish appropriate mechanism to monitor the behaviour of imports, its impact on domestic producers and where necessary invoke anti – dumping measures in order to protect South Sudan producers against this unfair practice

b) Safeguard Measures

Safeguard measures are imposed where a surge in imports cause damage to a domestic industry, or threatens to do so. South Sudan may take a “safeguard” action (i.e. restrict imports of a product temporarily) to protect a specific domestic industry from an increase in imports of any product which is causing, or which is threatening to cause serious injury to the industry. The key challenge for the Government is to establish appropriate mechanism to monitor and where necessary invoke safeguard measures.

c) Countervailing Measures

Countervailing duties can be imposed to neutralise the effects of trade distorting subsidies granted on the product concerned in the exporting country. An investigation must demonstrate the existence of a subsidy, an actual or threatened damage to a domestic industry and a causal relationship between the two. The Key challenge for the Government is to establish appropriate mechanism to monitor and invoke countervailing measures where necessary. The polyc objective for government here is to protect domestic market and industries from unfair trade practices and threats arising from dumping and subsidies

2.3.2 Export taxes

Export tax is a tool often used by countries to promote and encourage value addition of unprocessed raw materials and primary products with a view to boost export earnings. South Sudan

is facing high extraction and export of primary raw materials which is causing a threat to trade and environmental sustainability. The Key Challenge for the government is to review its export taxes policy to promote valued addition in few selected products in order to achieve South Sudan's industrial growth aspiration and to promote sustainable trade and investment.

2.3.3 Import Permit

The licensing procedures are outlined in the import and Export Act, 2012. Importers are required to obtain import licenses from the Ministry of Trade and Industry. The validity of the license is one year and is for a specific import value and quantity. The economic rationale for the current licensing regime is not clear, beyond the sole objective of raising revenue. In addition, there are also special licensing arrangements that regulates imports of products with the additional requirements in terms of health, safety and security. The current import licencing regime increases cost and makes trade more cumbersome as well as provide opportunity for rent seeking. The key challenge is for the government to streamline its import licensing regime in line with international best practice in order to facilitate trade. The main policy for government here is to streamline import licensing regime in line with international best practice in order to make it less cumbersome, with the view to improve overall trade competitiveness.

2.3.4 Tariff regime for industrial development

The current tariff structure has three bands of 5 percent, 10 percent and 20 percent (with two tariff lines at 3 percent). It is fiscal revenue maximising, with 65 percent of imports paying between 5 percent and 10¹⁸. Tariffs in South Sudan are relatively high for primary agricultural activities and low for manufacturing and other activities with a higher degree of processing. Such tariff structure increases South Sudan's food costs with negative consequences for food security and industrial development. The Key challenge is for the government to undertake tariff policy review taking into account South Sudan's need to improve the international competitiveness of its economy, minimise potential adverse effects on consumers and businesses and ensure compliance with international tariff commitment obligations. The main policy objective for government here is to review tax policy regime in order to improve international competitiveness of its economy,

¹⁸Memorandum on Foreign Trade Regime ,2018

minimise potential adverse effects of tax reform on revenue, Industrial development, food security and private sector development.

2.3.5 Economic diversification

As noted, the South Sudan economy is narrow, relying mainly on oil resources. The government seeks to diversify the economy through the development of other productive sectors of the economy including the agriculture sector (crops and livestock including fisheries), forestry, mining and tourism. The main policy objective here is to support diversification of South Sudan's export market and products through export promotion and development of supply value chains that respond to national and international Market access opportunities.

2.3.6 Taxation and Trade Development

The states implement a range of taxes that have a discriminatory and non-transparent impact on imports. The tax multiple tax regime has negative impact on economic diversification efforts, SMEs, industrial development, thus making South Sudan products less competitive in the domestic and global market. The government works to ensure internal tax regime and its application supports SMEs growth, economic diversification and export development strategies in order to increase competitiveness of South Sudan products in the domestic and global market.

2.4 Regional Integration Agenda, Challenges and Opportunities

South Sudan has entered into Regional Trade Agreements (RTAs) with its neighbouring EAC and African Countries through the East Africa Community (EAC), Tripartite Free Trade Area, the Africa Continental Free Trade Area (AfCFTA), IGAD. South Sudan continues to participate in the regional integration process to broaden guaranteed market access for its goods and services. The government is pursuing regional economic integration with a view to increasing effective market access opportunities for South Sudan's goods and services.

2.4.1 EAC regional integration

Kenya, Tanzania, Uganda, Rwanda, South Sudan and Burundi form the East African Community (EAC). The EAC trading block brings the 6 countries together on issues of economic, social and

political cooperation. South Sudan joined EAC in 2016. The country is expected to harmonize its laws and regulations in line with the broader principles of EAC. Membership to the EAC Common Market gives South Sudan access to a significant, geographically close-by market, increases the export potential, availability of cost-effective imports from the region and reduces trade costs through elimination of Non-Tariff Barriers (NTBs) and harmonisation of laws and procedures.

2.4.1.1 Strategy

The implementation of measures to facilitate accession to EAC has been guided by the EAC roadmap. South Sudan was given a three-year transition period in order to implement the required legal, regulatory and institutional changes. The implementation period for the roadmap ended in October 2019. The Government through the Ministry of EAC has drafted a comprehensive National Strategy to inform South Sudan EAC Integration process. The vision of the draft policy is to create a stable, integrated and prospering South Sudan with a competitive, diversified and sustainably growing economies participating fully in regional and global trade and investment. The draft policy specifically seeks to;

- Establish a cohesive institutional framework that maps EAC and regional integration scope and commitments and spells out management structure and operational modalities;
- Support mainstreaming of regional integration agenda in legislations that are the basis for various government institutions and ensure the introduction of regional integration in the mandates and strategic plans of these institutions;
- Prepare a comprehensive system of indicators with targets that the Government of South Sudan wishes to reap in terms of EAC regional integration. Based on this system, prepare a Monitoring and Evaluation Plan that is linked to the obligations of various institutions in order to entrench EAC integration into institutional budget cycles;
- Ensure adequate stakeholder consultations by including, policymakers, implementers, private sector, civil society in EAC regional integration matters;
- Ensure full implementation of commitments entailed by South Sudan's Government signing the Treat of Accession of South Sudan to the EAC

2.4.1.2 Implementation status

To date, South Sudan's implementation of EAC provisions has been lagging. South Sudan became a Member of the Regional Bloc just before the second phase of the internal conflict erupted in 2016. With the implementation of the Peace Agreement, the Ministry of EAC Affairs was created in February, 2020 outlook towards execution of EAC provisions was bright once again. Regrettably, just a month later in March, 2020 the emergence of COVID-19 worldwide pandemic once again called into question the as to whether capacities can be availed for swift implementation of the EAC Reforms. Other challenges to effective implementation include poor inter-Ministerial coordination and lack of clear actions to be implemented in the EAC roadmap. As we now move towards a more moderate phase in the pandemic in South Sudan a window of opportunity opens up to focus on these important commitments. It is for this reason that the South Sudan Policy / Strategy for EAC Integration was drafted. The Ministry of EAC affairs in collaboration with UNDP and Enhanced Integrated Framework is undertaking an assessment on the status of EAC CU and common market implementation. The outcome of the assessment is expected to inform a clear roadmap, with specific actions and time line to facilitate the implementation of the EAC protocols. At this point, the country has not done much in as far as integration protocols are concerned.

(a) Customs Union Protocol

For example, on the country's commitment on the implementation of a Customs Union which arguably, the most important commitment that South Sudan made in the context of joining the EAC, the country has not made much progress. It has not yet made changes in the customs legal framework and the South Sudan Customs Services and the National Revenue Authority have not yet implemented procedural and administrative requirements at the points of entry and the Headquarters.

The country has also not yet adopted the EAC Customs Management Act and associated EAC Customs Regulation, a broad-based legal text that outlines the very way the Customs Services in the EAC need to be administered. For South Sudan to align itself with the CMA two key actions need to be undertaken: The Customs Division of the National Revenue Authority need to align their operations to the provisions of the CMA; and Harmonisation and approximation of domestic

regulations need to be undertaken to take this into account. This will entail the identification of relevant South Sudan Acts and Regulations including the Customs Act, the Penal Code, the Police Act etc and amend them as appropriate; establishment of Tax Appeal Tribunals in line with the provisions of the CMA; prepare a list of goods subject to customs control. Liability for a contravention shall be incorporated into domestic law (Customs Management Act: Section 16). This also includes other procedures such as Customs Exemptions etc.

In addition, the EAC has developed subsidiary legal instruments for operationalization under the CMA which South Sudan will need to implement including The EAC Customs Management Regulations; The EAC Customs Management (Duty Remission) Regulations; The EAC Customs Management (Working Arrangements between the Directorate and Customs) Regulations; The EAC Customs Management (Compliance and Enforcement) Regulations; EAC Post Clearance Manual; and the EAC Duty Remission Manual. To fully conform to the Customs Union, South Sudan will need to adopt the EAC Customs Procedure Manual which enables the uniform application of the customs processes in the delivery of the customs services and is benchmarked against the WCO Revised Kyoto Convention on Harmonization and Simplification of the Customs Procedures.

Other procedures yet to be taken are the internalization and implementation of the EAC Customs Valuation Manual which is used by EAC to ensure uniform interpretation and application of customs valuation provisions. Another important pending step is the implementation of EAC Rules of Origin (RoO). The Government needs to accept and issue Certificates of Origin (CoO). In particular, the following needs to be achieved: CoO issued by the EAC Partner States need to be accepted by GOSS and GOSS needs to start issuing CoO to its domestic exporter and producers. The certificates need to be compliant with EAC criteria and should certify that a particular good is 'Made in South Sudan'. One of the main challenges to implementation of CU is the adoption of the EAC CET. It might be important to carry out a diagnostic study to inform the adoption of the EAC CET and mitigation of any potential revenue loss would be important.

(b) Common Market Protocol

The next stage of EAC integration after the Customs Union. The Protocol for the Establishment of the EAC Common Market was approved and became operational in July, 2010. The Protocol aims to create a single market across the EAC Partner States. According to Article 76 of the EAC Treaty, the Common Market Protocol (CMP) is to facilitate and guarantee the implementation of four major freedoms; labour, goods, services and capital and also facilitate the enjoyment of two rights; residence and establishment. The Protocol also seeks to strengthen, coordinate and regulate the economic and trade relations among the Partner States.

Furthermore, partner states agreed to mutually recognize academic and professional qualifications; harmonize labour policies, laws, and programs; guarantee the right to access and use of land and premises; as well as rights to establish residence and self-employment. Regarding capital mobility, partner states agreed to eliminate all restrictions on the free movement of capital and payments connected to such movement. Although, South Sudan has removed visa requirements to some EAC Citizens on reciprocal basis, it has not seriously started engaging and starting on implementation partly because it has not made much progress on the pre-requisite customs union stage but also because the country's institutions such as the Ministry of Finance and Development Planning and the National Revenue Authority have not consistently been participating in the forums and Committees related to the Common Market. Moreover, there has not been any economic study undertaken to assess best ways for the EAC Tax Harmonisation and the benefits and costs for South Sudan and the region regarding various possible ways forward on moving on with the CM.

(c) Monetary Union Protocol

The Monetary Union Protocol (MUP) was adopted in accordance with the EAC Treaty and signed on 30th November 2013. The Protocol lays groundwork for a monetary union within 10 years and allows the EAC Partner States to progressively converge their currencies into a single currency in the Community. In the run-up to achieving a single currency, the EAC Partner States need to harmonise: monetary and fiscal policies; financial, payment and settlement systems; financial accounting and reporting practices; policies and standards on statistical information; and establish an East African Central Bank.

The implementation of MUP is different than that of the other two economic Protocols. The EAC is only at the very beginning of implementation of the MUP. Hence, in this area, South Sudan does not need to catch-up to the level of integration attained by other Partner States. The key activity for South Sudan is to join on-going preparatory work related to the establishment of a Monetary Union. The ratification of the MUP in 2015, paved the way for a 10-year roadmap on the implementation of the Protocol.

2.4.1.3 Conformity with EAC Laws and regulations

Article 126 (2)(b) of the EAC Treaty provides that “*Partner States shall through their appropriate national institutions take all necessary steps to harmonize all their national laws appertaining to the Community*”. Harmonization of national laws is one of the critical steps required to facilitate regional integration. Crucially, the EAC has made community law superior to other domestic legal systems. The Treaty provides in its Article 8(4) that ‘*community organs, institutions and laws shall take precedence over similar national once on matters pertaining to implementation of the Treaty*’.

However, national legislation has to be used to give its effect in terms of Article 8(2) of the EAC Treaty. Partner states have to enact national provisions that empower the Treaty. The EAC also has the preliminary reference procedure enshrined within its Treaty. Article 34 of the Treaty requires the national court to refer cases for interpretation to the EACJ in the case of inconsistencies between national and EAC laws and directives require transposition into the domestic legal system of the Partner State to become effective. In essence, therefore, every national court must apply EAC law in its entirety and protect rights which the latter confers on individuals. As in the case of the European Union direct applicability in such circumstances mean that rules of community law must be fully and uniformly applied in all the member states for so long as they continue to be in force.

Therefore, South Sudan is legally compelled by the Treaty of Establishment of the EAC to harmonize its laws and regulation with these of the EAC. Such harmonization is assumed to bring long-lasting benefits to the country by streamlining its legal system to regional and international best practices. It can be argued that legal approximation to the EAC may even be more important for South Sudan than elsewhere as the legal system in the country is still being developed.

The process of harmonisation aims to: create consistency of laws, regulations, standards and practices, so that the same rules will apply to businesses that operate in the EAC, and so that the businesses of one state do not obtain an economic advantage over those in another as a result of different rules; and reduced compliance and regulatory burdens for businesses operating nationally or trans-nationally. It is envisaged that in South Sudan in particular, the legal compliance process shall enable, among others, to fully implement the provisions of the customs union, common market and monetary union.

In South Sudan, the draft EAC strategy identifies laws that may require review and possibly amendment to include: Laws relating to trade (covering legislation on movement of goods and services, bulk sales, business premises, contract, customs, external trade, import and export transactions and sale of goods, etc.); Passport and Immigration Laws; Labour Laws; Company Laws and Laws Governing Business Transactions (covering legislation on bankruptcy, building societies, business organizations, capital market development, the co-operative movement, export processing zones and transfer of businesses, etc.); Finance and fiscal legislation (financial regulation and capital markets); Insurance and re-insurance legislation; Investment laws; Procurement and disposal of assets legislation; Monetary legislation (covering exchange rates, interest rate and inflation, etc.); Standardization, quality assurance and metrology legislation; and Banking laws (covering legislation on banking, banking and lending institutions, development banking, bills of exchange and arrangement and micro-finance, etc.); Given that South Sudan is currently developing its legal system, the regulatory compliance exercise may entail a smaller set of laws.

The priority laws are indicated as: Companies Act, 2012; Investment Promotion Act; Customs Act, 2015; NGO Act, 2015; Insolvency Act, 2011; Taxation Act, 2009; Contracts Act, 2008; Judiciary Act, 2008; Passports and Immigration Act, 2011; Banking Act, 2010; The Transport Act, 2008; and the Public Finance Management and Accountability Act, 2011. The EAC strategy proposes that an in-depth comparative analysis of EAC and South Sudan law be undertaken and ultimately numerous South Sudanese legal texts be re-drafted. this reason, this strategy proposes the creation of a special sub-committee on legal harmonization be administered by the Ministry of EAC Affairs but working with the Ministry of Justice and Law Review Commission.

2.4.2 Utilization of market access opportunities under:

2.4.2.1 EAC

As noted above, since the country is still developing its institutions, its legal framework, and building capacity, it has not been able to take much advantage of the access to market opportunities accruing from joining the EAC. One of the actions that would help accelerate access to EAC opportunities is the training of the the private sector in the area of SPS and ROO to enhance utilization of market access .This should include adoption and implementation of EAC Simplified Trade Regime.

2.4.2.2 AfCFTA

The AfCFTA negotiations were launched in June 2015 with the main objective of creating a single continental market for goods and services, with free movement of business persons and investments, and thus paving way for accelerating the establishment of the Customs Union with the view to expanding intra-African trade through better harmonization and coordination of trade liberalization and facilitation and instruments across the Regional Economic Communities (RECs) and across Africa in general. The AfCFTA is also expected to enhance competitiveness at the industry and enterprise level for South Sudan through exploitation of opportunities for scale production, continental market access and better reallocation of resources. The framework agreement establishing the AfCFTA was signed on 21 March 2018 in Kigali, Rwanda. As at 5 February 2021, 36 countries have deposited their instruments of ratification., 36 countries have ratified the AfCFTA agreement¹⁹. South Sudan is one of the Signatories of the AfCFTA, though is yet to ratify the agreement. South Sudan is now convening workshops to enlighten stakeholders about the AfCFTA and seeking technical assistance support towards AfCFTA negotiations and to facilitate ratification. The country, however, lacks a national AfCFTA Strategy .to guide the ratification and implementation of the agreement. In the medium-term South Sudan would need to undertake cost benefit analysis to inform the potential benefits of implementing the AfCFTA.

¹⁹ <https://afcfta.au.int/en/about>

2.4.2.3 WTO Accession

Membership to the WTO ensures access to other Members' markets through the guaranteed application of most-favoured-nation (MFN) tariff rates, national treatment of South Sudan's goods in other Members' markets, access to dispute settlement, and the opportunity to attract investment to broaden production capacity and enhance our ability to trade freely and competitively in the global market.

Just like other Least Developed Countries (LDCs), South Sudan lack administrative and technical capacity to conduct complex negotiations and to undertake necessary policy adjustment to ensure compliance with WTO Obligations. South Sudan also faces limited awareness among stakeholders on WTO Accession and its development implications to socio-economic development. After finalizing the accession process, the country must take advantage of WTO Technical assistance programme other Aid for trade initiatives to support its capacity building initiatives and to undertake the domestic reform required needed to help it take advantage of the market access opportunities provided by being a member of WTO. The main government objective is to promote a balanced relationship between trade liberalization and sustainable development that protects the poor, especially those in rural areas, from the adverse effects of market openings

2.4.2.4 Everything But Arms (EBA)

South Sudan has some preferential market access to EU under the Everything but Arms (EBA)²⁰. The Everything but Arms scheme grants full duty free and quota free access to the EU Single Market for all products (except arms and armaments). EBA is a preferential market access treatment by the European Union (EU) for the least developed countries (LDC) and is part of the Generalised Scheme of Preferences (GSP). EBA preferences can be withdrawn in case of some exceptional circumstances, notably in case of serious and systematic violation of principles laid down in fundamental human rights and labour rights conventions. The policy objective for South Sudan under EBA is to enable businesses to take full advantage of any preferential schemes from which the country benefits and to expand the list of countries that offer such preferences to it.

²⁰https://trade.ec.europa.eu/doclib/docs/2017/july/tradoc_155840.pdf

2.4.2.5 EU-EAC-EPA

The East African Community (EAC) is one of the groupings having negotiated an EPA with the EU. All EAC members at that time – Burundi, Kenya, Rwanda, Tanzania, and Uganda – were part of the negotiations, which concluded in October 2014. South Sudan, which is an EAC member state since 2016, was not involved in the negotiations, but can become a party to the EPA²¹. The EPA is not in force yet, as the signature and ratification process is currently stalled, after EAC members failed to adopt a common position. The EPA contains detailed provisions on sustainable agriculture and fisheries, rules of origin, and Sanitary and Phytosanitary measures. The parties are committed to concluding additional negotiations within five years of the entry into force of the agreement. To date, only Rwanda and Kenya signed the agreement, but has formally been ratified only by Kenya. The other parties under the Agreement could still trade under Everything But Arm (EBA) Market access arrangement given their LDC status. South Sudan will need to make good use of Aid for trade opportunities to develop the capacity required to export to the EU under the EPA. The Policy Objective for South Sudan seeking to join the EU-EAC-EPA is for the government exploring the best market access options to the EU market that is sustainable and cost effective for its products.

2.4.2.6 African Growth and Opportunity Act (AGOA)

South Sudan along with other beneficiary Sub-Saharan African countries, has potential to benefit from a preferential trade arrangement provided by the USA through the African Growth and Opportunity Act (AGOA). The beneficiary countries have to meet the eligibility criteria set out in the Act which includes establishment of a market-based economy, rule of law, political pluralism, the right to due process, the elimination of barriers to U.S. trade and investment, economic policies to reduce poverty, a system to combat corruption and bribery, protection of internationally recognized worker rights and compliance internationally recognized human rights. This trading program was initially expected to expire in 2015 but was on 1st July 2015 extended by another 15 years. South Sudan is not among the eligible beneficiaries since 2015. The key challenge for the government is to deepen dialogue with US Government to facilitate trade under AGOA and to undertake assessments to understand the potential for the country to meet and maintain the eligibility requirements and the potential benefits.

²¹2018, Briefing paper Economic Partnership Agreement with the East African Community

2.4.2.7 Common Market for Eastern and Southern Africa (COMESA)

The Common Market for Eastern and Southern Africa (COMESA) is the largest regional economic organization in Africa, with 21 member states²² and a population of about 390 million. COMESA provides Member States an opportunity for expanding their trade with the region as a destination for exports or a source for imports on duty free basis. In 2019, COMESA accounted for 44 percent of South Sudan total exports, even though South Sudan is not a member of COMESA. COMESA offers opportunities for South Sudan to achieve market access diversification.

2.4.2.8 EAC- COMESA/SADC Tripartite Free Trade Area (TFTA)

The EAC/COMESA/SADC Tripartite FTA, formation is based on the directive of the Heads of State Summit of 22nd October 2008. It was launched on 10th June 2015, covering the first phase of integration that includes trade in goods. The Agreement initially covered 26 member states across the three RECs, but with the expansion of the EAC to include South Sudan in April 2016, the total number of participating member states has risen to 27. Twenty-four of the 27 member states have signed the Declaration launching negotiations for the establishment of the COMESA-EAC-SADC Free Trade Area (FTA).²³ South Sudan is yet to sign the declaration. South Sudan stands to benefit from the expanded regional market of 27 countries, to be accessed under a Free Trade Area arrangement.

2.4.2.9 The Intergovernmental Authority on Development (IGAD)

The Intergovernmental Authority on Development (IGAD) in Eastern Africa was created in 1996 to supersede the Intergovernmental Authority on Drought and Development (IGADD) which was founded in 1986 to mitigate the effects of the recurring severe droughts and other natural disasters that resulted in widespread famine, ecological degradation and economic hardship in the region.

²²Burundi, Comoros, Djibouti, Democratic Republic of the Congo, Egypt, Eritrea, Ethiopia, Kenya, Libya, Madagascar, Malawi, Mauritius, Rwanda, Seychelles, Sudan, Swaziland, Uganda, Zambia and Zimbabwe, Somalia and Tunisia.

²³Angola, Botswana (signed on 30 January 2018), Burundi, Comoros, Democratic Republic of Congo (DRC), Djibouti, Egypt, Kenya, State of Libya, Madagascar, Malawi, Mauritius, Namibia, Rwanda, Seychelles, Sudan, Tanzania, Uganda, South Africa, Swaziland, Zambia and Zimbabwe.

Djibouti, Ethiopia, Kenya, Somalia, Sudan and Uganda - took action through the United Nations to establish the intergovernmental body for development and drought control in their region. Eritrea became the seventh member after attaining independence in 1993 and in 2011 South Sudan joined IGAD as the eighth member state. With the new emerging political and socio-economic challenges, the assembly of Heads of State and Government, meeting in Addis Ababa in April 1995, resolved to revitalize IGADD and expand areas of cooperation among Member States.

The new and revitalized IGAD was launched during the 5th Summit of IGAD Assembly of Heads of State and Government held on 25-26 November 1996 in Djibouti. The Summit endorsed the decision to enhance regional cooperation in three priority areas of food security and environmental protection, economic cooperation, regional integration and social development peace and security. IGAD therefore provides a regional integration framework through which trade between the 8 countries can be expanded using shared commitments in other RECs (such as COMESA) to deepen trade integration. There exists an opportunity to exploit the market potential in these countries through use of the IGAD framework. Pillar 2: of the IGAD regional strategy seeks to enhance and promote trade, investment and industry; and tourism development within IGAD region. The strategy specifically seeks to Enhance trade in the region; Increase mobility; Increase cross border trade, enhance tourism in the region; Harmonise regulatory regimes; promote Transparency of custom procedures, Harmonise competition rules. South Sudan's Policy Objective towards Promoting Pan-African Trade and Economic Integration is for the government to support Pan African regional trade and integration initiatives to increase market access opportunities for South Sudan Goods and Services.

2.4.3 Private sector engagement in WTO Accession and regional integration initiatives;

South Sudan has vibrant private sector associations including the South Sudan Business Forum, South Sudan Business Council, South Sudan Chamber of Commerce, and other industry specific ones. These associations take part in WTO accessions discussions at the national level and have nominated members to travel with government officials when going for international engagements.

2.4.4 Implications of alignment with the EAC CET and policy recommendations;

The country has not gone through any of the required procedures for the establishment of a Customs Union including the fully implementation of the Harmonized System (HS) Code, (accede to WCO HS Convention, if necessary); implementation of the EAC CET review and change tariff structure to comply with CET with three tariff bounds of 0percent , 10percent and 25percent ; implementation of the tariffs on Sensitive Goods; or if necessary, applying for relevant Stay of Application of the tariff for some goods.

Similarly, the country has not gone through all the required procedures to Eliminate Internal Tariff and Charges of equivalent effect. These include the implementation of a system whereby EAC products that qualify under the EAC Rules of Origin Regulations and as such originate in EAC do not attract import duties in South Sudan; implementation of a system where manufactured products that qualify under the EAC Rules of Origin Regulations and as such originate in South Sudan do not attract import duties when traded to the other EAC Partner States; and the elimination of charges of an equivalent effect on internal trade. At the moment, the country has not carried out any study to determine the implication of adopting the EAC CET on the country.

2.4.5 Women and youth in business in relation to EAC, AfCFTA and WTO accession

The East African Community has an extensive work agenda related to equating opportunities among genders of which South Sudan can take advantage. This is an important given that there is overwhelming evidence pointing to the fact that giving women economic and social opportunities leads to superior sustainable development outcomes. EAC work in the area gender, youth, children, persons with disabilities, social protection and community development is spearheaded by the Sectoral Committee of Minister on Gender, Youth, Children, Persons with Disabilities, Social Protection and Community Development. To date, four (4) meetings of this Committee have taken place along with the corresponding committees of permanent secretaries and senior officials. A synopsis of work in this area is provided below.

The EAC Sectoral Committee of Ministers on Gender has developed an EAC Strategic Plan for gender, youth, children, persons with disabilities, social protection and community development. This first such plan was developed for the period 2012-16. It outlined key interventions in the six distinct components. It noted broad strategic objectives of each of the above components as well as the specific targets to be achieved during the period. Recently a new Strategic Plan was developed for the years 2017-2022.

Under the gender thematic area, the strategic plan envisages to promote gender equality, equity and women and girls' empowerment as normative in the EAC Partner States by mainstreaming gender into all strategic interventions and sectors of the community, promoting women in socio-economic development and women in business and promoting the participation of the citizenry in EAC processes. This will entail the provision of an enabling policy and legislative framework for gender equality and equity, conducting relevant assessments on the status of gender equality in the EAC and undertaking initiatives to promote economic security for women. It also caters for youth empowerment, with the plan intended to promote the socio-economic and political development of the youth within the EAC.

In 2017, the EAC enacted a legal instrument that promotes gender equality. The EAC Gender Equality and Development Bill was tabled at EALA as a private members bill and later passed by the same body on 8th March 2017. The bill mandates partner states to undertake gender mainstreaming in their development planning and implementation. The EAC has also developed The EAC Gender to provide guidance on institutionalising gender strategies in the EAC Integration Agenda. This was done in order to ensure that the rights of women and men, boys and girls are promoted, protected and realized on an equal basis. This Policy provides a framework, intended to accelerate the realization of gender equality, fairness between men and women, non-discrimination and fundamental rights in East Africa.

The other tool the EAC is using to ensure gender equality is the EAC Gender Barometer, a participatory people-centred research report from EAC Partner States that contains information and statistical data from different areas that need to be gender-balanced. These areas include legal and state obligations to protect human rights, gender-based violence, the media, education, health, power and decision making, economic empowerment, agriculture and food security, land rights, trade, peace and security, environment management, extracting Industries, marginalized groups, financial provisions, and institutional arrangements. The Gender Barometer is intended to serve as a participatory measurement tool to support the substantive implementation of key gender commitments and hence responsive governance. It sets in motion a process by which the EAC will periodically monitor, measure and document the progress of gender equality in key result areas and thereby facilitate a regional conversation on strategies for enhancement of substantive gender equality and sustainable development.

South Sudan will need to domesticate these instruments to ensure gender equality is mainstreamed in its trade development practices. Similarly, the country's ratification of the AfCFTA and WTO will present other opportunities and challenges for women. Women in South Sudan will need to develop their capacities to be able to take advantage of the opportunities provided by these accessions.

2.5 Recommendations and Policy Measures

2.5.1 Trade Policy Instruments

2.5.1.1 Tariffs

- Review Tax Policy Regime in line with the National development objectives and commitment in the Regional and multilateral Trade regime
- Pursue Common External Tariff Review within the EAC Regional Integration Framework to ensure Zero rating of tariff on raw materials and intermediate products that the EAC Industry determines as having inadequate or Lack of regional supply to meet regional demands in terms of volume and quality
- Support Manufacturing Industry application for duty remission scheme for raw material and intermediate products that experience regional season supply shortage
- Pursue the EAC CET rate to support the local production in the process of Harmonisation of national tariff regime with the EAC Framework

2.5.1.2 Import Permit

- Review import licensing Regime in line with international best practice in order to make it less cumbersome, with the view to improve overall trade competitiveness
- Review and limit the number of items requiring import permits on the basis of health and safety in order to facilitate trade

2.5.1.3 Internal Taxation

- Harmonise local taxation regime with the national trade development priorities, with the view to eliminate multiple taxation, supports SMEs growth, industrial development, economic diversification and export development Strategies

2.5.1.4 Rules of Origin

- Support the application of ROO System which is transparent, accountable, fair, predictable and compatible with WTO and regional Trade agreements
- Supports awareness creation and capacity building among the private sector on applicable ROO in EAC, AfCFTA, EU, AGOA, EBA and other trade agreements that South Sudan is a Party to or is eligible in order to take advantage of the preferential trade benefits.

2.5.1.5 Export Taxes

- Review export tax Policy to promote value addition in few selected products in order to achieve South Sudan's industrial growth aspiration and to promote sustainable trade and investment

2.5.1.6 Trade Remedies

- Develop legislative framework for trade related remedies
- Develop human resource and institutional Capacity to implement the provisions of the Trade Remedies legislation

2.5.2 International Trade and Market Access

2.5.2.1 WTO Accession

- Undertake cost benefit analysis of acceding to WTO
- Develop National Strategy on WTO Accession
- Ensure Capacity Building needs are given adequate priority in the context of negotiations and reform actions required as it works towards WTO accession
- Undertake domestic Legislative review against the WTO Obligation to identify the gaps and develop reform action plan
- Establish standing trade negotiation team with expertise on trade negotiation matters to be in charge of negotiation.
- Establish a stakeholder trade negotiation Committee and enhance stakeholder participation in trade negotiations
- Establish WTO Secretariat to support WTO Accession

- Undertake sector studies to inform development of initial offers for trade in Goods and Services
- Sensitise Stakeholders on Market access opportunities associated with WTO Accession.

2.5.2.2 EAC

- Adopt and effectively implement the draft South Sudan Policy on EAC integration to ensure compatibility with EAC trade regime while creating a predictable environment to facilitate trade and investment;
- Request for flexibility towards implementation of the required reforms within the EAC Framework, as the available institutional and personnel capacity does not match the required pace and speed to implement the priority actions to ensure conformity with the EAC Laws and regulations;
- Sensitise the private sector, civil society and the general community to understand and appreciate the benefits, risks and implications of EAC membership;
- Build the capacity of the private sector to take advantage of the enhanced market access under EAC market for both goods and services;
- Establish EAC integration Monitoring Committee to oversee the implementation of the EAC Obligations

2.5.2.3 AfCFTA

- Develop national AfCFTA Strategy .to guide the ratification and implementation of the agreement.
- Undertake cost benefit analysis to inform the potential benefits of implementing the AfCFTA .

2.5.3 Promoting Pan-African Trade and Economic Integration

- Consider accession to COMESA Treaty based on Cost benefit analysis to inform the accession process;
- Support the ongoing Negotiations and outstanding ratifications to facilitate the implementation of the various Regional Economic Communities and Free Trade Agreements;

- Build the institutional capacity to support South Sudan Participation in various RECs or FTAs like EAC-SADC –COMESA Tripartite, AfCFTA, IGAD
- Identify, develop, and promote products for which South Sudan has potential to trade under the various RECs and FTAs;
- Sensitise the private sector and community on the potential trade and investment related opportunities under EAC-SADC –COMESA Tripartite, AfCFTA, IGAD, COMESA
- Ensure the interest of South Sudan is safeguarded in the negotiations of various RECs
- Build the capacity of the private sector to take advantage of the enhanced market access under the various trade in Goods and services

2.5.3.1 EU –EAC EPA

- Consider and undertake cost benefit analysis to inform possible South Sudan accession to the EU-EAC EPA
- Sensitise stakeholders on EU –EAC EPA
- Build the capacity of the of the private sector to harness market access opportunities under the EU-EAC EPA.

2.5.3.2 Unilateral Preferential Agreements

- Seek to strengthen its trade and investment relations with China, India and Japan under the existing Preferential Trade Agreement with LDCs
- Restore trade and investment relations with the United States under AGOA framework;
- Identify, develop, and promote products for which South Sudan has potential to trade under the preferential schemes;
- Assist South Sudan exporters to cope with the requirements of preference schemes in terms of rules of origin including the issuance of certificates of origin, and other non-tariff measures;

- Ensure reciprocal participation in exhibitions and trade fairs as well as respective country week promotional events;
- Raise awareness among South Sudan producers about these preference schemes from which South Sudan benefits, notably the associated rules of origin requirements; ensure net positive balance is achieved between internal and external costs and benefits in commitments made while negotiating bilateral trade agreements;

PILLAR 3: IMPROVING SOUTH SUDAN TRADE COMPETITIVENESS

CHAPTER 3: STANDARDS AND QUALITY INFRASTRUCTURE²⁴

3.1 Introduction

South Sudan trades in agriculture and livestock products and is also keen to diversify the economy through value addition and manufacturing. An effective National Quality Infrastructure system ranging from National Quality Policy, TBT/SPS Regulatory framework, Accreditation, Standardization, Metrology, Conformity assessment, Quality promotion and use can facilitate exports especially for SMEs, and protection of health and safety of the population and the environment in South Sudan. Accession to WTO and participation in AfCFTA, EAC and GSP programmes implies that the domestic SPS /TBT legislative framework needs to conform to the provisions of WTO TBT /SPS Agreement. South Sudan is keen to support the producers to meet international standards in the regional and global markets.

The policy-makers and private sector stakeholders are faced with quality-related issues on a daily basis. These include meeting quality requirements demanded by overseas buyers/markets and ensuring that “fit-for-purpose” quality requirements are adopted and enforced in the domestic market. Failure to meet quality requirements undermines South Sudan export competitiveness and the ability for citizens to enjoy a healthy and safe life, protect the natural environment and its resources. This chapter creates an understanding of the recent developments in regard to NQI, main gaps and recommendations for improvements. It analyses the status and effectiveness of Quality Infrastructure System QIS in supporting key export products /value chain to access the markets; and identifies the gaps and recommends key strategic policy measures to support the evolution of QIS in South Sudan.

²⁴ Most of the material in this chapter was taken from the “Report of an Assessment of the National Quality and SPS Infrastructure of South Sudan and a Roadmap for its Strengthening”, a report produced as part of the implementation of the South Sudan – Jobs Creation and Trade Development Project, which is funded by the European Union and implemented by the International Trade Centre.

3.2 Recent developments in the area of QI

3.2.1 Key functions of QI

3.2.1.1 Status of national Quality Policy

The regulatory framework, policies, practices and systems are essential for effective QI. South Sudan largely lacks a complete and sound policy regulatory environment for the national quality policy and regulatory environment for trade, which is largely to be completed. South Sudan has a draft National Quality Policy (NQP) that was developed in 2021 with technical support from International Trade Centre. The draft NPQ is awaiting the endorsement of the council of Ministers. A Cabinet Memo was submitted to the Council of Ministers to facilitate the endorsement of the SPS national committee. A SPS strategy has been developed with the funding from IGAD-EU, On legislative frameworks, several laws have been developed and in force. These include the National Bureau of Standards Act 2012, the Weights and Measures Act 2012, the Imports and Exports Act 2012, National Communication Act 2013, Mining Act 2012, Road Authority Act 2012, Drug and Food Control Authority Act 2012 and the Consumer Protection Act 2011, but regulations are missing in some cases. SSNBS and DFCA still operate in a (partial) legal grey area, meaning for example that there is no clarity on whether standards have a legal value in the country. Several acts and policies are being drafted, but the approval cycle is often not completed. Some of the notable bills yet to be enacted cover animal health, plant health and public health. With no regulations and policies enacted the institutional set up and mandates continue to remain largely informal.

South Sudan National Bureau of Standards is responsible for country's national infrastructure in terms of standardization, metrology and accreditation. However, the accreditation body has not been activated. The other stakeholders of NQI system include various government ministries such as ministries of: Health, Environment & Forestry, Livestock and Fisheries, Agriculture and Food Security, Trade and Industry, Transport, Roads and Bridges, Land, Housing and Urban Development, Information and Communication, Energy and Dams and agencies/parastatal bodies such as Drug and Food Control Authority (DFCA), National Communication Authority (NCA), South Sudan Roads Authority (SSRA), South Sudan Urban Water Corporation (SSUWC), South Sudan Electricity Corporation (SSEC) and South Sudan Civil Aviation Authority (CAA).

Responsibility for technical regulation and product certification currently falls under the purview of the SSNBS. SSNBS is responsible for ensuring fairness of trade and the protection of consumers against substandard, shoddy and hazardous products. SSNBS support for trade includes the development and implementation of standards for various sectors mainly through product conformity assessment (testing, inspections and certification). Conformity assessment is undertaken by different government agencies. For instance, inspection of medicines and other regulated products is conducted by DFCA while NCA conducts inspection of electronic products especially telecommunication products.

3.2.1.2 TBT/SPS Regulatory and Institutional framework

In the SPS context, South Sudan is mainly engaged in trade of agricultural and livestock products, that have direct impacts on income and livelihood of the population. However, South Sudan does not have National SPS Committee (NSPSC) and an effective SPS framework to guide the development of regulatory and institutional framework for SPS to protect animal, human, plant health. Nevertheless, the draft SPS strategy is expected to provide guidance towards strengthening SPS related regulations and institutional framework to protect and enhance of health and safety of plants and animals. It is important to underscore that South Sudan as an observer member of World Trade Organisation (WTO) is a member of three standards setting organisations namely the World Organization for Animal Health (OIE) for animal health; the Codex Alimentarius Commission (CAC) for food safety; and the International Plant Protection Convention (IPPC) for plant health. The SPS enquiry points for OIE, CAC and IPPC are the Ministry of Livestock and Fisheries, SSNBS and Ministry of Agriculture and Food Security respectively. Presently, the Directorate of External Trade of the Ministry of Trade and Industry serve as the SPS National Notification Authority (NNA) and focal point for WTO.

The major constraints facing the application of SPS measures in South Sudan include amendment of Acts, Regulations and Standards in compliance with Codex, OIE, and IPPC. The following are some of other important issues facing the SPS regime in South Sudan:

- Inadequate technical capacity and capabilities on surveillance, quarantine pest disease, pest database;
- Inadequate physical infrastructure and other facilities to provide technically justified regulatory services;

- Fragmented implementation of food safety management system (GAP, PHP, GMP, HACCP, ISSO 22000) in food processing entities;
- The limited human resources, limited laboratory space, inadequate of and outdated equipment of public laboratories to perform reliable services. This is clearly against the interest of consumer protection, and makes access to foreign markets very difficult;
- The slow progress in adoption or harmonisation of regional and international standards, as well as the lack of enforcement of compulsory requirements in the regulatory area;
- The lack of understanding and the inconsistency in the use of terms critical to the operation and application of quality infrastructure. Government ministries, which are responsible for the development and enforcement of regulations, and regulatory agencies with competences in regulations and inspections, do not systematically follow good regulatory practices;

- Absence of the National SPS Strategy to guide institutions implementing SPS measures.

Although the country is mainly an importer of most commodities, both food and non-food products, it has a great agricultural and livestock potential that it needs to safeguard from entry of pests and diseases and other harmful contaminants. There are also a few emerging agricultural products that may have export potential and require to comply with regional and international SPS requirements. Because of the current weak SPS regime, the country continues to hinder growth in exports, especially of agricultural commodities, while at the same time allows into the country products that may harbour pests and diseases. To improve on compliance with international market requirements and improve exports, the country needs to build the skills and knowledge of technical staff and value chain actors, ensure harmonisation of regional and international standards, strengthen SPS National Notification Authority (NNA) and National Enquiry Points (NEP), and create awareness on SPS issues through enhanced public sensitisation programmes. There is also urgent need to improve coordination among SPS actors, review and update the policies and legal/regulatory frameworks to reflect recent developments.

3.2.1.3 e-phytosanitary certificates

The country also needs to digitize the issuance of phytosanitary certificates to exporters by adopting e-phyto. Phytosanitary certification serves to certify that consignments meet the phytosanitary requirements of the importing country; it must comply with the ISPM standard of the International Convention for the Protection of Plants (IPPC), which depends on the Food and Agriculture Organization of the United Nations (FAO). Its implementation is entrusted to the national organization plant protection (NPPO) of the exporting country; for most countries, this is usually issues by the Ministry of Agriculture, Livestock and Fisheries. For South Sudan where even paper certificates are still a problem, the country might need to think of leapfrog and move to e-phyto. Today, the preparation, issuance and transmission of phytosanitary certificates for export South Sudan are manual. Upon importation, paper certificates are required and attached to the customs declaration. Electronic phytosanitary certificates are the electronic equivalent of paper phytosanitary certificates and can be used as long as they are accepted by the NPPO of the importing country. The exchange of electronic certificates with the ePhyto solution of the IPPC will cause a reduction in customs clearance times, related costs and risks of falsification. A feasibility study would need to be undertaken to inform the adoption and integration of the e-phyto in the adoption of paper less trade facilitation strategies.

3.2.1.4 Accreditation

The National Bureau of Standards has mandate under the National Bureau of Standards Act (2012), Chapter (2), section (8, d) as an accreditation body in the Republic of South Sudan. However, this body has not been activated because of lack of institutional capacity such as human resources constraints (competent officers and assessors), lack of regulations and insufficient funding. The National Bureau of Standards has been preoccupied with the establishment of standardization, conformity assessment and metrology body, and all resources have been directed to these activities. Accreditation services would, therefore, be outsourced from regional accreditation bodies.

3.2.1.5 Standardization

South Sudan National Bureau of Standards (SSNBS) is the sole statutory body that is vested with the responsibility of standardising and regulating the quality of all products in South Sudan. The

Act of Parliament, SSNBS ACT 2012 established the SSNBS. Following the establishment of the SSNBS, three more Acts were enacted and include the Weights and Measures Act 2012, the Imports and Exports Act 2012 and the Consumer Protection Act 2011 with the aim to provide other legal frameworks governing the conduct of the SSNBS. SSNBS's mandates includes the preparation of standards related to products, measurements, materials, processes and services, amongst others; their promotion at national, regional and international levels; the certification of products; testing; inspection; market surveillance among others and the circulation of information related to standards.

This comprises services both in voluntary and regulatory regimes being performed throughout the country at States capitals, border posts and trading centres. The agency functions as an independent authority, currently supervised by the Minister of Trade and Industry of the Revitalised Transitional Government of the Republic of South Sudan. As stipulated in SSNBS Act 2012, Chapter 2, Article 10, SSNBS is governed by a Board, constituted of representatives from various ministries and private sector organisations, called the Bureau of Standards Council. The SSNBS has its headquarters and central laboratories in Juba. To cover the whole country several State offices, local stations and conformity assessment laboratories, located at strategic points at border posts and along main transport routes. Some of the SSNBS State offices include Wau/Awiel, Malakal/Renk, Nimule, Kaya and Nadapal among others.

3.2.2 Standards Information Centre and Promotion of Standards

The SSNBS Act 2012 mandates the Department of Standards Development with the responsibility to coordinate, maintain, and disseminate the standards in the country. Nevertheless, SSNBS has no official database for public information on standards that are gazetted and how the users can purchase these standards. As a result, users are required to come to the office of Standards Development at headquarters to purchase standards or get information. Alternatively, SSNBS promotes and disseminates standards through variety of channels, mainly local media such radio, TV and newspaper, workshops and seminars and the World Standards Day. Presently, SSNBS has only developed and adopted seven (7) national standards as the only reference standards

documents. It is unclear as to what reason the development and adoption rate for standards is so slow.

3.2.3 Membership and conformity to Regional and International Standardisation Bodies

The enactment of the SSNBS Act in 2012 began the process of developing the necessary infrastructure for coordinating the development of national standards and harmonisation with regional and international standards, especially with the East African Community. SSNBS has membership with the African Standards Organisation (ARSO), East African Standards Committee (EASC), and Codex. This membership grants SSNBS opportunity to actively participate in the regional standards setting through the East African Standards Committees (EASC) within the EAS legal framework to develop and promote harmonisation of standards. However, SSNBS is not a member of International Standard Organisation (ISO), thereby limiting country's representation on ISO technical committees. It is worth mentioning that the information obtained from the SSNBS Management during data collection indicated that the SSNBS is intending to apply for membership of ISO and other bodies. Additionally, SSNBS has signed memoranda of understanding (MOU) with other regional bureau of standards—the Uganda Bureau of Standards (UNBS), Kenya Bureau of Standards (KEBS), Rwanda Standards Bureau (RSB) and Sudan Standards and Metrology Organisation (SSMO). As just an observer to the WTO, South Sudan has not yet ratified the TFA made its notification of category “A, B and C” commitments after earlier notification of category. Therefore, the country is not yet obligated to meet any of these commitments except for those it has signed up such as regional ones like EAC.

3.2.4 Metrology

South Sudan National Bureau of Standards is responsible for South Sudan's national infrastructure in terms of legal, physical and biological measurements. Under the Weights and Measures Acts 2012, the Directorate of Metrology is responsible for coordinating measurement systems, maintaining the primary standards of measurement and providing the legal and technical framework for the dissemination of measurement standards. The Directorate is also South Sudan's peak body responsible for trade measurement, which provides industry, and consumers with assurance that commercial transactions based on measurements – mass (weight), volume, time interval, etc., are performed with instruments that are fit for purpose and calibrated in a way that

links the measurement to national standards. At the time of compiling this report, South Sudan Metrology is not a signatory to any Mutual Recognition Arrangement (MRA) institutions.

3.2.5 Legal Metrology

Consistency and accuracy in measurement supports fair and open competition. It provides a level playing field for business by ensuring that all market participants, irrespective of their size or financial strength, follow the same rules and have equal opportunity to compete. The South Sudan National Bureau of Standards, a semi-autonomous institution of the South Sudan Ministry of Trade and Industry is responsible for the regulation of the national legal metrology system. The Weights and Measures Act 2012 is the main legislations providing legal framework governing the conduct of the Legal Metrology in the country. A measuring instrument is being used for trade if it is used in determining the consideration in respect of a transaction.

In South Sudan, all measuring instruments used for trade must be pattern-approved and verified. Pattern approval confirms that a measuring instrument's design meets relevant documentary standards and performs as intended over a range of environmental and operating conditions. SSNBS examines limited trade and other legal measuring instruments against relevant standards and issues certificates for pattern approval in accordance with Section 29 of the Weights and Measures Act 2012. Although, SSNBS is issuing some certificates for pattern approval for trade measurement instruments such as weighing scale, it is not issuing pattern approval for medical related devices and equipment. At the time of conducting this assessment, SSNBS is undertaking pilot programmes to assess the level of compliance of medical instruments in the health sector. This pilot programme is to determine whether a national targeted programme needs to be introduced. Verification is the testing of measuring instruments to ensure that they operate in accordance with pattern approval requirements and are accurate. The Directorate of Metrology of the SSNBS provides services for verification and inspection of weighing and measuring instruments in use for trade and other commercial transactions to ascertain their legality and uniformity in measurement. As part of market surveillance, SSNBS's trade measurement inspectors undertake targeted inspection of net contents of pre-packages to ensure compliance with legal requirements.

It is important to underscore that there are no other legal metrology bodies such as servicing licensees and their verifiers, public weighbridge licensees, certifying authorities, utility meter verifiers and no accreditation bodies that are taking part in the legal metrology system of South Sudan. South Sudan Metrology is not a member of OIML and presently, does not take part in the regional and international metrology standardization bodies such as metre convention (BIPM/CIPM) and OIML Convention (OIML/CIML). The other public stakeholders that are directly or indirectly involved in the legal metrology in South Sudan include Roads and Bridges (Road Authority), Drug and Food Control Authority (DFCA), National Communication Authority (NCA), Energy and Dams and Civil Aviation. As per NCA Act 2013 and Regulations, NCA issued pattern approval for electronic equipment.

3.2.6 Industrial Metrology (Calibration Services)

There appears to be very limited scope for the calibration services in the country. As per the Weights and Measures Act 2012, the Directorate of Metrology of the SSNBS provides calibration services in South Sudan. Presently, SSNBS provides limited scope of calibration services in the fields of dimensional and mass and volumetric calibration services. However, the laboratory does not provide calibration services in electrical, temperature, force & pressure calibration services because of the human and financial resources constrains.

Although SSNBS provide some calibration services, the traceability of measurements to the international system of units (SI) is limited; this means the SSNBS' measurement capability and systems are not recognised by the International Measurement Community as complying with international norms and practices. It is therefore observed during the assessment that lack of implementation of the legislative framework provided by the Weights and Measures Act 2012, including attendant regulations and the level of services offered, are indicative of a poor industrial metrology infrastructure in South Sudan. It is important to underscore that there is no hallmarking service provided by the metrology division of the SSNBS. South Sudan will need to gradually develop a legal framework for scientific, industrial and legal metrology as envisaged in the Draft National Quality policy in order to ensure measurements taken in South Sudan are traceable to the International system of Units and the legal framework is effective in enforcement of legal

metrology framework .A capacity needs assessment will needs to be undertaken to inform the development of the Metrology System in South Sudan.

3.2.7 Conformity assessment

3.2.7.1 Membership to Regional and International Standardisation Bodies

3.2.7.1.1 System Certification

Responsibility for systems and products certification currently falls under the purview of SSNBS. However, since the establishment of the SSNBS in 2012, there has been no system certification in the country. It is important to underscore that SSNBS is on the process of developing certification scheme in order to improve market access for these products. For instance, with funding support and assistance from the TradeMark East Africa (TMEA), SSNBS has started training of SMEs on some food safety quality assurance programmes most notably HACCP and GMP. In a nutshell, SSNBS has not yet certified any organization in different systems (ISO 9001, HACCP, ISO 22000, ISO 14001, ISO 27001, ISO 50001, etc.). By 2022, there are no list for public or private certification bodies accredited to ISO 17021 in South Sudan.

3.2.7.1.2 Product Certification

No product certification scheme has been established by the National Bureau of Standards. Owing to this gap, small and medium enterprises (SMEs) continue to produce goods which are already on the market shelves in supermarkets and shops across the country. To cope with the private sector demand for products certification, the management of SSNBS has developed the Quality Mark and has recently completed the technical regulations for the award and management of the Quality Mark. The Technical regulations for Quality Mark are yet to be approved by the Ministry of Justice and Constitutional Affairs. The Department of Certification is now working on the procedures for products certification in accordance with ISO 17065 and EAC SQMT Act 2006.

3.2.7.1.3 Inspection Services

In accordance with SSNBS Act 2012 and Weights and Measures Acts 2012, SSNBS has the mandate to conduct inspection at all levels for imports, exports, and services provided to consumers. Inspection services are undertaken by the Quality Assurance Department to ensure that both local and imported goods and/or services comply with quality requirements, with the aim of

protecting consumers from unfair trade practices in quality, quantity, presentation and labelling, based on certification practices that are recognized at the international level. The other public stakeholders involved in the inspection services are mainly ministries of: Agriculture & Food Security, Health, Livestock and Fisheries, Environment and Forestry, Petroleum, Transport, Trade and Industry, Roads and Bridges, Housing and Land, Energy and Dams, Water Resources & Irrigations and Wildlife, Tourism & Conservations and Energy and Dams. Some other institutions include parastatal/semi-autonomous institutions most notably DFCA, NCA, Road Authority, CAA, SSUWC, SSEC, Nile Petroleum Corporation, Gas and Oil Commission, Petroleum Authority, Engineering Council, Medical Commission. Public sector institutions are tasked with formulation and implementation of policies, legislations and regulations regarding products safety. The inspection of medicines and other regulated products is conducted by DFCA.

The NCA does general inspections of telecommunications equipment at ports of entry as well as in the fields during or after installations. The inspections at ports of entry are meant to ascertain compliance of these equipment/systems with the recommended standards and their suitability for the intended purpose of use while the field inspections are meant to verify correct installations and proper functionality of the equipment/systems. In South Sudan, there are no private sector entities that are performing inspections at the time of compiling this report. However, SSNBS has contracted three companies Baltic Control, Commodity Inspection Services (CIS) and Société Générale de Surveillance (SGS) to conduct pre- export verification of conformity (PVOC) on behalf of the SSNBS on all the consignment coming to South Sudan.

3.2.7.1.4 Testing

South Sudan National Bureau of Standards Testing Services Department was established in 2012 with the aim of providing laboratory facilities meant for examination and testing of commodities, materials whether in raw form, semi processed or fully processed. The Department is under the Directorate of Technical Operations of the SSNBS. The department supports the SSNBS mission by serving as the national laboratory for testing in the chemical and biological sciences as outlined in the SSNBS Act 2012. Testing Service is composed of four units namely; General Chemical Laboratory, Microbiology Laboratory, Cosmetic and Genetic Modified Organisms (GMO) Testing Laboratories. Generally, there is no reliable information about the number of testing laboratories

in South Sudan. Based on the information provided during the data collection, the laboratory testing covers more than 200 tests in various food and non-food products a year.

SSNBS Testing Services test mostly compositional and quality parameters such as ash, water content, carbohydrates, fat, peroxide value and acidity testing. The SSNBS Testing laboratories have limitation in testing of other chemicals of safety concerns such as mycotoxins, pesticides, and environmental contaminants just to name a few. Some SSNBS laboratories especially General Chemistry and Microbiology Laboratory are equipped with some modern and automated instruments such as high-performance liquid chromatography (HPLC), ultra-violet visible spectroscopy (UV-VIS), and atomic absorption spectroscopy (AAS). There is no Quality Management Systems (QMS) for the whole SSNBS, but there is a quality manual for Testing Services. Other agencies, DFCA, the ministries of: (i) Agriculture and Food Security (Pest Control and Seed Lab), (ii) Livestock and Fisheries (Central Veterinary Laboratory), Ministry of Water Resources and Irrigation (Central Water Quality Laboratory) and (iv) Ministry of Health (Public Health Laboratory) have laboratories that are directly or indirectly involved in testing in the country.

The Quality Control laboratory based at the DFCA has one HPLC while the Central Veterinary Laboratory has advanced laboratory instruments such as enzyme linked immunosorbent assay (ELISA). With the exception of the Central Veterinary Laboratory run by the Ministry of Livestock and Fisheries, most of the analytical instruments are not being fully utilised due to lack of technical capacity compounded by the stock out of reagents and consumables. Although some of these laboratories have been established in compliance with ISO/IEC 17025, the laboratories are not optimally functioning and as well do not participate in the inter laboratory comparisons and proficiency testing schemes.

Presently, there are no testing laboratories in the country that have been accredited in all of the analytical methodologies. In addition, there is no proper scheme for competency assessment of the laboratory analysts has been accredited. The exception is the National Public Health Laboratory

(National Microbiology, National Tuberculosis Reference Lab, National HIV Molecular lab and Measles lab) that has been enrolled in external quality assurance with the aim to accredit specific specialised laboratories. Currently, no testing services are available in South Sudan as relates to telecommunication and ICT equipment. The NCA only relies on test results from accredited and internationally recognised test laboratories around the world. South Sudan Roads Authority/Ministry of Roads and Bridges has a Central Testing Material Testing Laboratory where soils, concrete and asphalt are testing for roads and other constructions activities in the country. It is worth mentioning that some of the roads construction companies have small laboratories under the supervision of SSRA and Ministry of Roads and Bridges (MRB).

3.2.7.1.5 Quality promotion

Several projects aimed at improving productivity and capacity building, boosting of food production at the household level through support services, micro credit for farmer groups and farmers and training, rapidly increasing agricultural productivity in selected commodities, increasing trade, and improving the capacity of producers, private sector and public sector actors in to develop commercial smallholder agriculture, have been implemented in South Sudan after independence, in addition to several other direct interventions by NGOs. Presently, there are few programmes being implemented by the government of South Sudan and development partners. Some of the projects are being implemented by TMEA, FAO, UNIDO, GIZ, IGAD, Codex, AfDB, etc. Other projects implemented at EAC and IGAD Regional levels include the following:

- The Market Access Upgrade Programme (MARKUP) aims to increase exports of agribusiness and horticultural products and promote regional integration and access to the European market.
- Strengthening regional industrial value addition in selected priority sectors (pharma, leather, and fruits & vegetables).

3.3 Mechanisms for standards development and adoption and status of activities

The enactment of the SSNBS Act in 2012 began the process of developing the necessary infrastructure for coordinating the development of national standards and harmonising these with regional (East African Community) and international standards. The SSNBS facilitates the processes of standards development and other deliverables through its technical committees.

National standards are ideally developed by the adoption or modification of regional and international standards. Given this common approach, this scope has remained limited within the Standards Development Department of the SSNBS since its establishment. To date, only few national standards have been developed and adopted nationally without being harmonised with regional and international standards as required by the Act.

For instance, South Sudan has developed seven (7) national standards. About 300 regional standards (East African Standards or EAS) are available but these have not been adopted in South Sudan. Of the seven (7) adopted national standards, it is unclear whether these standards are wholly mandatory or partly voluntary. The Parliamentary Act of 2012¹ grants the SSNBS the status of National Standards Body (NSB) for the Republic of South Sudan. Under this legal mandate, SSNBS should endeavour to establish processes for the development of national standards based on consensus approach - as required by ISO/IEC Guide 59 (2019) and the principles in Annex 3 of the WTO TBT Agreement. The following are the available national standards in use:

- Gum Arabic
- Roads and Bridges
- Petroleum
- Leather and Leather products.
- Vehicles and mini buses.
- Cement blocks and red bricks.
- Textiles and textiles products.

Furthermore, SSNBS has joint TCs with EAC under East African Standards Committee (EASC). There are about nine major committees and their respective subcommittees, namely:

- Animals and animal products Technical Committee. with 5 subcommittees
- Agriculture, agro forestry and agrochemicals Technical Committee, with 11 sub committees
- Alcoholic and non-alcoholic beverages, drinking and waste waters and 3 subcommittees
- Packaging materials additives and contaminants with 3 subcommittees

- General Engineering with nine subcommittees.
- Health and medical equipment, with three subcommittees.
- Equipment of petroleum petrochemicals and natural gas, with eight subcommittees.
- Textiles and related products, with seven subcommittees.
- Electrochemical and information technology with five subcommittees.

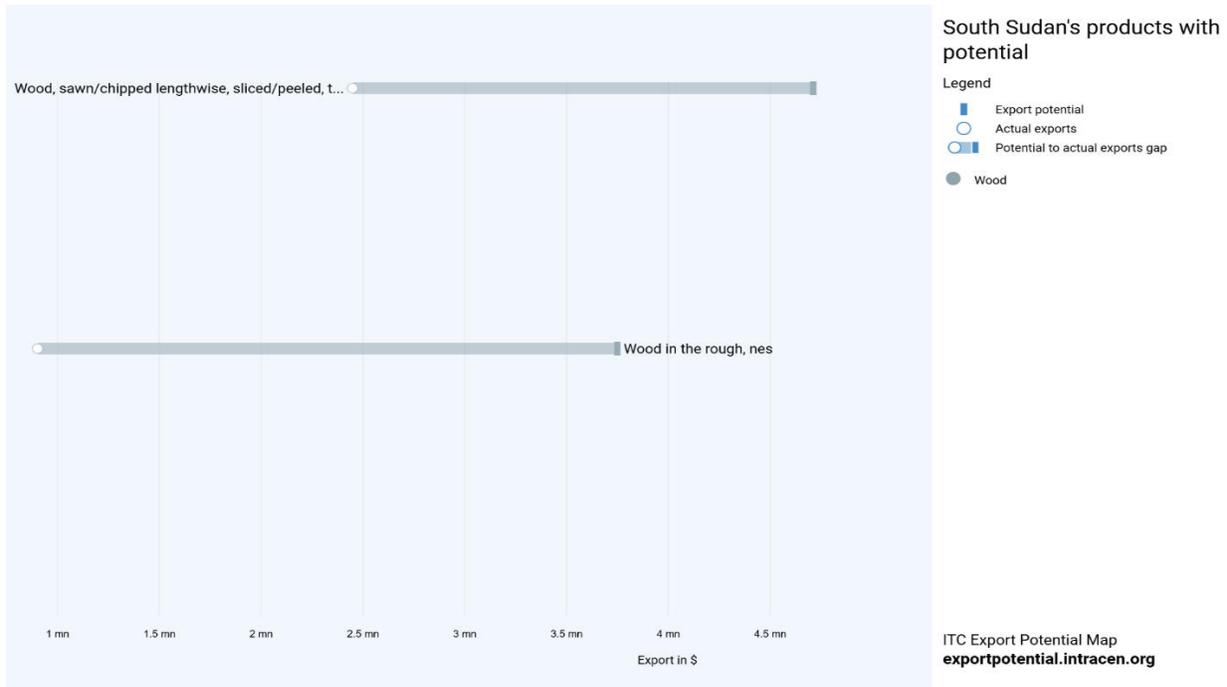
3.4 Quality and Market Access

The quality of products is an important aspect of market access with different tariffs imposed to ensure conformity.

3.4.1 Market Access and Export Potential

There is not record of the Most Favoured Nations Tariff rates on South Sudan's Primary and Total export partly because the country is barely involved in the global economy. However, as the country opens up for trade, there are some products for which it has some potential. The products with greatest export potential from South Sudan to the World are Wood, sawn/chipped lengthwise, sliced/peeled, thickness >6mm, Wood in the rough (Figure 26). Wood in the rough, shows the largest absolute difference between potential and actual exports in value terms, leaving room to realize additional exports worth \$2.8 mn. The products with greatest export potential from South Sudan to Africa are Wood, sawn/chipped lengthwise, sliced/peeled, thickness >6mm, {{ITEM_K2}}, and {{ITEM_K3}}. Wood, sawn/chipped lengthwise, sliced/peeled, thickness >6mm shows the largest absolute difference between potential and actual exports in value terms, leaving room to realize additional exports worth \$278,000. However, this is mainly a reflection of an underdeveloped export market and poor trade facilitation and logistics which hinders the country from putting forward a diverse number of commodities in which they would otherwise be competitive.

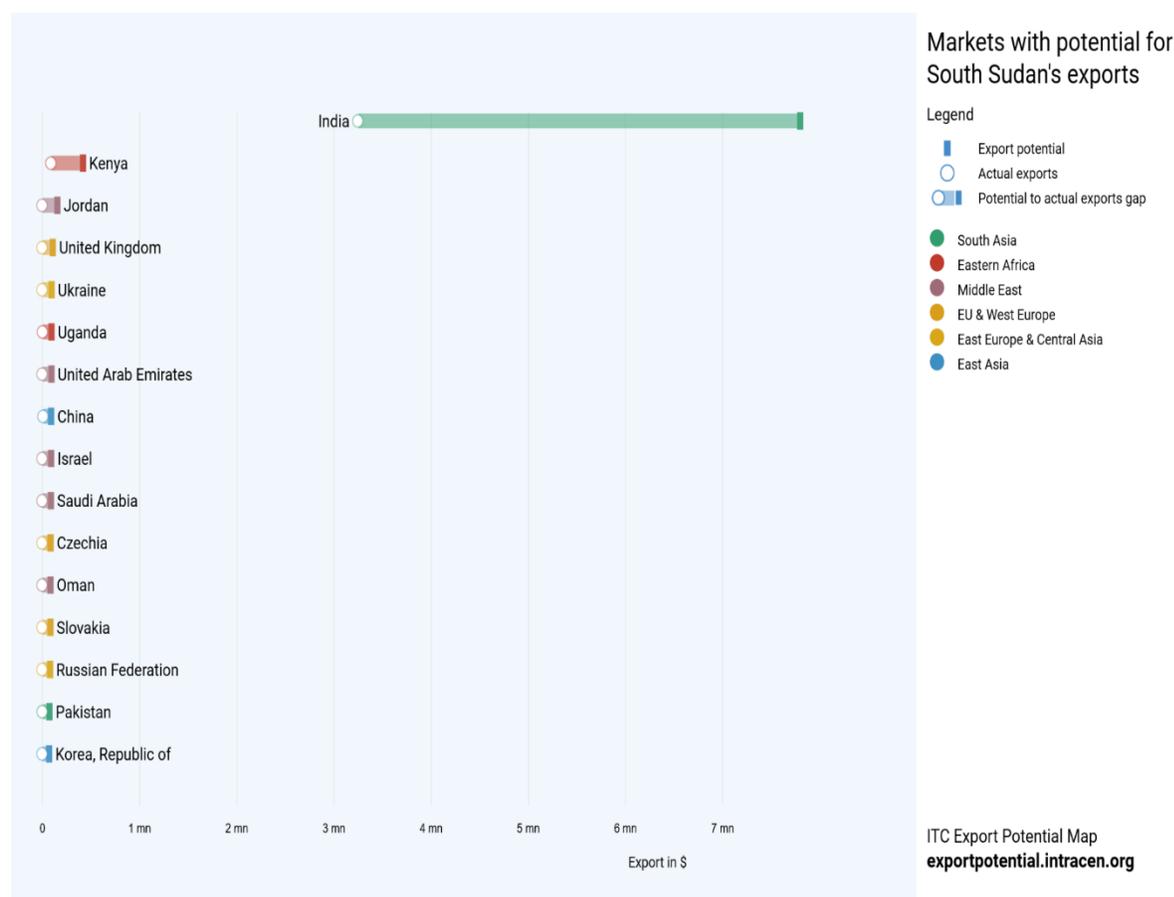
Table 16: South Sudan's Top Products with Export Potential in the World and regions



Source: International Trade Center, 2021

The markets with greatest potential for South Sudan's exports of all products are India, Kenya and Jordan (Figure 26). India shows the largest absolute difference between potential and actual exports in value terms, leaving room to realize additional exports worth \$4.5 million. In terms of regions, the markets with greatest potential for South Sudan's exports of all products are South Asia, Eastern Africa and Middle East. South Asia shows the largest absolute difference between potential and actual exports in value terms, leaving room to realize additional exports worth \$4.5 million.

Figure 26: Markets with potential for South Sudan's exports



Source: International Trade Center, 2021

3.4.2 Trade Capacity

The country's capacity for trade is constrained by an acute lack of infrastructure and other logistical facilitation enablers.

3.4.2.1.1 Lab testing capacity

(a) Food Safety Laboratories

There are six laboratories owned by the Government of South Sudan. These laboratories include the South Sudan National Bureau of Standards Testing Services, Ministry of Health Public Health Laboratory, The DFCA Quality Control Laboratory, Ministry of Agriculture and Food Security Pests Control Laboratory, the Ministry of Livestock and Fisheries Central Veterinary Diagnostic Laboratory and the Ministry of Water and Irrigation Central Water Quality Laboratory. However, these laboratories do not all have analytical capacity and capability to detect all the food safety

hazards. Some of the tests that these laboratories can perform are compositional and quality parameters, bacterial, viral, parasites, veterinary drugs and some chemical hazards. The challenge is that there are no sources of information to tell the number of food samples tested for specific pathogens and the number of the positive cases in the past five years. There is no available information on the origin of the most samples.

(b) Central Veterinary Laboratory

Ministry of Livestock and Fisheries has one Central Veterinary Laboratory (CVL) for animal health based in Juba. The CVL is currently the only operational veterinary laboratory in the Republic of South Sudan. It started functioning in 2019 and provides diagnostic services to support the control of important livestock diseases, vector and other emerging diseases. It also offers training for veterinary diagnosticians and laboratory technicians from both the State and national level. The laboratory has capability of detecting important livestock diseases such as food and mouth disease (FMD), Rift Valley fever (RVF), Peste des Petits Ruminants (PPR), contagious bovine pleuropneumonia (CBPP) and Brucellosis. The Ministry of Livestock and Fisheries is planning to establish satellite veterinary laboratories in the States to offer basic veterinary diagnostic services.

3.4.2.1.2 Equipment and human resource personnel

The country is inadequately resourced, both in skilled workforce, equipment and financial resources required for optimal operation across all standards and quality assessment aspects. There is limited human resources, limited laboratory space, inadequate of and outdated equipment of public laboratories to perform reliable services. This is clearly against the interest of consumer protection, and makes access to foreign markets very difficult.

3.5 Sanitary and Phytosanitary (SPS) compliance issues -SPS Policy or Strategy

South Sudan is a party to a number of international treaties relating to the trade of goods that confer rights and obligations. As an observer member of the World Trade Organization (WTO) and a member of EAC, South Sudan is obliged to ensure that sanitary (relating to human and animal health) and phytosanitary (relating to plant health) measures are based on science and applied only to the extent necessary to protect human, animal or plant life or health. Under the WTO Agreement on the Application of Sanitary and Phytosanitary Measures (SPS Agreement), the International

Plant Protection Convention (IPPC) is recognised as the international organisation to set international standards for phytosanitary measures. The legislative framework relating to food safety, animal health, and plant health in South Sudan is not fully developed. Many of the stakeholders have developed some of the bills that are pending legislation. The current situation is described as follows:

3.5.1 Food Safety

Food safety is the assurance that if food is eaten as intended it will not cause harm. The harm is because of foodborne hazards, which can be biological, chemical and or physical. Foodborne diseases (FBD) can be at best unpleasant—at worst, they can be fatal. There are other consequences of FBD, which include damage to trade and tourism, and loss of earnings, unemployment and litigations. Foodborne illnesses are a result of action or inaction by stakeholders along the farm to fork continuum. Food safety is a public good best led by national governments. Understanding the governance and public health problems regarding animal, fruits and vegetable value chains is a first step to developing strategies to address food safety in South Sudan.

3.5.1 Institutions Responsible for Food Safety and their Roles

Food safety implementation is a shared responsibility among several ministries and agencies. This covers all institutions or organisations involved in food safety: ministries, agencies, local authorities, boards, committees, inspectorate services, development authorities, universities, institutes, and the private sector. Most of these institutions have laws, regulations and policies, which are either specifically on food safety or some components of food safety. Several agencies share responsibilities in food safety. These responsibilities are shared amongst inspectorate agencies like the South Sudan National Bureau of Standards (SSNBS), and regulatory agencies like the Drug and Food Control Authority (DFCA), and States (Local Authorities) besides the National Ministries, i.e., the Ministry of Agriculture and Food Security (MAFS), the Ministry of Livestock and Fisheries (MLF) and the Ministry of Health (MoH). It is important to mention that in South Sudan, activities related to Food Safety are mainly policy-based. For instance, institutions such as the SSNBS, DFCA, MLF, and MAFS have quarantine units at the airport. There is a mixed of responsibilities and mandates in food safety system in South Sudan. Between all the mentioned

institutions of food safety stakeholders, there is no clear coordination mechanisms reflected along food production chain in their policies and regulations.

For example, the Ministry of Agriculture and Food Security at the national level works independently on issues related to food production along the fruit and vegetable food chain and likewise the Ministry of Livestock and Fisheries in the animal food production chain. The Ministry of Health has the roles of ensuring adequate health and nutrition to the general population in the country. SSNBS and DFCA that have regulatory and inspectorate mandates work in parallel mode. The South Sudan National Bureau of Standards has roles of ensuring food quality.

As the statutory agency, its roles encompass preparation and promulgation of standards in an endeavour to help local industry to produce quality products. It does this through developing standards, testing, quality assurance, metrology and export guidance for local companies that support them in meeting quality needs of buyers, at home and abroad. The DFCA's key role is of regulating processes [licensing of manufacturers, importers and distributors of medicinal products]. This includes evaluation and authorization of products for use locally, inspection and enforcement activities, quality control and testing of regulated products, surveillance and provision of therapeutic information services to ensure safety and quality and medicines. The local government authorities are involved in general hygiene and sanitation of premises selling foods and food commodities.

3.5.2 Food Safety Legislations

Most of the policies are either in their draft versions or are not updated to reflect the current regulatory environments. Food safety is both a national and international obligation and, in this regard, South Sudan is subject to national and international regulatory frameworks, via its memberships to the United Nations, African Union, East African Community, World Trade Organisation (SPS Agreement) as a country with responsibility for public health and economic development. Modern food laws which recognise the needs to apply preventative control measures need to be present; that said, an effective food safety control system must have legislations that guide practice and provide appropriate penalties as per the applicable Laws. Because of this, it appears the domestication of international standards and requirements into national laws have remained lagging and not been achieved so far.

International standards and requirements are supposed to be gazetted by the South Sudan National Bureau Standards; however, it appears this is not being done. Consequently, there is no clear policy especially codes and practice that guides inspection and laboratory services. The current system seems to lack clear delineation of roles between Ministries and Agencies responsible for food safety control system. This results in duplication of service and a burden on businesses due to unnecessary doubling of inspection costs.

3.5.3 Focal Point for Codex Alimentarius

The SSNBS which is under jurisdiction of the Ministry of Trade and Industry, is the Codex Alimentarius contact point in the country. South Sudan National Codex Committee (SSNCC) was established in 2020. The SSNCC comprises staff from related ministries and agencies that deal with food safety standards and regulations, senior scientists, associations of food producers, consumers' associations and academia. The committee represent the interests of our consumers, farmers, agribusiness and the food industry. Presently, the SSNCC is active in formulating national policy relating to the handling of Codex in the country and important issues pertaining to food safety that are under discussion in Codex. However, the activities of the Codex Committee remain limited due to weak coordination among the organizations dealing with control, standards, enforcement and testing; inadequate training and limited capacity of the staff; and lack of appropriate testing facilities. Another constraint is the shortage of funding from the government to strengthen the national Codex activities. In consultation and collaboration with development partners, South Sudan is planning to improve private sector's awareness and understanding of functioning of the SSNCC Codex and passing appropriate legislation.

3.5.4 Animal Health

The Ministry through the Directorate of Veterinary Services is responsible for animal health service delivery, including disease surveillance, control and prevention, laboratory diagnostic services, clinical services, and animal health and welfare, inspection and certification in order to facilitate animal production and trade. Also having competence for ensuring or supervising the implementation of animal health and welfare measures international veterinary certification and other standards and recommendations in the Terrestrial Code and in the OIE Aquatic Animal Health Code in the whole territory.

3.5.5 Animal Health Legislation

The Ministry of Livestock and Fisheries is the competent authority in the primary link of animal health and production. Veterinary legislations are crucial legal instruments, which govern the practice of veterinary delivery services, animal health, animal welfare and production for sustainable development and promote commercialisation of livestock in South Sudan. The country has legislations and several regulations as well as bills that govern Animal Health. Some of the Bills are submitted to Ministry of Justice and Constitutional Affairs for enactment.

The legislations and regulations include the Transitional Constitution of the Republic of South Sudan (2011), Animal Diseases and Pests Control Bill 2013, Meat and Slaughterhouse Inspection Board Bill, 2013, South Sudan Marketing Board, Meat Commission, and Dairy Development Bills 2013, Hides, Skins and Leather Processing Bill 2013, Livestock Production Bill, Animal Welfare Bill, 2013, Fisheries and Aquaculture Bill and National Agriculture and Livestock Extension Policy 2011. The Ministry of Livestock and Fisheries has other bills pending legislation and these include Fertilizers and Animal Food Stuffs of Animal Origin Bill 2013, Veterinary Drug Control Board Bill, 2013 and Veterinary Surgeons and Para-Veterinary Practitioners Bill 2013.

3.5.6 Focal point for the OIE (World Animal Health Organisation)

The Directorate of Veterinary Services, Ministry of Livestock and Fisheries is the focal point for OIE, represented by the Director General as OIE Delegate of the Country. South Sudan participates regularly in other OIE activities and discharges its responsibilities as an OIE member country through regular disease reporting and by commenting on draft standards, just to name a few. As the focal point, the Directorate of Veterinary coordinates South Sudan's OIE work and draws on the expertise of other South Sudan government ministries and agencies, industry bodies and other experts on the issues under consideration.

3.5.7 Competent authority for export of food of animal origin to other countries

Ministry of Livestock and Fisheries is the competent authority for export of all animal origin products. In collaboration with the Ministry of Trade and Industry, the Directors of Veterinary

Services and Animal production are the main pillars facilitating export and import for food of animal origin. The Ministry of Trade and Industry is responsible for formulating and administering policies as well as regulating activities in trade and industrial sectors.

3.5.8 Plant Protection

The Ministry of Agriculture and Food Security (MAFS) is the primary representative of, and advisor to, the Government of South Sudan on all matters relating to the maintenance and improvement of South Sudan's plants health status and the systems that support it. The Ministry also works to address major plants health issues of national interest, such as the threat of desert locust, and enhancing trade and market access for plants and plants products. The Directorate in collaboration with the broader Ministry and external stakeholders works to mitigate the risks and potential impacts of exotic plants diseases and enhance the protection of South Sudan's plants health environment.

3.5.9 Registration and Control of the Use of Pesticides

The Directorate of Plants Protection of the Ministry of Agriculture and Food Security (MAFS) is responsible for the importation and distribution of pesticides in the country. The Directorate also provides training to staff working in plant protection directorate around the country. In turn, the staff members of the plant protection departments are involved in training of field extension workers and farmers. Local distribution of pesticides is carried out by the State MAFS to the counties. It is important to underscore that, at the time of compiling this report, there was no regulatory framework for the importation and use of pesticides in South Sudan. However, based on discussion with officials in the ministry, there are ongoing plans to develop national regulatory framework for the importation and use of pesticides in South Sudan.

Nevertheless, MAFS recently finalised a draft Pesticides Policy which is yet to be presented to the Council of Ministers for consideration. The enactment of this Policy is expected to lead to the establishment of a Pesticides Council. The draft policy supports efforts to use recommended chemicals and to ban/control illegal importation of pesticides that are not approved. Similarly, there is no formal policy on organic agriculture or the development, quality control and marketing of organic produce. South Sudan is not a signatory to the Stockholm Convention on Persistent Organic Pollutants (POPs), and therefore, has not established this in domestic law.

3.5.10 A summary of the main provisions of the plant protection/health legislation

The Republic of South Sudan is committed to achieving food security and reducing poverty, which is guided by the Comprehensive Agricultural Master Plan Policy 2015 (CAMP). The country has legislations and several regulations as well as bills that govern Plant Health. The legislations and regulations include the Transitional Constitution of the Republic of South Sudan (2011), draft Pesticides Policy, Integrated Pest Management (IPM) policy, South Sudan National Agriculture and Livestock Extension Policy 2011 and Agriculture Sector Policy Framework (2012-2017) which incorporates Plant Protection, Fertilisers and Seed policies.

As these policies are already outdated, there are ongoing efforts by the ministry to update some of these policies through support from the FAO and other development organisations. The Ministry has already submitted some Bills to the Ministry of Justice and Constitutional Affairs for enactment. The Ministry is also working with the Ministry of Cabinet Affairs for some policies to be presented to the Council of Ministers for consideration.

3.5.11 Plants Protection Laboratories

MAFS has Pest Control and Seed Laboratory based in Juba under the Directorate of Plant Protection/Research and Training. It supports the ministry's mission of protecting and controlling plants pests and diseases in the country. It also offers training to staff working in Plant Protection Directorate and other directorates in the ministry. It is worth noting that this laboratory is under resourced, both human and financial, limiting its analytical capacity and capability in term of skilled workforce, adequate instruments and equipment. Further to this, the laboratory is not accredited to ISO 17025, casting doubt on compliant and reliability of the results it produces. This is the only Plants Protection and Seeds Laboratory in the country though there were plans to open three additional laboratories at the border towns of Nimule, Kaya and Nadapal. However, the plans could not take off due to the conflicts which erupted in 2013 and 2016. Despite the security challenges, there is a strong commitment towards opening more laboratories in the country.

3.5.12 Focal Point for the IPPC (International Plant Protection Convention)

South Sudan is a contracting member to the IPPC, which is a multilateral treaty for cooperation in plant health and protection under the auspices of the Food and Agriculture Organization of the United Nations (FAO). The Directorate of Plants Protection of the MAFS is a focal point for IPPC. The Directorate of Plant Protection work closely with States and Administrative Area governments and industry to implement international plant protection standards to protect South Sudan's plant resources from harmful pests, while ensuring that the measures are justified and are not used as unjustified barriers to international trade.

3.5.13 Status of adoption of risk assessment concept

Physical inspection regime of shipments continues to cause significant delays at border crossings and at Juba airport with officials requiring every bag to be opened and inspected. Such inspection regime creates room for corrupt practices and also causes losses. Unfortunately, there is inadequate capacity for risk management not with the customs authorities in SSRA nor with other agencies such as Ministries of Trade and Agriculture. No risk management system has been developed prompting all agencies to keep on checking and inspecting every consignment. South Sudan has abundant fruits and vegetable potential but such inspection regime would be detrimental to trade in such perishable products.

3.5.14 QI and interagency coordination at the border

While there are ongoing plans to develop and improve on information-sharing system, there are challenges pertaining to lack of communication and awareness of SPS issues across majority of the stakeholders and value chain actors. Generally, there is no formalised structure for coordination and communication between relevant ministries and other stakeholders on events of national and international interests. This often leads to duplication of efforts and delays in response. In recent years, the committee for the East African Community Technical Barriers to Trade (TBT) forum has been formed. However, proposal for the formation of National committee on TBT in accordance with WTO is yet to be approved by the Council of Ministers of the Republic of South Sudan. The Ministry of Trade and Industry works with South Sudan's trading partners and other

government agencies to hold open discussions on TBT measures impacting on both imports and exports of agricultural, fisheries and forestry goods.

The ministry works with other government agencies to develop domestic policies, such as food labelling laws and illegal logging, which are covered by the TBT Agreement. Similarly, the National SPS committee is not formed, but Cabinet Memo has been prepared and lodged through Office of the Minister of Trade and Industry for presentation to the cabinet and subsequent endorsement. Despite this step, there has been little progress owing to unforeseen challenges. Under the SPS administration, the Ministry of Agriculture and Food Security and Ministry of Livestock and Fisheries have shared responsibilities for setting and administering the country's SPS measures, and for looking after South Sudan's exports through maintaining and improving technical market access along with the Ministry of Trade and Industry.

The latter works closely with other South Sudan Government's ministries and agencies in meeting its rights and obligations under the SPS Agreement. Under the transparency provisions of WTO Agreement on the Application of SPS Measures, and Agreement on TBT Agreement, South Sudan is required to have a National Enquiry Point (NEP), and a National Notification Authority (NNA) with the responsibilities of receiving enquiries and providing information on country's SPS/TBT related measures and notifying the WTO on its measures. The Government of South Sudan has Ministry of Livestock and Fisheries, SSNBS and Ministry of Agriculture and Food Security as SPS enquiry points for OIE, CAC and IPPC respectively. The Directorate of External Trade of the Ministry of Trade and Industry is designated as the NNA focal point. The TBT contact point is mainly domiciled within the Ministry of Trade and Industry. In addition to its obligations set out in the SPS and TBT agreements, South Sudan's SPS and TBT contact points distribute all SPS and TBT notifications to interested stakeholders and liaises closely with these stakeholders when a comment on a notification is required.

3.5.15 Review of QIS to address Technical Barriers to Trade (TBT)

3.5.15.1 Legal and Regulatory Framework

The National Quality Policy (NQP) has not been enacted since it was developed in 2016. This Policy is the basic governing instrument for establishing, formalising, and overseeing the development and performance of a quality infrastructure. The country has legislations and several regulations and administrative documents that govern regulatory framework. However, many of the documents are still in draft forms

3.5.15.2 Governance

The governing system within the NQI institutions has variations at the governance and regulatory framework levels. First, the National Quality Policy (NQP) has not been enacted since it was developed in 2016. This Policy is the basic governing instrument for establishing, formalising, and overseeing the development and performance of a quality infrastructure. Second, the National Quality Council (NQC) which should oversee the implementation of the NQP could not be constituted owing to delay in the enactment of the NQP. These, in turn, affect the decision-making and regulatory capabilities of government regarding quality infrastructure. In South Sudan, the private sector is the dominant provider of goods and services. The limited governance capacity of the government, as a consequence of the civil war and the complex political system of the country, has led to the rapid growth and expansion of the private sector in a highly unregulated manner. For instance, the country has legislations and several regulations and administrative documents that govern regulatory framework. However, many of the documents including National Quality Policy, SPS Cabinet Memo and SPS Strategy are all in draft forms and therefore cannot be put into operation.

Technical regulations systems currently existing in South Sudan differ significantly from what is nowadays understood as standardization in the region and other advanced market economies. South Sudan's system is not risk-focused and places a burden on business not commensurate with the benefits it has to offer to society. The government should act fast enough to enact both legislative frameworks and technical regulations in an endeavour to comply with regional and international trade obligations based on the WTO Agreements.

3.5.15.3 Institutional framework

(a) Coordination Mechanisms

South Sudan largely lacks a complete regulatory framework relating to national quality and SPS infrastructure. While there are ongoing plans to develop and improve on information-sharing system, there are challenges pertaining to lack of communication and awareness of SPS issues across majority of the stakeholders and value chain actors. Generally, there is no formalised structure for coordination and communication between relevant ministries and other stakeholders on events of national and international interests. This often leads to duplication of efforts and delays in response.

(b) National TBT or SPS Committee

In recent years, the committee for the East African Community Technical Barriers to Trade (TBT) forum has been formed. However, proposal for the formation of National committee on TBT in accordance with WTO is yet to be approved by the Council of Ministers of the Republic of South Sudan. The Ministry of Trade and Industry works with South Sudan's trading partners and other government agencies to hold open discussions on TBT measures impacting on both imports and exports of agricultural, fisheries and forestry goods. The ministry works with other government agencies to develop domestic policies, such as food labelling laws and illegal logging, which are covered by the TBT Agreement. Similarly, the National SPS committee is not formed, but Cabinet Memo has been prepared and lodged through Office of the Minister of Trade and Industry for presentation to the cabinet and subsequent endorsement. Despite this step, there has been little progress.

Under the SPS administration, the Ministry of Agriculture and Food Security and Ministry of Livestock and Fisheries have shared responsibilities for setting and administering the country's SPS measures, and for looking after South Sudan's exports through maintaining and improving technical market access along with the Ministry of Trade and Industry. The latter works closely with other South Sudan Government's ministries and agencies in meeting its rights and obligations under the SPS Agreement. Under the transparency provisions of WTO Agreement on the Application of SPS Measures, and Agreement on TBT Agreement, South Sudan is required to have a National Enquiry Point (NEP), and a National Notification Authority (NNA) with the

responsibilities of receiving enquiries and providing information on country's SPS/TBT related measures and notifying the WTO on its measures. The Government of South Sudan has Ministry of Livestock and Fisheries, SSNBS and Ministry of Agriculture and Food Security as SPS enquiry points for OIE, CAC and IPPC respectively. The Directorate of External Trade of the Ministry of Trade and Industry is designated as the NNA focal point. The TBT contact point is mainly domiciled within the Ministry of Trade and Industry. In addition to its obligations set out in the SPS and TBT agreements, South Sudan's SPS and TBT contact points distribute all SPS and TBT notifications to interested stakeholders and liaises closely with these stakeholders when a comment on a notification is required.

(c.) National Codex Committee

The regulatory system for food safety in the Republic of South Sudan is in the developmental stages, with political will and commitment of the Government as demonstrated by its membership of the Codex Alimentarius. The National Codex committee comprises of all stakeholders related to Codex activities and mandate has been constituted recently. However, operational links between different focal points and sectors are yet to be established, leaving no formal mechanism for multi-sectoral collaboration and coordination. These issues can, and should be addressed quickly to improve coordination and food safety in the country.

3.5.15.4 SPS and Technical TBT enquiry and National Notification Authority Points

South Sudan is yet to establish SPS and Technical TBT enquiry and the National Notification Authority Points.

3.6 Summary of Trade Quality and Standards Challenges in South Sudan

3.6.1 Quality and Standards

- SPS Policies are lacking- Effort has been made on a draft but this remains incomplete and unimplemented. The absence of this policy has meant the absence of recognized standards for some of the export sectors especially for horticulture and this would affect any market access especially to strict markets such as EU.

- A lack of an accredited standard has meant that some export sectors have to rely on private standards from various markets. Audit costs for these market standards are very high and sometimes very prohibitive.
- There is inadequate infrastructure for tests, quality and standards management overall. The issue is mainly at the early stages of the value chain and the National Inquiry point has very limited capacity for this mandate. This has allowed poor quality products to get into the chain consequently delaying exports at the border points and sometimes prompting rejection and losses.

3.6.2 Risk Management Issues

- Physical inspection regime of shipments continues to cause significant delays at border crossings and at Juba airport. Such inspection regime creates room for corrupt practices and also causes losses.
- No risk management system has been developed prompting all agencies to keep on checking and inspecting every consignment. South Sudan has abundant fruits and vegetable potential but such inspection regime would be detrimental to trade in such perishable products.

3.7 Recommendations to improve Trade Quality and Standards

3.7.1 Quality and Standards for Trade

- Adopt and effectively implement National Quality Policy with broader spectrum of the seven functions of Quality Infrastructure System which include, Accreditation; Standardization; Metrology; Conformity assessment, Quality promotion and use to enhance and ensure conformity with standards requirements, quality management and assurance
- Develop institutional capacities to improve compliance with standards and Technical Regulations, customs administration;
- FastTrack the enactment of the TBT/SPS related laws and regulations for SPS and TBT in line with international best practice noting that most bills are in draft.
- Raise awareness among South Sudanese companies about these major standards that are required by certain export markets and guide exporters to comply with international standards;

- Participate in regional, continental and international standard setting bodies and related fora to inform future standard setting in South Sudan, represent South Sudan's interests, gain experience for setting future standards for the country, and to ensure that these standards do not become barriers to South Sudan's exports
- Upgrade the capacities of institutions dealing with standards and also harmonize local standards with regional and international standards;
- Establish SPS and TBT enquiry and National Notification Authority Points
- Provide technical assistance to the productive sector on quality related issues, and thereby help it to comply with health, safety, environmental and technical standards;
- Adopt and effectively implement Sanitary and Phyto-Sanitary (SPS) strategy to provide guidance in strengthening SPS related regulations and institutional framework
- Consider adoption and integration of the e-phyto in the implementation of trade facilitation measures

3.7.2 Risk Management Measures

- Review of the profiling mechanism and procedures in the customs and in other government agencies.
- Training and build capacity of border agencies on risk management.
- Establish an ICT infrastructure to support national risk management framework.
- Develop multi-agency risk management framework.
- Administrative guidelines and standard operating procedures that will manage risks coming from the implementation of the national SPS framework.

CHAPTER 4: TRADE FACILITATION

4.1 Introduction

South Sudan has a significant infrastructure deficit, which must be addressed to provide necessary impetus for economic diversification. The Economic cluster of the NDS 2018-2021 sought to expedite investment in critical economic infrastructure development including transport infrastructure (roads, rail, inland ports) as well power, Agriculture technology and infrastructure. The Revised National Development Strategy 2021 – 2024 (R-NDS) also has broad strategies to develop the country’s infrastructure. As a land-locked country, trade Facilitation is particularly important for export competitiveness as exporters require efficient access to imported raw materials, intermediate goods and capital goods for domestic production to support national and regional global value chain. Delays in the process of clearing goods translate into higher costs of commodities with wider impact on trade competitiveness and consumer welfare.

Trading across borders has not been efficient for South Sudan with a total cost of export and import compliance at USD 987 and 1131 respectively. South Sudan was ranked position 180 out of 190 in regards to trading across the borders in the 2020 World Bank Ease of Doing Business report. Improved and modern trade facilitation systems are expected to increase competitiveness of the private sector, especially small and medium-sized enterprises (SMEs), by reducing direct and indirect trade transaction costs, helping build export capacity and deepening regional and global integration. This chapter seeks to assess the undergoing trade facilitation measures to increase efficiency of import and export administration in order to connect to national, regional and global value chains. The quality of infrastructure is often a function of the public investment in its development. On that measure, in the region, South Sudan dedicates one of the least amounts of resources to infrastructure development. At 60 million USD in 2018, the country beats only Somalia, and the very small Burundi (Table 17). This is in spite of the country being the biggest in land area.

Table 17: Infrastructure budgets: National Government Budget Allocations (\$m), 2018

Economy	Internal financing (\$, millions)
Ethiopia	536
Kenya	982
Somalia	9
South Sudan	60
Tanzania	3,352
Uganda	1,040
Rwanda	141
Burundi	15
DRC	80

Source: SSNBS, 2022

This section therefore this chapter assesses the status of trade facilitation measures implemented since DTIS 2014 and perspective for future in light of the EAC and AfCFTA commitments and WTO TFA agreement.

4.2 Infrastructure Quality

This section looks at the infrastructure condition and performance including suitability to support key national value chains, reducing post-harvest losses and linking producers to markets.

4.2.1 ICT

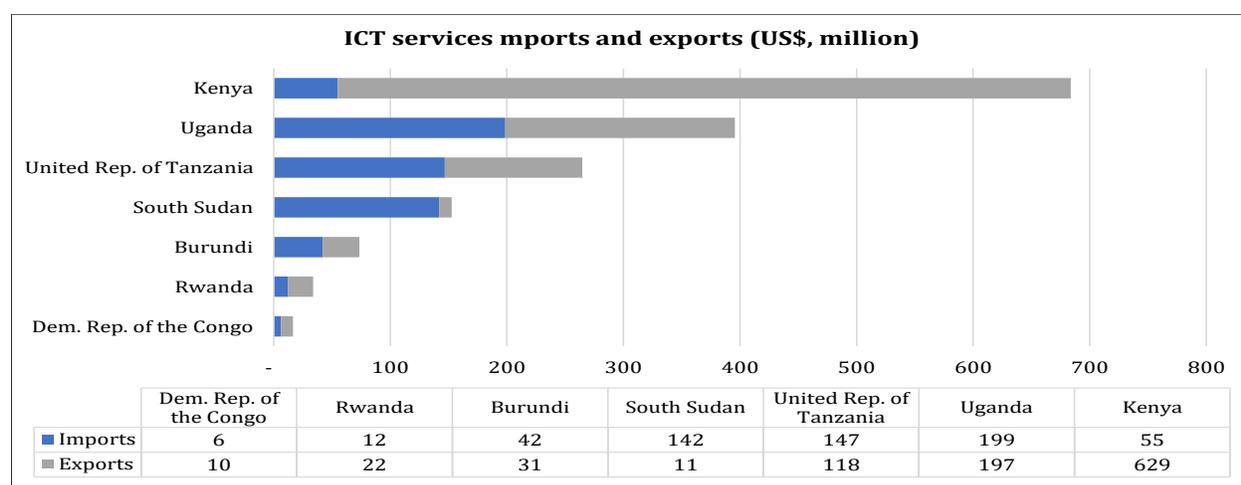
4.2.1.1 ICT Connectivity and Trade

The availability of telecommunication services is a vital contributor to economic development access to reliable and high-quality information and communication technology (ICT) infrastructure and services has become a necessity for traders in the era of globalization in order to exchange information about products and markets quickly, effectively, and efficiently. Likewise, ICT infrastructure is the precondition to facilitate trade by allowing computerized online import and export administration. Finally, it provides the opportunity for businesses to sell their products (both goods and services) through electronic commerce (e-commerce) which, as the ICT Policy states, offers tremendous growth opportunities for businesses in south Sudan by enabling local businesses to access potential markets throughout the world Telecommunication services are essential for trade competitiveness: they contribute to economic growth in their own right, and they have become an essential input for many export-oriented activities. While ICT is crucial and important in providing enabling environment to facilitate trade and investment, South Sudan faces

a challenge of low connectivity and weak communication infrastructure which is essential to facilitate trade.

One of the measures of the quality or depth of infrastructure of a country, is the level of trade in the particular infrastructure services. And although for the period 2015-2019, South Sudan’s Exports of ICT at 11 million USD, were slightly higher than those of DRC at 10 million USD, the country does much worse than other peers in the region on the ICT export measure (Figure 28). In terms of imports, South Sudan’s ICT services one of the highest in the region, only less than with Uganda’s at 199 million USD and Tanzania at 147 million USD (Figure 27). The government of South Sudan has been put in efforts to improve access and quality of ICT in the country.

Figure 27:South Sudan and EAC states ICT services exports and imports (US\$, million) (2015-2019)



Note: Kenya data is for only 2019, Rwanda data is for only 2015 while the rest of the countries have 2015-2018 data

Note: The ICT services analyzed are telecommunications, computer & information services and communication

Source: COMTRADE (2021)

Even though statistics on the country are scanty, available data shows that South Sudan has one of the worst ICT indicators in the region and globally. For example, in 2017, only 7 percent of the population used internet, compared to 21 percent in Rwanda, 17 percent in Kenya and way below the Sub-Saharan average of 22.3 percent (Table 18).

Table 18: Individuals using the Internet (percent of population) in South Sudan with comparators (2011-2020)

Country Name	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Individuals using the Internet (percent of population)										
Burundi	1.11	1.22	1.26	1.40	2.10	2.40	2.66	5.00	5.20	
Kenya	8.80	10.50	13.00	16.50	16.59	16.60	17.83	19.50	22.57	
Rwanda	7.00	8.02	9.00	10.60	18.00	20.00	21.77	25.00	26.00	
South Sudan	-	-	3.83	4.52	5.50	6.68	7.98			
Sub-Saharan Africa	8.23	9.57	11.60	14.13	17.51	18.96	22.31	26.27	28.97	
World	31.25	34.16	36.32	38.30	40.91	43.80	46.32	49.91	56.73	
Burundi	1.11	1.22	1.26	1.40	2.10	2.40	2.66	5.00	5.20	
Congo, Dem. Rep.	1.20	1.68	2.20	3.00	3.80	6.21	8.62	11.70	12.50	

Source: World Development Indicators, 2021.

Similarly, even taking into account population numbers, South Sudan has one of the lowest mobile cellular subscribers in the region and globally. For example, in 2019, at 2.2 million subscribers, this is only 18 percent of the population, compared to 25.4 million (56 percent of the population) for Uganda and Rwanda at 9.7 million (80 percent of the population) (Table 19).

Table 19: Mobile cellular subscriptions (Millions)

	2012	2013	2014	2015	2016	2017	2018	2019	2020
World	6,260.8	6,661.7	6,999.3	7,181.9	7,509.4	7,756.0	7,905.0	7,992.6	7,324.8
Sub-Saharan Africa	544.5	618.1	681.0	752.0	752.4	765.2	770.2	796.2	820.1
Kenya	30.7	31.8	33.6	37.7	39.0	42.8	49.5	54.6	61.4
Tanzania	27.2	27.4	31.9	39.7	40.0	40.0	43.5	47.7	51.2
Congo, Dem. Rep.	20.1	28.2	37.1	37.8	28.9	35.4	36.5	37.1	40.8
Uganda	16.4	18.1	20.4	20.2	22.8	25.0	24.5	25.4	27.7
Rwanda	5.7	6.7	7.8	8.8	8.9	8.8	9.7	9.7	10.6
Burundi	2.3	2.5	3.2	5.0	5.4	5.9	6.3	6.5	6.6
South Sudan	2.3	2.9	2.9	2.9	2.7	2.8	1.9	2.2	-

Source: World Development Indicators, 2021.

The policy objectives for South Sudan to achieve ICT connectivity and trade are:

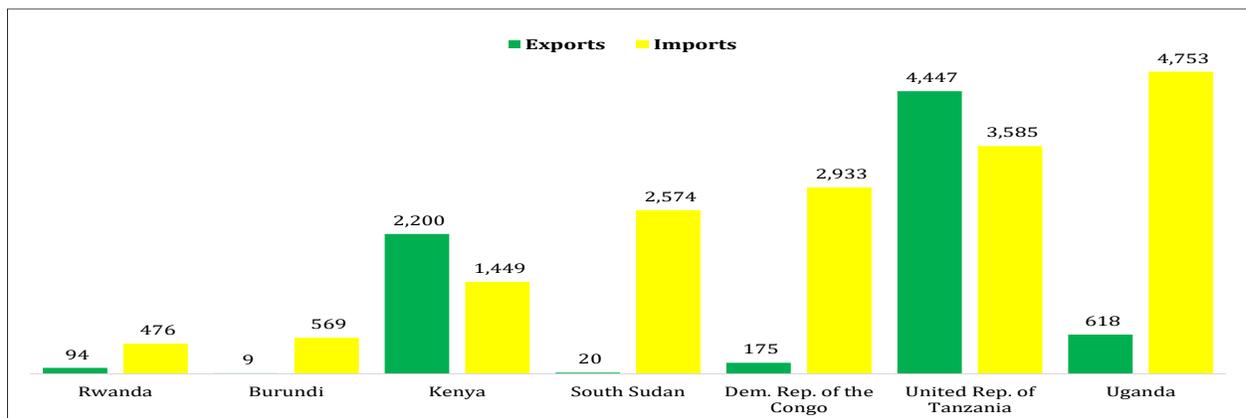
- To develop an expanded high quality and affordable ICT infrastructure which enables traders to participate in the global marketplace;
- To expand the use of ICT in all relevant ministries and agencies of Government for the development and facilitation of trade in South Sudan;

- To encourage the use of ICT in the private sector and thus increase efficiency to facilitate trade development;
- To continuously improve laws and regulations to meet global best practices and to make sure competition is upheld in a fast-changing technological sector.

4.2.2 Transport and Logistics

South Sudan’s transport sector is underdeveloped. In the East African region, the average of South Sudan’s exports of transport services for the period 2015-2019, at 20 million USD is much lower than for peers such as Uganda at 618 million USD, Kenya at 2.2 billion USD and Tanzania 4.7 billion USD (Figure 28). In terms of imports, South Sudan’s imports are only lower in the region than those for Uganda, at 4.7 billion USD dollars, Tanzania at 4.4 billion USD, and DRC at 3.5 billion USD. The large number of imports of transport services is a reflection of South Sudan’s desire to improve its logistical capacity and to industrialize but also creates an opportunity for the country to develop its domestic infrastructural capacity and to reduce the reliance on imports. This will in turn improve its competitiveness in terms of infrastructure quality.

Figure 28: South Sudan and EAC states exports and imports of transport services (US\$, million) (2015-2019)



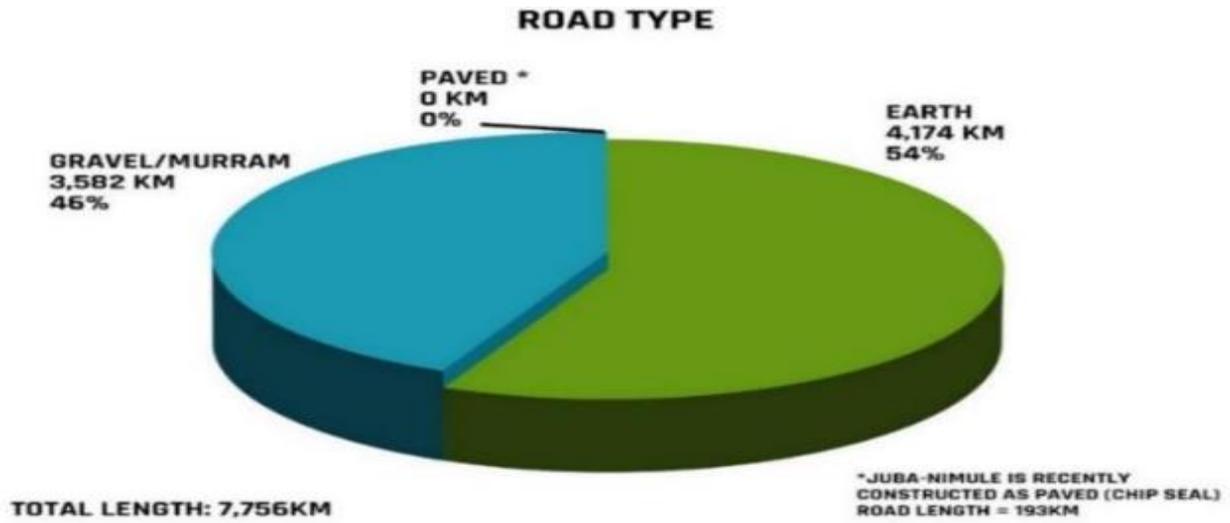
Note: Kenya data is for only 2019, Rwanda data is for only 2015 while the rest of the countries have 2015-2018 data

Source: COMTRADE (2021)

4.2.3 Road Transport

South Sudan has one of the lowest road densities in Africa. The country has a total road network of 17,000 km with most, gravel roads which are impassable during the rainy season (Figure 29). The only trunk road that is paved is the 192 km road from Juba to Nimule.

Figure 29: Classification of South Sudan Roads



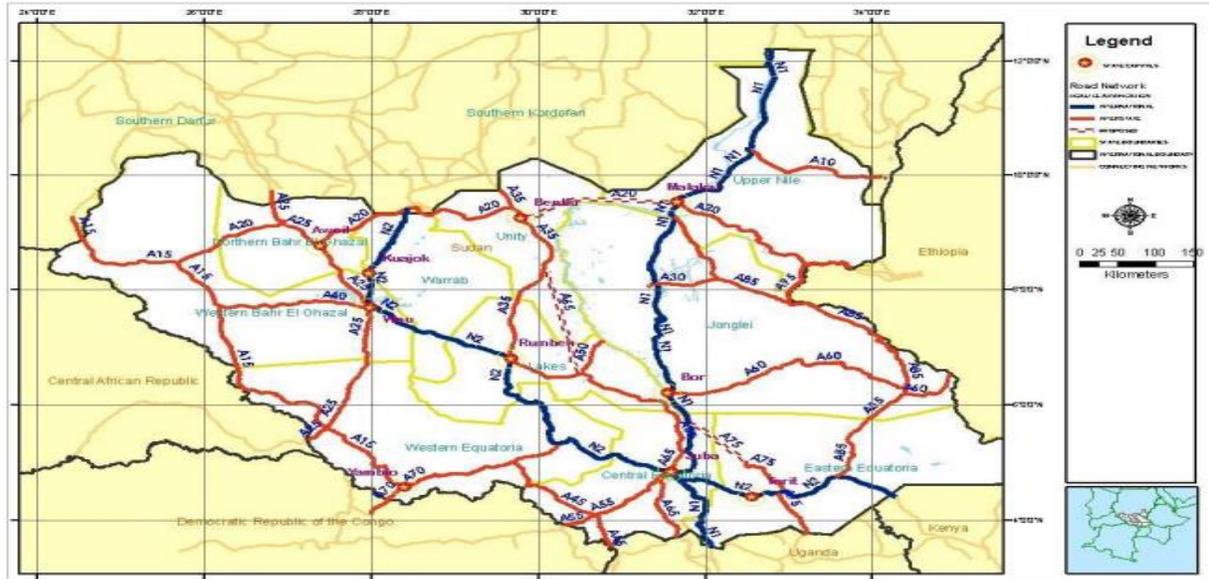
However, the country is regionally connected to trunk roads emanating from neighbouring countries (Figure 30).

Figure 30: South Sudan Regional Connectivity



This necessitates that the country works on its transboundary roads that will help it connect to the regional trunk roads (Figure 31).

Figure 31: South Sudan International and National Road Network



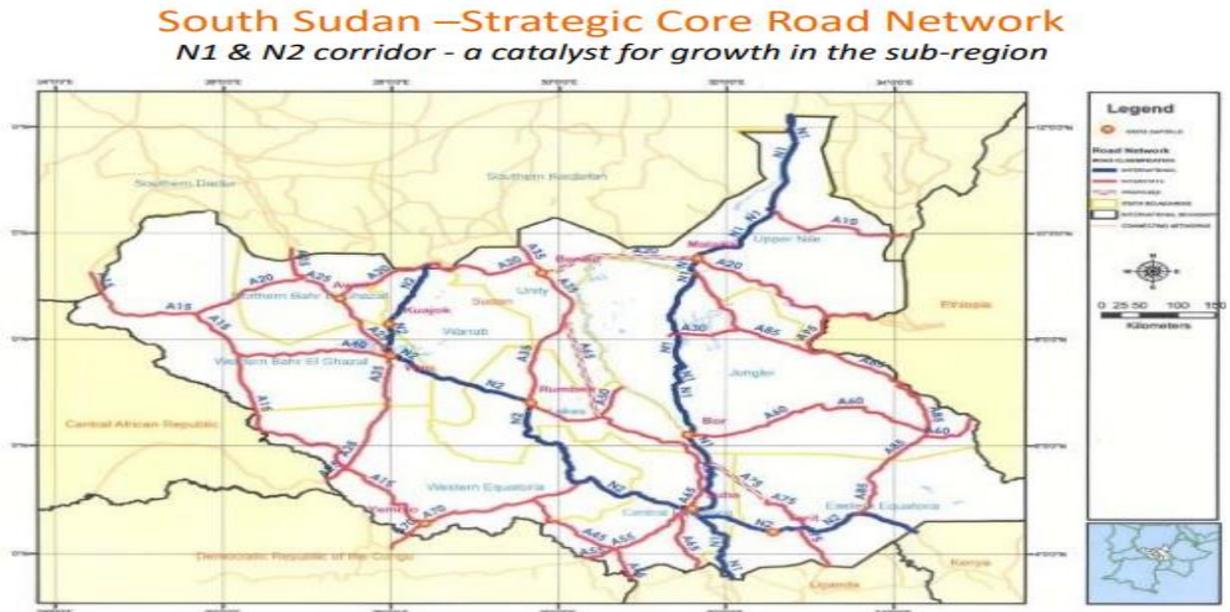
South Sudan has well established transport corridors with major connections to its main trading partners (Figure 32) and these transboundary connections would improve the country’s integration in regional trade.

Figure 32: South Sudan Principal Transport Corridors



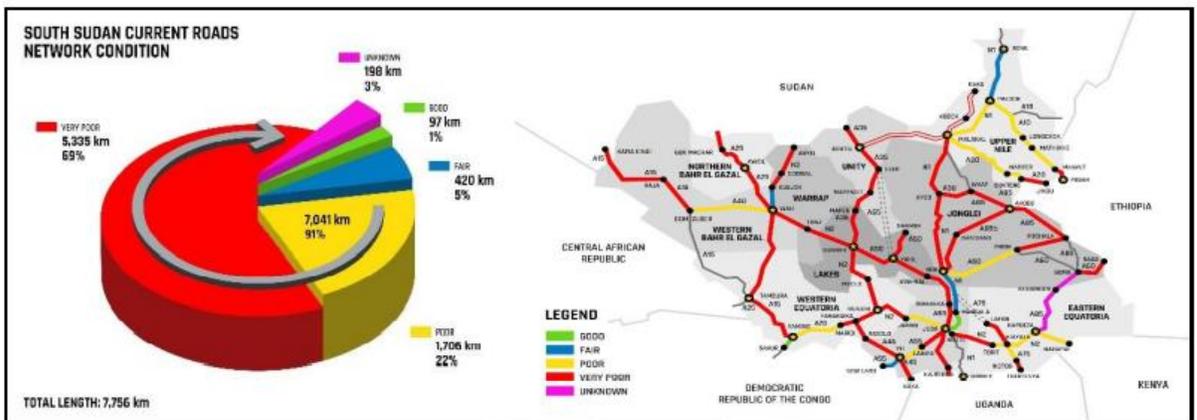
South Sudan is prioritizing the development of its strategic road network (Figure 33).

Figure 33: South Sudan –Strategic Core Road Network



However, most of the core road network is in a sorry state and will require immense amounts of resources (Figure 34).

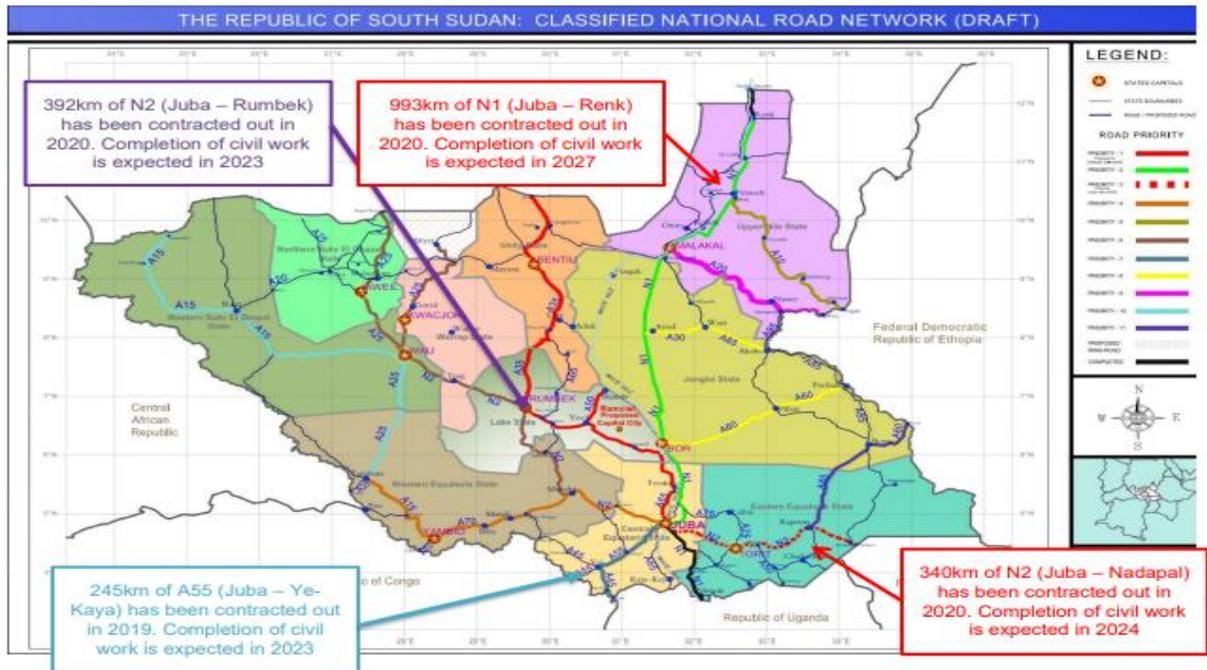
Figure 34: South Sudan Road Network Condition



The country has set an ambitious program to develop all core roads starting with the Strategic Core Roads with some of them already contracted and already undergoing construction (Figure 35).

Figure 35: South Sudan –Prioritization of the Strategic Core Road Network

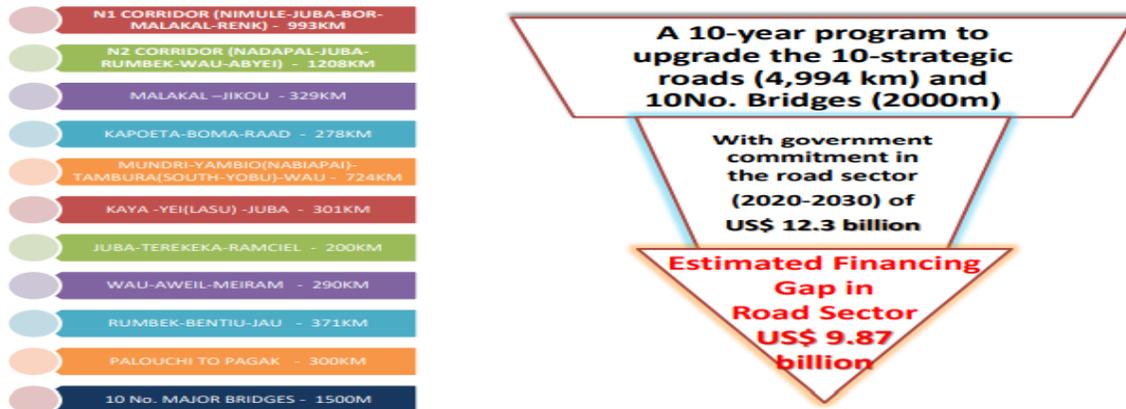
South Sudan –Prioritization of the Strategic Core Road Network
N1 & N2 corridor - a catalyst for growth in the sub-region



The funding for these roads is the dedicated pre-financed oil agreements with contractors. However, there is still a huge funding gap of about 9.87 billion USD for the 10-year development program that the country still needs to mobilize (Figure 36).

Figure 36: South Sudan magnitude of the strategic road network

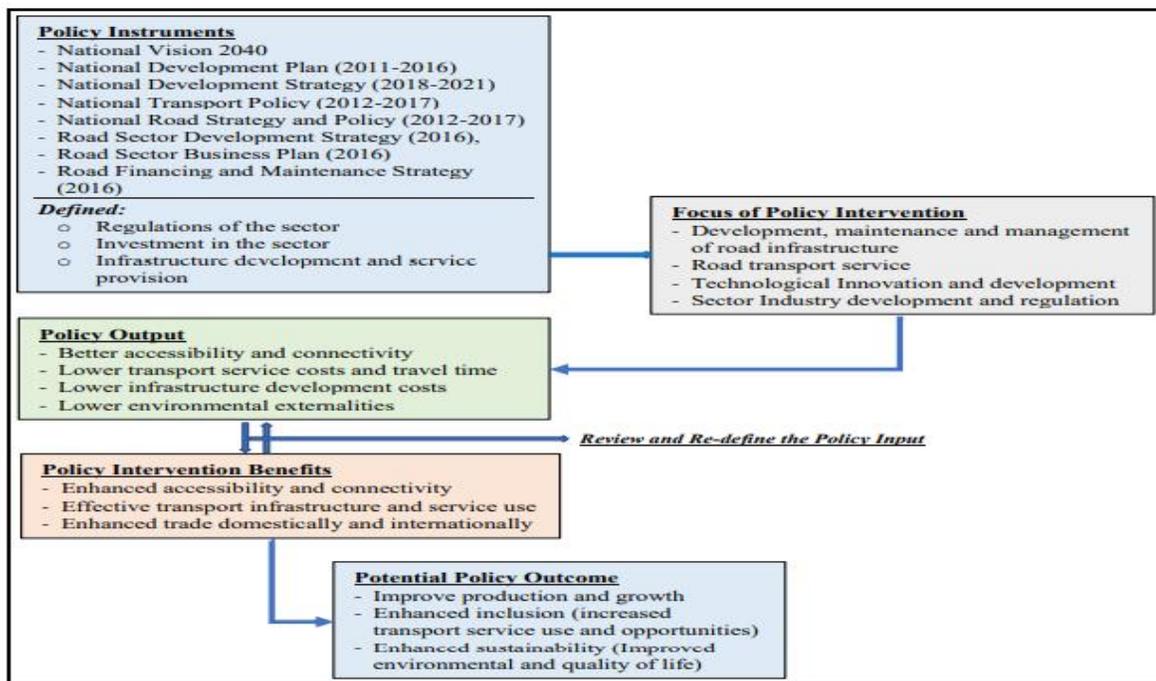
South Sudan – magnitude of the strategic road network
 ...about 5000km of international & interstate road upgrades immediately needed to jump start the economy over next 10-years



• **Institutional and Policy Framework**

The regulatory framework for the road sector is well developed (Figure 37). However, due to the conflict, there was a setback in the institutional framework, after the Roads Authority which was already established and in charge of roads developments was re-integrated into the mother ministry, with implications for inefficiencies and red tape.

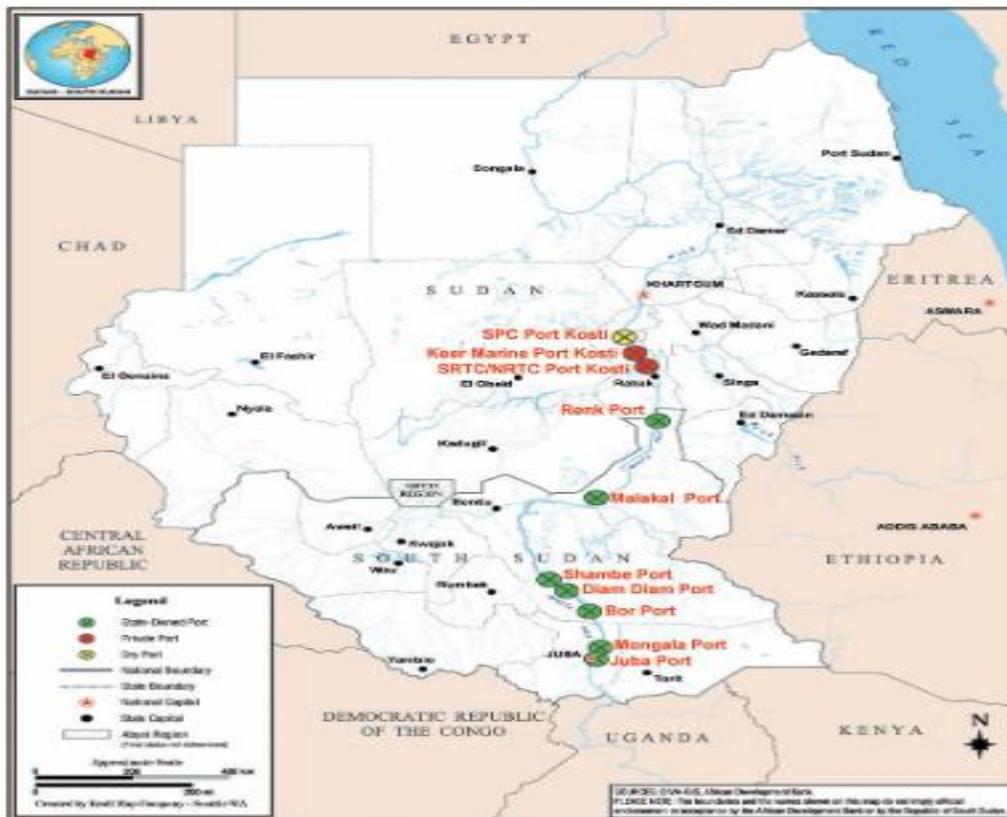
Figure 37: Road Sector Policies and Strategies



4.2.4 Water Transport

River transport is an important mode of transport in South Sudan because of waterways but also due to the poor road network. The total length of navigable section of the Nile, the White Nile and is 1,393 kilo meters. In addition, there are other navigable tributaries such as the Sobat River and Bahr El Gazal-Meshra Achol. The White Nile is the country's largest waterway and amid insecurity and numerous checkpoints, if the border between Sudan and South Sudan was not closed, barges would be navigating from Juba to Kosti, allowing the movement of food and other goods due to a good number of ports on the corridor (Figure 38). With six rivers in states having access to navigation along the Nile, river navigation has the potential to support trade and job creation.

Figure 38: White Nile River – Main Ports on Kosti-Juba Corridor



Source: African Development Bank Infrastructure Masterplan, 2013

During the rainy season, river transport is more feasible and easier to transport people, goods and livestock compared to roads in many areas. However, the key river ports of Juba, Mongalla, Bor,

Adok, Shambe, Malakal and Renk are in poor condition and need to be rehabilitated or upgraded. There are over 16 river ports in South Sudan, although they are not in good conditions mainly because of lack of docking banks and storage facilities. With the cooperation agreement between South Sudan and Sudan, there is a plan to operationalize water-borne transport between the 2 countries. And if the agreement is implemented, South Sudan will also have a gateway port either at Gerger or Joda.

To enhance trade, South Sudan and Sudan will need to have harmonized regulatory framework to facilitate water-borne transport. Harmonization will help these two countries in operationalization. The barges are moving between Mangalla and Renk for now because the border with Sudan is closed. The barges are used for transporting humanitarian cargo since 2017 but before that it used to transport commercial cargo too. At the moment, transport of commercial goods across the border between S. Sudan and Sudan is problematic mainly because of the insecurity along the river and business persons fear losing their valuables.

Without insecurity, the barges could have been used for transporting goods and mainly sorghum (dura) from Renk to the towns in the south of the country including Juba. The companies that are engaged in river transport include but not limited to (i) Nile Barge for River Transport (ii) B&S River Transport (iii) Mango Tree (iv) Keer Marine for River Transport. Other river transport companies include small companies such as (1) Malakal Commercial Boats (2) Tonja for Trading & Investment (3) North Gate for Trading & Investment. Before 2005, Sudan government privatized river transport. That means all the assets were sold to the private company. In that arrangement, the government of Sudan had 30 percent and 70 percent for the company. Out of the 30 percent, 12 percent was allocated to the then Southern Sudan while 18 percent for Northern Sudan. In practice however, all those ended in paper since in practice no share was received by the Southern Sudan. The main river ports include:

(i) Juba river port

JICA did a pilot program by constructing a jetty/stop pier that could accommodate one barge at the time. As the traffic volume increase with the trade between South Sudan and Sudan, the facility became limited and hence Juba River port requires improvement or expansion by 205 metres in length of jetty. The scope of this project work is 2005 jetty. Construction of

administration bloc where warehousing, workshop, cargo handling equipment and be supplied (e.g., mobile crane, crawl crane, fork lift).

(ii) Mangalla river port

There is a small pilot facility constructed in 2010 funded by Unity Support Fund (to make unity attractive). It is used currently for dangerous goods such as petroleum to be offloaded far away from the city mainly Tri Star Energy LLC.

(iii) Bor river port

This is an old port which is a natural bank with no jetty but is being used with plans to construct a jetty with all the accessories but no funds for now.

(iv) Shambe river port

This is a central and strategic port that could supply both WES and Lakes State. There was a pilot project for jetty in 2010 under the unity support fund but the port now requires rehabilitation, maintenance and expansion.

(v) Bantiu river port

This port was built in 1989 and is now silted with over grown grass and is not being used currently.

(vi) Adok river port

This port functions with natural bank and is being used for fishing purposes. This port requires connectivity/link between Ado and Yirl and to WES by road.

(vii) Dhiam Dhiam river port

This port has pilot project for jetty under the unity fund project in 2010. However, there is no access road to the port and is situated in the swampy area and in isolation.

(viii) Malakal river port

This port was devastated by the conflict in the country which erupted in 2013. It is functional but with no facilities and requires reconstruction which has been hampered by lack of funds.

(ix) Melut river port

This is an old port but currently with no natural bank and requires construction of the jetty.

(x) Renk river port

This an old port with an old jetty that eroded and requires reconstruction. There is a plan for the reconstruction of the jetty but being hampered by lack of funds.

4.2.5 Rail transport

Since 2014, not much has changed in regards to rail transport in the country. The rail infrastructure in South Sudan, still consists of approximately 250 km is in a neglected state with missing sections. It extends from Wau to the northern border with Sudan (African Development Bank 2013). Options to expand rail links include (i) connecting South Sudan by rail to Kenya's narrow gauge Rift Valley Railways network or the future standard gauge Mombasa-Kampala-Kigali railway network as proposed under the LAPSSSET project; (ii) rebuilding the 446 km Babanusa-Aweil-Wau stretch to the north; and (iii) additional possible links with Ethiopia and DRC. These potential rail projects were expected to provide South Sudan with additional access routes for long haul freight transport to the ocean as well as to regional markets. Apart from the old Wau line, all the others need feasibility studies for which government has been discussing with some development partners including the World Bank on the possibility of working together to do these and source for funding for the projects.

4.2.6 Air transport

As it was in 2014, there are still about 24 airports in the country, of which only two have paved runways. Juba International Airport is still the main gateway for South Sudan's air freight traffic. However, the international airport does not comply with International Civil Aviation Organization safety and security standards. The construction of a new terminal which was meant to improve the airport's operational efficiency as well as enhance the country's access for tourism has not been finalized. In addition to developing air transport infrastructure, the government was supposed to establish a civil aviation authority, but this has also not been done yet. Due to the impassibility of and insecurity on the country's roads, air transport in the country has taken on more importance than in other EAC countries. There will be need to attract investors to the sector to set up facilities and offer travel complimentary services.

4.2.7 Power Sector

South Sudan has an installed electricity generation capacity of 40 MW in three decentralised generation networks (Juba, Malakal and Wau), which translates into approximately three MW per million people or a one percent electrification rate (Table 20). The electricity generation cost averaged US\$0.70 per kWh, and the tariff averaged US\$0.25 per kWh, one of the highest costs of electricity in Africa.

Table 20: Current Internal Generation Capacities and Deficiencies

Area	Plant type	Installed Capacity	Available power	Projected Demand	Commissioning year	Current Status
Juba	Thermal	17 Mw	10 Mw	50 Mw	2005-2009	Not Operational
Malakal	Thermal	4.8 Mw	2.4 Mw	30 Mw	2008	Operational
Wau	Thermal	3.8 Mw	3 Mw	30 Mw	2010	Not Operational
Bor	Thermal	3 Mw	2 Mw	10 Mw	2010	Not Operational
Rumbek	Thermal	3 Mw	2 Mw	10 Mw	2013	Not Operational
Yambio	Thermal	3 Mw	2 Mw	10 Mw	2013	Not Operational
Renk	Hydro	32 Mw	3Mw	10 Mw	2010	Operational

South Sudan has one of the least energy rates in the world. In 2014, at 44 kWh per capita, South Sudan had the least electricity power consumption in the region and the World (Table 21). These numbers are not expected to have improved especially with the 2016 conflict the inflicted immense destruction to the grid and other infrastructure.

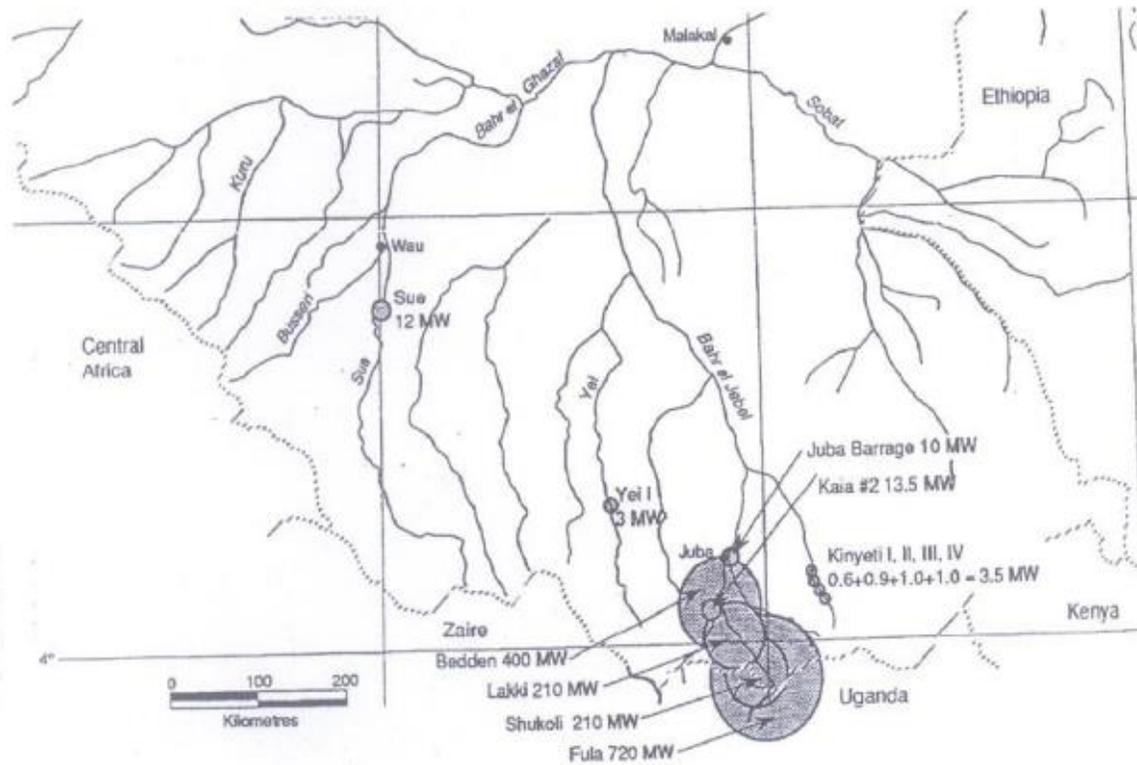
Table 21:Electricity power consumption in selected countries and regions

Electric power consumption (kWh per capita) by year							
Country Name	2008	2009	2010	2011	2012	2013	2014
South Africa	4,665	4,428	4,543	4,566	4,366	4,286	4,198
East Asia & Pacific	2,699	2,795	3,075	3,273	3,386	3,572	3,665
World	2,844	2,794	2,958	3,023	3,048	3,107	3,128
East Asia & Pacific (excluding high income)	1,955	2,083	2,331	2,578	2,713	2,924	3,037
Zambia	590	568	591	632	733	747	717
Africa Eastern and Southern	761	724	740	741	704	698	687
Zimbabwe	628	585	607	636	609	629	609
Sub-Saharan Africa (excluding high income)	516	494	508	512	497	492	487
Sub-Saharan Africa	516	494	508	512	497	492	487
Sudan	130	150	175	190	211	214	257
Least developed countries: UN classification	148	155	170	177	187	201	212
Kenya	139	140	148	149	150	161	164
DRC	101	107	105	108	112	117	109
Tanzania	86	72	97	87	98	100	104
Ethiopia	41	42	48	53	57	64	69
South Sudan	N/A	N/A	N/A	N/A	41	43	44

Source: World Bank (2022). <https://data.worldbank.org/indicator/EG.USE.ELEC.KH.PC?view=chart>

However, the rapidly rising energy demand in South Sudan creates an urgent need for improvements in the country's energy policy, electricity generation performance and reliability. South Sudan has abundant sources and the potential to generate electricity including through hydropower generation; gas fired electricity generation, thermal generation, solar generation, biomass, wind and geothermal (Figure 39).

Figure 39: Potential Sites for Major Hydro-Electricity Projects in South Sudan



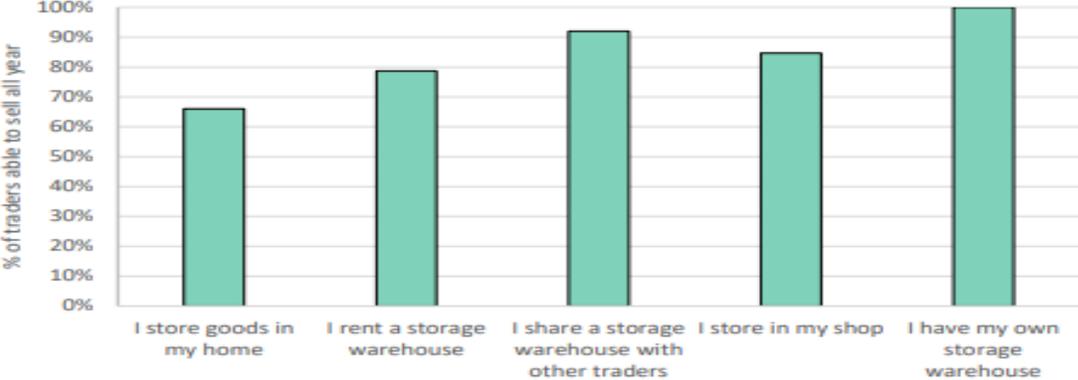
On some projects some preliminary work is already underway. For example, a memorandum of Understanding (MOU) was signed in February 2012 with China Gezhouba Group for 540MW Bedden Dam project at estimated cost of USD 1.4bn. Other proposed schemes were 42mw Fula Rapids; 890mw Grand Fula; 410MW Laki and 230MW Shukoli. It was projected that these schemes could have provided over 2,000MW to the grid in South Sudan, needed especially for the development of agro-industries. Government is looking to upscale and diversify investment in energy sources through investment in hydroelectricity and other renewable sources of energy to support industrial development and overall trade competitiveness and to increase energy security.

4.2.8 Storage infrastructure

Logistic storage capacity in South Sudan is limited to the transport sector. Warehousing facilities at the main border crossings or logistic centres such as Juba are extremely limited except for humanitarian organisations that organise their logistics work. In states and close to agriculture areas is similarly difficult to find adequate storage and agglomeration points. This constraint trade in agricultural products on the domestic market and the potential for exports. Existing storage

arrangements can be improved and expanded. Storage is important for trade. For example, shared storage spaces allow traders to sell grains throughout the year. Over 60 percent of all traders who sell throughout the year are using some form of storage in South Sudan²⁵. More specifically, 80 percent of the traders who rent warehouses can sell throughout the year. This is compared to 92 percent of those who share storage space and 85 percent of those who store cereals in their shops (Figure 40). This suggests that shops and shared spaces can be good alternatives to expensive storage warehouses, especially for small traders.

Figure 40:How cereals are stored by if traders sell throughout the year

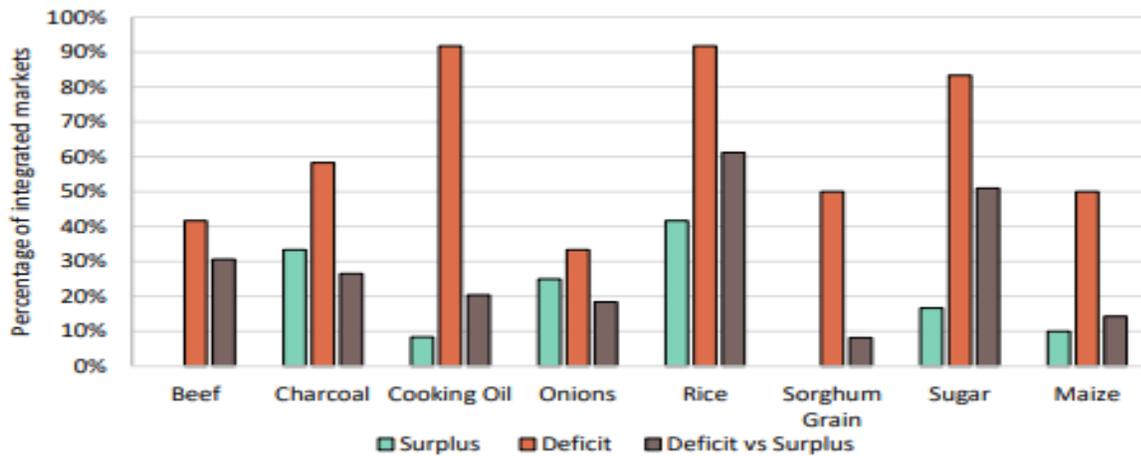


4.2.9 Agriculture infrastructure and Technology

Food logistics is very important for any country’s food trade and security. Undeveloped logistics and poor connectivity in food surplus and deficit locations is a major problem in South Sudan. For most products, markets are not nationally integrated with major implications for trade (Figure 42). Indeed, the poor agriculture infrastructure and technology mirrors the wider poor-quality infrastructure as noted earlier.

²⁵ Reducing Poverty Through Improved Agro-Logistics in a Fragile Country Findings from a Trader Survey in South Sudan, August, 2017 GP Poverty & Equity, Africa

Figure 41: Proportion of integrated markets across products



4.3 Trade Regulatory and Facilitation System

The Trade Regulatory and Facilitation System is not well developed with the Import -export licensing regime with provisions including concerning tariffs not yet aligned to that of other RECs such as EAC. The areas of customs modernization currently targeting for reform are the developing of risk -based approach to tackle illicit trading and support the development of modern customs administration that operates in accordance with regional and international standards and best practices. Another is the amendment of customs tax laws and regulations to remove arbitrariness and multiplicity of taxation that is a disincentive to trade and investment.

Currently, South Sudan has not made its customs declaration form available to traders electronically, with Customs Declaration form (C17) Single Administrative Document (SAD) only available on hard copies on manually procedures. Trading across borders remains a major challenge all customs processes of clearance done manually, there are no clear plan to implement an automated system for customs data. Consequently, as of 2019, it took about 6 days to export in South Sudan as compared to 2 in Uganda and 3 in Rwanda (World Bank Ease of Business 2020).

As far as Customs modernization is concerned, the country has not made much progress, with no plans in the Introduction of Intrusion Detective System, Automation of customs procedures nor customs interconnectivity. There were plans to introducing the Automated System for Customs Data (ASYCUDA) but the SSRA reports no progress with it because due to the 2016 conflict, the

pogram was stopped. TMEA is now engaged in training Customs, SSBS, Commerce, migration, security and Border police in one stop border post and elimination of NTBs It is however noted that Ministry of Trade and Industry engaged K-Polygone to facilitate automation of customs procedures , a move that has not been successful as the company has since been suspended due to notable challenges during the implementation of the system .The expansion of the scope of CRAWFORD Capital Ltd to support the automation of customs procedure , is noted to have increased delays in the clearing of goods at the border and does not support customs features A Customs Division is working with UNDP and Enhanced integrated framework to undertake a scoping study to inform the automation of customs procedures .The scoping exercise is expected to provide a comprehensive and sustainable approach to automation of customs procedures in South Sudan.

The issue of road blocks has not been solved yet. There are attempts by the government to clear it but criminals would keep on dodging the government force. If they now a force is on the move to apprehend them, they would disappear. Some of those laying the Road blocks would justify their action on the existence of insecurity in the country and would claim that those road blocks are meant to search for illegal weapons. There have been Cross Border Management Committees formed at the border of Elegu/ Nimule to handle the issue of NTBs but because of the socio-politics of the problem, progress is slow.

On domestic customs legislation, there is no reported progress on alignment with international and regional protocols to facilitate simplification, harmonization of customs procedures and implementation of transparency obligations such as with WTO TFA, EAC, AfCFTA, WCO and Revised Kyoto Convention Protocol. Based on the Customs Union protocol South Sudan customs taxes have been classified and harmonized with the EAC CET tax format.

4.3.1 Integrated risk-based clearance and an electronic system

Current system for food inspection in aid of trade lacks clear delineation of roles between Ministries and Agencies responsible for food safety control. This results in duplication of service and a burden on businesses due to unnecessary doubling of inspection costs. This hampers the implementation of Integrated risk-based clearance. There have also not been any attempts at

introducing an electronic system. There is need to specify the roles for Ministries and Agencies involved in food safety inspection service ; formation of a national database for all food premises is important for managing emerging issues (identified risks/hazards for corrective actions and follow ups); making sure inspection frequency is determined on a risk-based and development of integrated inspection guidelines and codes of practice for conducting food safety inspection for inspection officers to ensure consistent approach and compliance. At the movement, every cargo is being inspected 100 percent at Nimule border post and Nadipal border post for goods entering through those posts except for parcels that are brought by buses and can only be checked in Juba in the presence of the owners since some of those parcels have been sent by buses without owners around and to be received in Juba.

4.3.2 Trade Facilitation and Access to Trade information

Transparency and predictability are essential elements for cross-border movement of goods. In order to trade internationally, efficiently and cost effectively, it is necessary to access all the regulatory requirements prior to actual sale of merchandise. Having an official, single portal where all the information can be accessed provides necessary transparency and predictability.

South Sudan as a landlocked country faces challenges in trading beyond its borders. Uncoordinated policies and inaccessible information are constant challenges for the private sector especially for small and medium-sized enterprises. Trade related organisations including Ministry of Trade and Industry do not have websites where information can easily be accessed online. Unpredictable trade formalities are a concern for private businesses in their daily trade activities, making access to information a growing challenge to the private sector

South Sudan should consider developing Trade information portal as a website that aggregates and publishes all trade related regulatory information originating from the government agencies that perform a control function in relation to imports, exports, transits and transhipments .The portal will provide the business community with complete, timely and up-to-date information relating to trade from a single website that is comprehensive in its scope, user friendly, interactive and easily accessible using a single search engine. The trade portal would make it easier for traders and investors to access business information and comply with regulatory requirements

associated with the import and export of goods. It will also help South Sudan comply with the World Trade Organization (WTO) Trade Facilitation Agreement (TFA) upon accession and transparency obligations in the regional trade agreements like Africa Continental Free Trade Area (AfCFTA).

4.3.3 Progress in Customs Modernization

EAC customs administrations have already automated their customs systems and this has enhanced customs clearance within the Community. In order to further integrate these systems, a project to interconnect customs processes is currently on-going. Interfaces of Customs Systems have been attained on bilateral and centralized platforms known as RADDEX.

However, as noted by the EAC Trade Policy Review, 2019, within the EAC, national customs use different computer systems. ASYCUDA World is in place in Rwanda, Uganda and Burundi. In 2017, Kenya replaced its Simba system with the Integrated Customs Management System (ICMS). Tanzania also replaced ASYCUDA++ with the Tanzania Customs Integrated System (TANCIS). The use of these different systems is potentially a source of delays in cargo clearance, mainly for transit goods. The EAC countries have taken steps to interconnect their systems in order to facilitate the flow of information between customs authorities.

- In this respect South Sudan needs to, at minimum, undertake the following:
- Implement the EAC Customs IT Regulations.
- Implement the pilot stage of the EAC Project on Customs Connectivity that will interface South Sudan Customs with their counterparts at Uganda Customs.
- Migrate to Asycuda World.
- Undertake a comprehensive programme for the automation of Customs systems.
- Procure additional computer equipment and software to cater to the need to comply with the EAC Customs Strategy.
- Recruit of IT/Computer Experts to run the relevant computer systems.

The time required for clearing goods at the ports is of vital importance to trade. Delays in the process of clearing goods translate into higher costs of commodities that has wider impact on trade competitiveness and consumer welfare. Well-functioning Customs Administrations in South Sudan will need to ensure effective implementation of the obligations in the Multilateral and

Regional Trade Agreements and improved ease of doing business. The need for integrated and efficient trade clearance procedures and systems ,Improved Capacity of Customs officials ,automation of customs procedures and ensuring transparency in customs procedures through the development of Trade Portal will be important in fostering trade facilitation .South Sudan will need to accede to Revised Kyoto Convention and align its customs procedures with the WTO Trade Facilitation Agreement (WTO TFA) to facilitate simplification and harmonization of customs procedures .

A new Customs Act was enacted and gazetted in May 2014. The Act mandates the use of the HS and the implementation of valuation methods that comply with the WTO Agreement on Customs Valuation, thereby improving the transparency of the tariff structure. Support for the execution of the new Act will include a number of key actions such as a media campaign targeted at economic operators; training of border agencies in integrated border management (customs, trade, police, Bureau of standards and customs agents working as a team); non-intrusive inspections and risk management procedures, including scanners and other equipment; the nomination of authorized economic operators; and measures to improve compliance of informal cross-border traders with customs formalities. Other related actions are the establishment of one-stop-border-posts (OSBPs), collection and dissemination of accurate trade statistics and reforms to accommodate electronic data interchange. The main policy objective for government is to increase efficiency of import and Export administration, customs and border control to reduce the risks, transaction costs and to increase transparency and predictability in the overall trading environment.

4.4 Gender Issues in Cross-border Trade

There has been a tremendous progress in the engagement of South Sudanese women in trade in general and cross border trade in particular. The women can now be found in different existing and emerging sectors such as; manufacturing; in agriculture and agro-processing; in technology and innovation; in creative industries; in professional services e.g. Media and legal fraternity; it is also encouraging to note that the young women are also venturing in trade and seeking opportunities for increasing their engagement and learn about the existing regulations.

4.4.1 Implications of trade facilitation measures on women in cross border trade

4.4.1.1 Opportunities

- Integration of South Sudan into EAC gave an opportunity to women to access market information
- Establishment of one border post gave women to realize the benefit of cross border trade. eg given an office or Desk at the building.
- A Simplified Guide for Micro and small-scale Women cross border, Traders and Services providers within the East African Community
- In the simplified trade regime rule of origin (2015 goods below USD 2,000 which is the threshold for most women are exempt which benefits gender in cross-border trade.
- Integration of women into EAC annual trade Fairs Exhibition gave opportunity to network with other women B2B sharing information, experiences.
- Formation of Women cross border traders Associations at the Border of Nimule, Kaya and Nada pal.
- Opportunity for women for quality production of Agricultural produce .eg, involvement of standards processing, food safety, good packaging

4.4.2 Status of Interagency coordination mechanisms

4.4.2.1 One Stop Border Posts

Over the past years, South Sudan Customs Services (SSCS) have made some progress with the implementation EAC provisions. In particular, the Single Administrative Document, the One Stop Border Post and a limited system of Rules of Origin are already operational. The country is moving to ensure that the activities of agencies involved in the clearance of cargo at ports and borders are centralized through a single window system at designated one-stop border posts. By 2018, the EAC had completed the construction of eleven (11) One-Stop Border Posts (OSBPs) operating on a 24-hour basis, with the construction of several others on-going including at Nimule crossing

between Uganda and South Sudan, to fast-track cross border movement of goods and services. The OSBPs established however only host customs officials. It is expected that phase 2 of the project

4.4.2.2 National Committee on Trade Facilitation

In other EAC Countries, the National Trade Policy sets up the Inter-Institutional Trade Committee, IITC, as a mechanism whereby Government consults with the private sector and civil society on trade policy matters. It has a broader mandate of international trade policy across different multilateral and bilateral trade agreements. The aims of the IITC are to advise the Government on all trade and trade-related matters; initiate trade-related studies; monitor and review the implementation of the World Trade Organization (WTO) Agreements including the Trade Facilitation Agreement; provide support for trade negotiations; and ensure the mainstreaming of trade issues into national development plans. It normally has sub-committees on the WTO, the Cotonou Agreement, regional agreements, and bilateral and domestic initiatives. The TF Committee agenda is therefore an integral part of the broad international trade agenda that the IITC addresses. The National Trade Facilitation Committee is normally a sub-committee of the IITC. The NTFC is normally chaired by the Ministry of Trade Industry with membership from other trade related Government Departments whose work has a bearing on Trade Facilitation. The private sector apex association usually represents the private sector on the Committee.

Given the technical capacity issues in the country, it might be advisable to broaden the mandate of a High-Level Committee for EAC Implementation to handle all trade facilitation issues in the country. However, if this is not appropriate, as it is in other EAC countries, the country can create a broader National Trade Facilitation Committee composed of the main public and private sector stakeholders for trade facilitation in South Sudan including the following

1. Ministry of Trade and Industry
2. Ministry of Transport (responsible for road infrastructure, among others)
3. Ministry of Finance and Planning
4. Ministry of Internal Affairs
5. Ministry of Justice and Constitutional Affairs
6. Ministry of Agriculture, Animal industry and Fisheries
7. South Sudan Revenue Authority
8. South Sudan National Bureau of Standards

On the private sector side, the committee could include the South Sudan Business Forum. Other key players to be included are the South Sudan Freight and Forwarders Association, the South Sudan Chamber of Commerce, among others. On the development partner front, the key stakeholders could include TradeMark East Africa (TMEA), UNCTAD, DANIDA, DFID, GIZ and USAID, all of whom have had recent or ongoing programs in the trade facilitation space.

4.5 Adoption and implementation of:

4.5.1 Approved Economic Operator (AEO)

This regional AEO programme was introduced in 2016. Under the programme, any individual or business entity involved in international trade may benefit from faster customs clearance procedures, if recognized as a low-risk company by customs authorities. Customs declarations from traders and manufacturers with AEO status are given priority throughout the whole clearance process. AEO clearing and forwarding agents are accorded priority treatment in the cargo clearance chain, and a waiver from the bond requirement. Benefits for AEO transporters include priority clearance at the borders and an exemption from the mandatory use of the electronic cargo tracking system. Participation in the programme is free of charge, and AEO status is granted for three years, renewable. The programme was introduced in 2012 on a pilot basis and was fully rolled out in 2015. South Sudan is yet to join this initiative.

4.5.2 EAC's single customs territory (SCT)

The EAC's single customs territory (SCT) model relies on three pillars: 1. free circulation of goods; 2. a revenue management system; and 3. an adequate legal and institutional framework. The SCT was rolled out in July 2014. At present, the assumption is that all imports into the EAC and intra-EAC transfers of goods are cleared under the SCT, and its extension to the export regime is under consideration. According to EAC Trade Policy Review, 2019, steps taken to operationalize the SCT have contributed to reducing delays in cargo clearance. For instance, on the Northern Corridor, the turnaround time of goods transiting from Mombasa to Kampala has been reduced from 18 days to 4, and goods from Mombasa to Kigali, from 21 days to 6.2 Similarly, on the Central Corridor, the turnaround time between the port of Dar es Salaam and Kigali (or Bujumbura) has been reduced from over 20 days to 6. The free circulation of goods is based on the following principles: Imports into the EAC are subject to the CET; Intra-EAC duty-paid goods

continue to be subject to customs duties when transferred to another EAC country; Exports to markets outside the EAC are covered by a single regional bond guarantee; activities of agencies involved in the clearance of cargo at ports and borders are to be centralized through a single window system at designated one-stop border posts. South Sudan is yet to join this initiative.

4.6 Elimination of Non-Tariff Barriers

Across the EAC and in South Sudan internally, the Non-Tariff Barriers take the form of business registration and licensing procedures; customs documentation and administrative procedures; immigration procedures at the border crossing; cumbersome inspection requirements; road blocks, weighbridges, police check and standards requirements; and transit procedures. The Government is developing an online NTB Reporting System (NRS), which will allow traders to report challenges they face and where possible seek resolution in real-time. South Sudan has established a National Monitoring Committee (NMC) to facilitate elimination of NTBs. The key challenge for the government is to implement measures to facilitate reduction or elimination of all NTBs.

At the regional level, the EAC has an extensive program for the elimination of non-tariff barriers. Under the EAC Customs Union Protocol, member countries agreed to remove all existing NTBs to intra-EAC trade, and to refrain from imposing new ones. In order to facilitate the removal of NTBs within the EAC, an NTB elimination mechanism was adopted by the Council of Ministers in 2009. At the institutional level, the mechanism comprises the EAC NTB Monitoring Committee and National Monitoring Committees (NMCs). NMCs meet quarterly to discuss progress in the elimination of barriers. Companies that face trade barriers in their operations can report them directly to their NMC through an online or SMS-based platform. If the complaint is found to concern a valid NTB, the NMC can pursue its elimination through one of the following three channels:

- a) Mutual agreement: the concerned NMCs can hold discussions and agree on a strategy to eliminate the reported barrier. The strategy typically includes an assessment of the measure and a timeline for its elimination;
- b) The EAC Time-Bound Programme for the Elimination of Identified/Reported NTBs: upon a written notification from a reporting country, the NMC of the responsible country

investigates the impact of the barrier, and identifies the required timeframe and potential challenges to its elimination;

- c) Referral to the Council of Ministers: if NMCs fail to reach an agreement, the case can be referred to the Council of Ministers. The Council shall consider the matter and issue a directive, decision or recommendation with regard to the elimination of the NTB in question, or refer the matter to the EAC Committee on Trade Remedies. Any person aggrieved by a directive, decision or recommendation of the Council or a decision of the Committee on Trade Remedies may refer such matter to the EACJ.

The NTB elimination mechanism was reinforced with the enactment of the EAC Elimination of Non-Tariff Barriers Act in 2017. The Act contains a list of measures identified as NTBs, but also provides for the Council of Ministers to add any activity identified as such. Under the COMESA-EAC-SADC Tripartite FTA, a regional platform for the elimination of NTBs was established in 2008. As for South Sudan, there are external and internal NTBs in a sense that goods destined to South Sudan face NTBs imposed by neighbouring countries including roadblocks, traffic stops etc, and then when they cross into the country, they continue to face obstacles on roads from especially the numerous checkpoints that create insecurity and add to time and cost of exports.

4.7 Summary of Trade Facilitation Challenges in South Sudan

4.7.1 Trade Facilitation Information

- Slow and inefficient information flow from Government to the private sector on market access developments that affect trade. It is often delivered when it is late to be addressed by exporters, hence occasioning difficulties to comply with requirements.
- There is no trade facilitation information portal within MTII, which would have helped with information flow between government and the private sector involved in trade
- Domestic market inefficiency especially Information asymmetries which impact regional and international trade.

4.7.2 Quality and Standards

- SPS Policies are lacking. The Ministry of Agriculture has not drafted this important policy which means there are no recognized standards to follow if one wants to export to markets like the EU.
- A lack of an accredited standard has meant that some export sectors have to rely on private standards from various markets which are also either inexistent internally or very costly.
- There is inadequate infrastructure for tests, quality and standards management overall. The issue is mainly at the early stages of the value chain and the National Inquiry point has not been designated for this mandate. This has allowed poor quality products to get into the chain.

4.7.3 Importation, Exportation and Transit management

- Export and import cargo transport that is not only unreliable and inconsistent but also is costly, and uncompetitive. For example, currently, there is no any cargo services being offered by airline on exports, which limits ability of the private sector to export especially fresh produce.
- There are considerable transit delays arising out of unharmonized transit measures by different agencies with varying degrees and understanding of trade facilitation issues. There are also unharmonized axle load issues across the region which delay movement of cargo.

4.7.4 Infrastructure and ICT equipment for Trade Facilitation

- Almost non-existent cold storage facilities at the airport. There are currently no cold storage facilities across South Sudan which makes handling of especially fresh produce quite impossible
- Inadequate testing facilities for imports and exports at the boarder points. This leads to delays and high costs.
- Use of manual systems and lack of ICT services to support systems automation for faster and more efficient clearance of goods and customs processes.

4.7.5 Institutional Coordination

- Unharmonized internal fees is a notable challenge for exporters and importers alike. Requirements to pay for inspection and certification at multiple levels and without clearly and

officially established fees breeds not only high costs but also abuse of discretion and corrupt practices.

- Border Agencies remain less coordinated with without harmonized work processes and varying hours of work. Work hours are not harmonized for all the agencies at the border. Internet and power are most times off leading to downtime increases, and causing delays in the clearing process. This creates delays.

4.7.6 Gender integration

- One of the problems for cross-border trade for women are discrimination at the border, language barriers and sexual harassment.
- There are also delays of clearing goods across the border yet these places lack of a designated wash facilities for women.
- Given the post conflict nature of South Sudan, lack of proper infrastructure that allow for export, hinders young women from engaging in export products such as shea butter and gam Arabic. Women are trying to use online solutions but are constrained by ICT limitations that prevalent in the country.
- Most of the women taking part in cross-border trade in the country are illiterate and lack basic education and this aggravates lack of market information and the use of E-commerce Technology
- Women are concentrated in the informal sector and account for 70 to 80 percent of persons engaged in petty and informal trading. The majority of women owned business pursue lower value ventures and sector, and their enterprises are micro, small and informal
- Business discontinuity -businesses discontinuity among women entrepreneurs is higher, compared to male entrepreneurs. over (90 percent) are solely owned managed. This mode of operation denies them leverage of ideas, recourses, abilities, and network
- Poor roads and insecurity disproportionately affect women agribusiness
- Women lack the connections to access forex in a system beset with a high gap between the official and unofficial exchange rate
- Literacy levels are lower for South Sudan women and this aggravates lack of market information and the use of E-commerce Technology

- Inadequate access to finance and credit that would facilitate larger volumes of trade and high quality of products

4.8 Recommendations to improve trade facilitation

4.8.1 Trade Facilitation Information

- Establish trade information portal to enhance transparency of trade related business laws, regulations and procedures
- and link it to the national inquiry point
- Set up two-way feedback loops in the portal.
- Produce and disseminate newsletters and use website and other means of communication to disseminate trade facilitation information for use by domestic and international users.
- Media outreach and awareness creation for stakeholders to enable them to appreciate and make use of the portal.

4.8.2 Elimination of NTBs

- Support implementation of National NTB Monitoring Committee.
- Strengthen the Cross-Border Trade Committees;
- Facilitate the establishment of cross-border trade associations (CBTAs) to provide an institutional framework for small-scale cross-border traders to lobby the National and county governments and regional organisations on issues affecting Cross-border trade;
- Facilitate establishment of Trade Information Desks (TIDs) on border points for access and sharing of trade information among the SMEs
- Remove all national NTBs to South Sudan's exports and put in place mechanism of safeguarding emergence of national NTBs.

4.8.3 Customs Administration

- Design and Implement customs automated System to facilitate electronic submission of documents
- Develop mechanisms to ensure that all authorities and agencies involved in border and other import and export control points cooperate and coordinate in order to facilitate trade;
- Undertake reforms for institutionalizing legally backed online customs administration, procedures and valuations;

- Introduce Intrusion Detection System (IDS) is also crucial for monitoring malicious activities and policy violations.
- Consider accession to Revised Kyoto Convention to facilitate simplification and harmonisation of customs procedures
- Review and implement customs legislation in line with WTO TFA, Revised Kyoto Convention;
- Develop mechanisms to make provision for the lodging and processing of clearance data and documentation prior to the arrival of the goods.

4.8.4 Importation, Exportation and Transit management

- Undertake transit management Capacity building and regulatory reforms.
- Introduce an Automated Journey Management System (JMS) for truck drivers to reduce on the time and cost of haulage
- Stabilize, harmonize and publicize fee – to reduce uncertainties and opportunities for rent-seeking.
- Harmonize policies, fees, regulations across the EAC eg axle load specifications

4.8.5 Institutional Coordination

- Review and strengthen the legal framework to provide secure electronic payments.
- Develop and implement a framework (including procedures, standards and regulations) to support the rolling out of e-payments.
 - Develop and expedite the implementation of the e-payment gateway.
 - Establish a seamless, transparent and predictable system of fees and charges imposed on or in connection with trade facilitation including importation and exportation (inspection, audit, certification etc. Fees and charges).
 - Support other measures to support the growth of e-commerce.

4.8.6 Infrastructure and ICT equipment for Trade Facilitation

- Establish Laboratories at entry/exist points to expedite the time and cost for testing.
- Improve ICT infrastructure and equipment for the border agencies for pre-arrival clearance of goods.
- Establishment of logistics centers at all the borders to provide pre -arrival clearance of goods.

- Advocacy to support increase and improvement of air cargo facilities.
- Set up cold storage and fresh handling facilities at the airport.

4.8.7 Capacity Building for Trade Facilitation Institutions, especially Boarder Agencies

- Review of existing border/ administrative procedures with a view of simplifying documentation.
- Review existing cooperation mechanisms of boarder agencies both within South Sudan and across borders.
- Develop and implement a standard operating procedure on import and rapid alert and border agency coordination.
- Train Staff and stakeholders.

4.8.8 Gender Integration

- Implement economic empowerment programmes targeting the women, youths and people with disabilities with a view to enable them participate more in trade;
- Assess the impacts of trade policies on the wellbeing of men and women and ultimately on the household.
- Ensure gender and youth policies provides economic and trade opportunities for women, youth including people with disabilities.
- Ensure Trade Policy is consistent with relevant international norms regarding labour rights;
- Develop education programmes to eliminate prejudices against women and promote gender equality.

CHAPTER 5: BUSINESS ENVIRONMENT AND ENTREPRENEURSHIP

5.1 Introduction

The business environment in South Sudan remains challenging. The 2020 Doing Business (DB) report ranks South Sudan 185 out of 189 economies. Enabling South Sudan to benefit fully from export and growth opportunities offered by both regional and global economy requires improved and sound business environment. Establishing the economy on the path to sustainable inclusive growth requires creating a conducive investment climate to encourage increased private sector growth. The Government of South Sudan through the Economic Cluster of National Development Strategy (2018-2021) intended to create an enabling environment to attract investment, support development of the private sector especially SMEs in order to create employment, income generation and economic growth.

Developing SMEs can contribute to the reduction of unemployment rate, especially where women and the youth are directly participating in the priority productive sectors. The SMEs are however, constrained by limited access to finance, access to market information, poor business development and management skills. Given the importance of both foreign and domestic investment for catalyzing diversification, aggressive attention towards policy and reform agenda is a strong enabler to achieving the NDS Economic cluster strategic objectives and ensuring that trade contributes to peace development. This chapter takes stock of the business and investment climate reforms introduced by the government since 2014, identifies policy gaps and proposes measures aimed at fostering a sound investment climate to create inclusive trade and private sector development in order to achieve SDGs. It also explores trade finance alternatives to ease access to credit my SMEs.

5.2 Investment Analysis

5.2.1 Institutional and Policy Framework

The legal framework for investment is guided by The Investment Promotion Act, 2009 which does take into consideration the current reality including the new reality brought by COVID-19 and the digital economy, for example. However, the Act 2009 spells out the type of incentives, benefits, tax exemptions and other benefits for the investors. On the institutional level, the country does not have a state investment arm responsible for financing investments such as the Sudan had Sudan

Development Corporation (SDC) for Sudan or the Uganda Development Corporation (UDC) for Uganda. There were attempts and establishing the South Sudan Investment Authority (SSIA) but was turned into a Ministry of investment.

5.2.2 FDI flows

○ Trends

FDI to South Sudan is one of the least in the World and has been getting worse (Table 22). This is mainly a reflection of the challenging environment occasioned by the recent conflict situation.

Table 22: Foreign direct investment, net inflows (percent of GDP)

Country Name	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Rwanda	2.09	3.53	1.63	3.52	2.99	3.81	1.90	3.22	2.96	3.80	3.71
Uganda	3.36	2.05	3.22	4.43	3.81	3.26	2.29	2.15	2.61	3.21	3.60
DRC	-1.30	12.72	6.18	9.87	5.19	4.18	3.07	2.51	2.76	3.01	2.68
Sudan	3.46	3.14	3.00	4.79	3.30	2.03	2.68	2.01	2.37	3.29	2.56
World	2.33	2.84	3.15	2.68	2.72	2.39	3.56	3.56	2.68	1.21	1.95
Sub-Saharan Africa	3.18	2.40	2.73	2.79	2.34	2.45	2.68	2.01	1.69	1.80	1.80
Sub-Saharan Africa (IDA & IBRD countries)	3.18	2.40	2.73	2.79	2.34	2.45	2.68	2.01	1.69	1.80	1.80
Sub-Saharan Africa (excl. high income)	3.17	2.39	2.72	2.76	2.34	2.45	2.68	2.01	1.68	1.79	1.78
Tanzania	3.28	5.66	3.55	4.54	4.57	2.83	3.18	1.74	1.76	1.70	1.62
Kenya	0.31	0.45	3.46	2.74	2.03	1.34	0.97	0.98	1.60	1.85	1.40
Burundi	0.02	0.04	0.15	0.03	4.76	3.02	1.60	0.00	0.01	0.03	0.03
South Sudan				1.35	-4.30	0.01	0.00	N/A	N/A	N/A	N/A

Source: World Bank Development Indicators, 2022

5.2.3 Investment promotion and facilitation measures

A cornerstone of an enabling environment for investment is the overall peaceful environment, regulatory and institutional framework for investment. An investment policy and the vision of a government is reflected in its laws, regulations and policies relating to the admission of investors, the rules once established and the protection of their property. Prospective investors take into consideration the transparency and predictability of policies, as well as guarantees of legal security. Both domestic and foreign investors need to know that their rights and property would be respected. By enhancing investor confidence, sound investment protection is thus likely to increase not only the levels, but also the quality of investment, its durability and its contribution to economic development.

Investment promotion and facilitation measures can be a powerful means to attract investment and maximise its contribution to development. Effective investment promotion and facilitation should position South Sudan as an investment destination and making it easy for investors to establish or expand their existing investments.

The South Sudan Investment Promotion Act 2009 and Regulation 2012 recognize the role of investment in transforming the economy through key priority sectors. The Investment Promotion Act provides investor guarantees in regards to Non-Discrimination, Guarantees against Expropriation, Protection of Intellectual Property Rights, and Access to Public Information, Repatriation of Capital Gains, Profits and Dividends: Dispute Resolution. The Land Act 2009 also allows non-citizens to land acquire for investment through leaseholds up to 99 years for private land.

While the investment Promotion Act, speaks of access to public information, there is no website to facilitate publication of such information to potential investors, who may not be based in South Sudan. The fragile environment in terms of peace and security remains to be a threat to using investment as tool to support trade policy objectives. The key challenge for the government is to engage in global diplomacy to restore confidence and image of South Sudan as a peaceful destination for investment.

5.2.4 Land policy

South Sudan has an abundance of unutilized arable land which is the major attraction for investors. The legal framework about land for business use includes the Land Act (2009) and Investment Promotion Act (2009). Section 23(1) of Investment Promotion Act guarantees access to Land to any enterprise that has been guaranteed investment certificate. The key challenge for the government is to harmonise national Land Policy with the Investment Promotion Act 2009 and regulations 2012 in order to facilitate access to land to investors. The draft Land policy, 2011 sent to the parliament but has not been passed.

Institutionally, the South Sudan Land Commission (SSLC) is the statutory body charged with national land. The SSLC has the following departments: (i) Arbitration and Mediation (ii) Policy and Law (iii) research (iv) conflict resolution. Lately, the commission has been doing arbitration such as in Kasafa (in Juba) residential area, with the Dinka Ngok, Acholi-Bari-Ma'di tribes, the issue of Komiri at outskirts of Juba, and Kworijik Luri. However, the commission reports that for the last 3 to 5 years, it has not done any official distribution of land after losing most partners who were supporting their work including Norwegian Refugee Council (NRC), Food and Agricultural organization (FAO), USAID, Norwegian Peoples Aid (NPA), World Bank and UN Habitat. The commission is also finding it difficult to visit the rural areas because of the insecurity. SSLC has been doing arbitration such as in Kasafa (in Juba) residential area, with the Dinka Ngok, Acholi-Bari-Ma'di tribes, the issue of Komiri at outskirts of Juba, and Kworijik Luri. However, the SSLC is beset by insufficient funding, poor capacity and inability to go out across the country due mainly to the conflict and insecurity in the countryside.

5.3 Enabling Business Environment

Mainly on account of the history of war and insecurity but also because of structural issues, the business environment in South Sudan is challenging. In the 2020 World Bank's Ease of Doing Business Report, South Sudan was ranked 187, only better than Eritrea (189) in the region (Table 22). The numbers are bad across all indicators, an indication of a very poor business environment.

Table 23:South Sudan Ease of Doing Business Rank and Indicators with Comparators

DB Year	Ease of doing business rank	Ease of doing business score (DB17-20 methodology)	Ease of doing business score (DB15 methodology)	Ease of doing business score (DB10-14 methodology)	Rank-Starting a business	Score-Starting a business	Paid-in Minimum capital (percent of income per capita)	Score-Dealing with construction permits (DB16-20 methodology)	Procedures (number)	Time (days)	Rank-Getting electricity	Score-Getting electricity (DB16-20 methodology)	Score-Getting electricity (DB10-15 methodology)	Cost (percent of income per capita)	Rank-Getting credit	Score-Getting credit (DB15-20 methodology)	Rank-Protecting minority investors	Rank-Paying taxes	Rank-Enforcing contracts	Score-Enforcing contracts (DB17-20 methodology)
2020	185	34.6			172	71.0	0	50.5	23	131	187	0.0		NP	181	10.0	185	74	84	59.0
2019		33.6				65.4	0	46.4	23	131		0.0		NP		10.0				59.0
2018		31.6				55.7	0	36.6	23	124		0.0		NP		10.0				59.0
2017		32.7				54.0	0	49.0	23	124		0.0		NP		10.0				59.0
2016		32.8				54.0	0	49.6	23	124		0.0		NP		10.0				59.0
2015			34.8			54.0	0	52.2	23	124		27.5	36.7	3236.9		10.0				
2014			33.3	34.9		54.0	0		23	124			29.5	4976.7		10.0				
2013				37.2		54.9	0		23	124			39.4	2571.7						

These constraints have not become better with time with scores that had started to become better as the country undertook business legal reforms deteriorating after the relapse into war (Table 24).

Table 24: Rankings on Doing Business by topic for South Sudan

	EASE OF DOING BUSINESS RANK	SUB-SAHARAN RANK	STARTING A BUSINESS	DEALING WITH CONSTRUCTION PERMITS	GETTING ELECTRICITY	REGISTERING PROPERTY	GETTING CREDIT	TRADING ACROSS BORDERS
ERITREA	189	47	44	47	18	43	46	47
SOUTH SUDAN	187	46	42	41	46	45	43	39
CENTRAL AFRICAN REPUBLIC	185	45	47	30	45	37	21	24
CONGO, DEM. REP.	184	44	11	22	34	23	21	46
CHAD	183	43	45	24	40	30	21	35
SUDAN	159	29	30	26	4	6	40	44
BURUNDI	152	24	1	36	44	8	43	27
ETHIOPIA	146	20	39	6	13	25	40	34
TANZANIA	139	15	21	21	3	22	33	40
UGANDA	122	12	36	33	30	18	4	19
KENYA	108	9	31	28	12	17	3	22
RWANDA	62	2	14	3	8	1	1	28

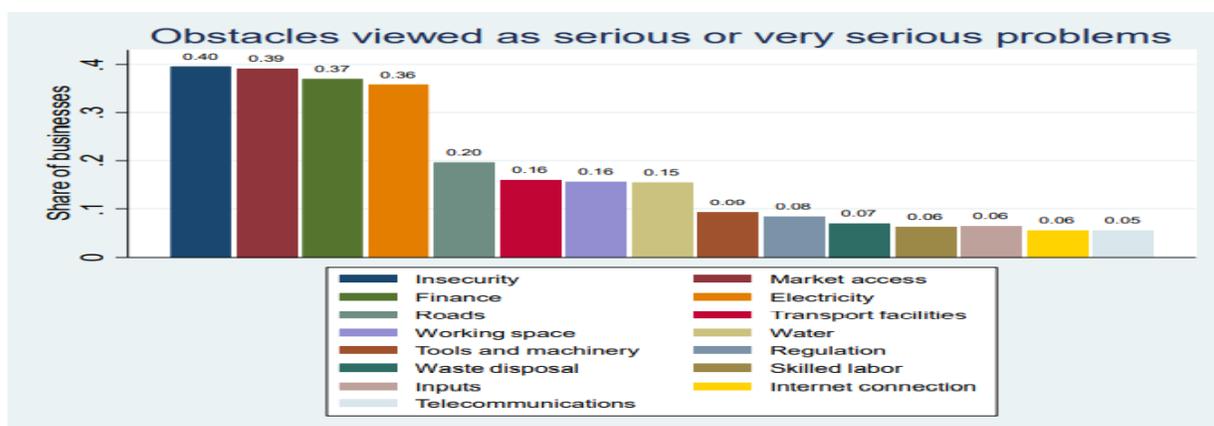
Note: NP= No Practice

Source: World Bank Doing Business (2020)

5.3.1 Major obstacles for businesses

Indeed, in the World Bank commissioned survey, business complain of a wide variety of obstacles to their operations, with insecurity and lack of market access the most complained about (Figure 42).

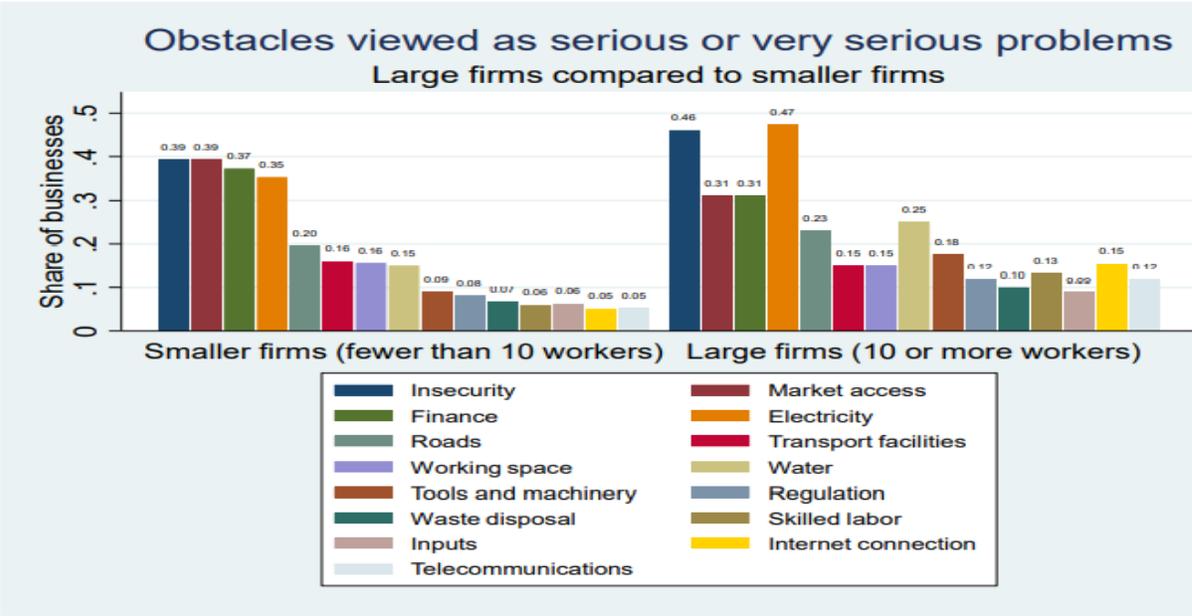
Figure 42: Main business obstacles - all commercial businesses



Source: IBES 2019.

These numbers are as bad for small as they are for large businesses (Figure 43). However, as is always the case, smaller firms which are the majority in the country cannot cope as well as big ones and are therefore more affected by these obstacles.

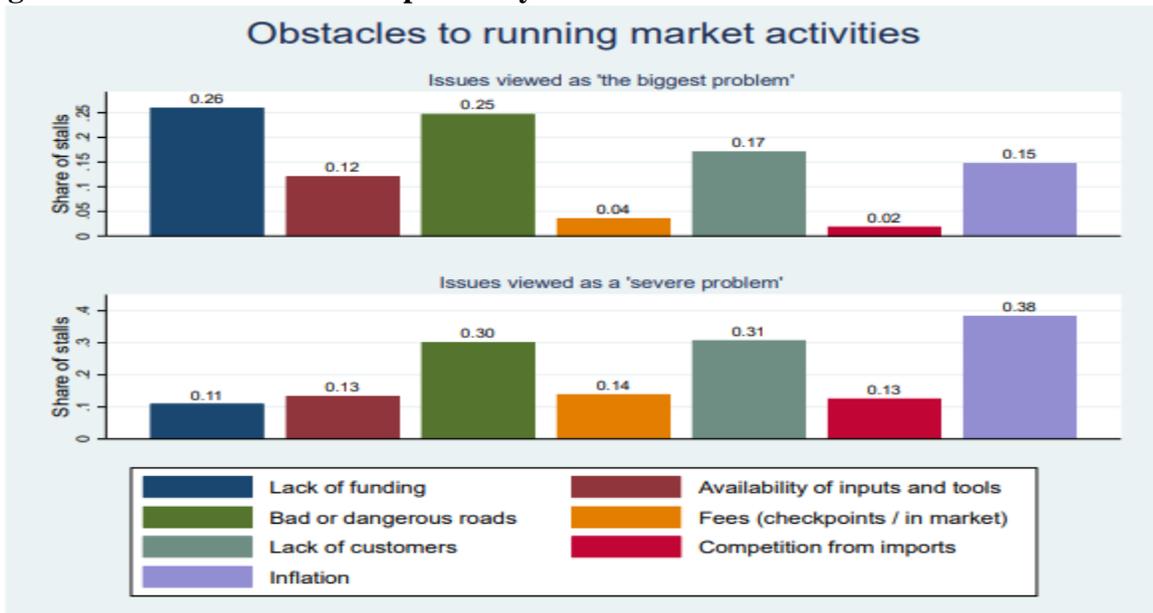
Figure 43: Main business obstacles, by business size



Source: IBES 2019.

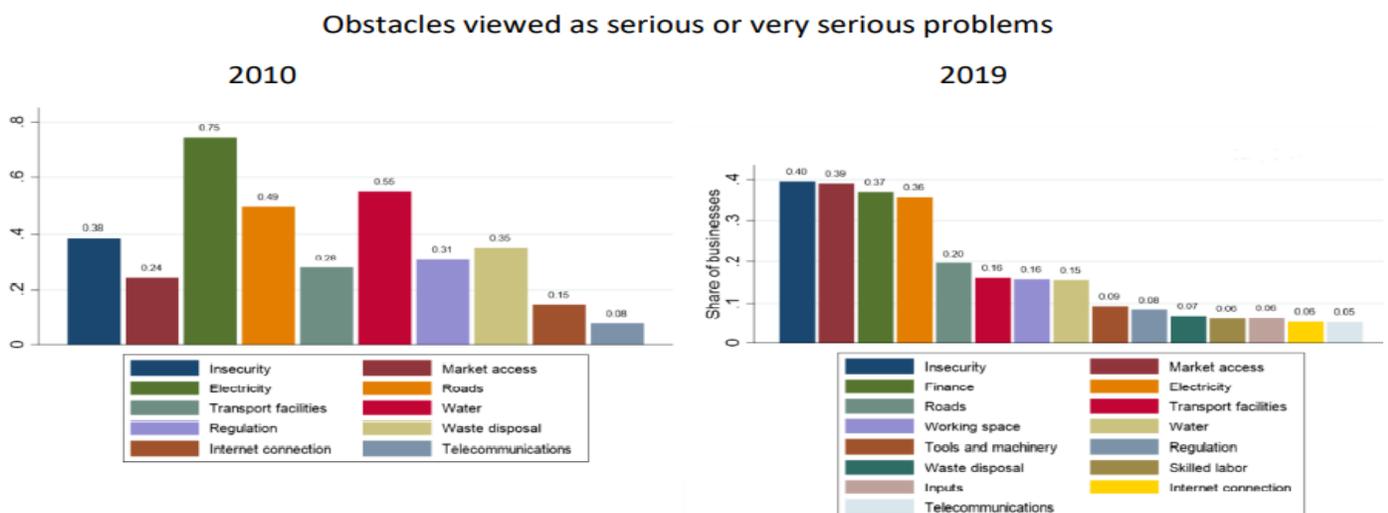
In fact, when asked about their main concerns, even market stall owners, the smallest of the SMEs in the country, they cite almost issues including a high number that complain about insecurity on roads (Figure 44).

Figure 44: Business obstacles reported by market traders



These obstacles have unfortunately have not eased and in some cases, some have become worse with time. For example, whereas in 2010 about 30 percent of businesses cited insecurity as a major obstacle, by 2019, the percentage citing the obstacle had increased to more than 40 percent (Figure 45). This is a reflection of the deteriorating security situation as a result of the 2013 and 2016 active conflicts but also a sign of deteriorating general security across the country including on roads.

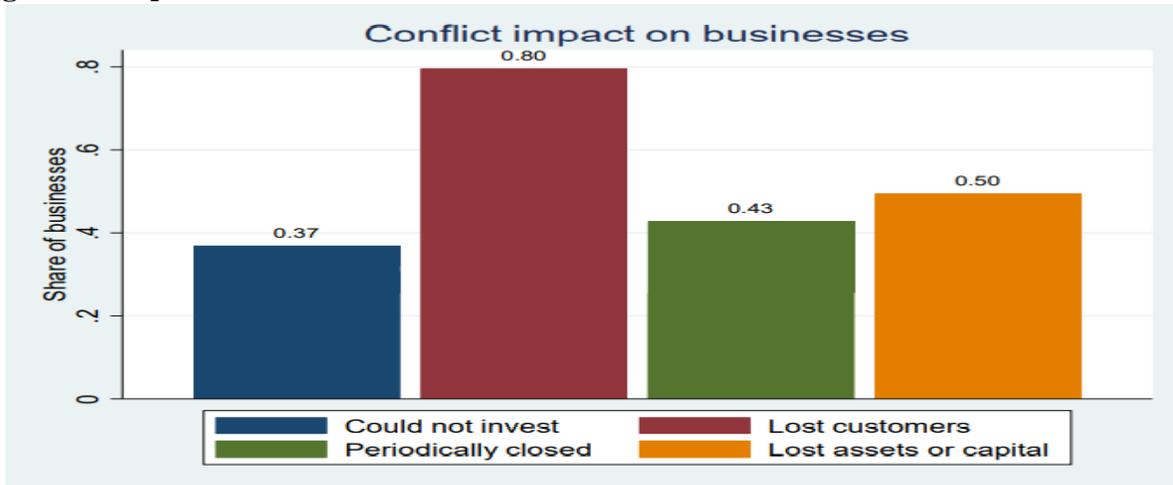
Figure 45: Obstacles viewed as serious or very serious problems 2010 and 2019



5.3.2 Conflict/Insecurity

The impact of insecurity on businesses cannot be over emphasized. Many businesses are citing cases of loss of assets or capital. Customers and even total closure due to the insecurity that has beset the country since 2013 (Figure 46).

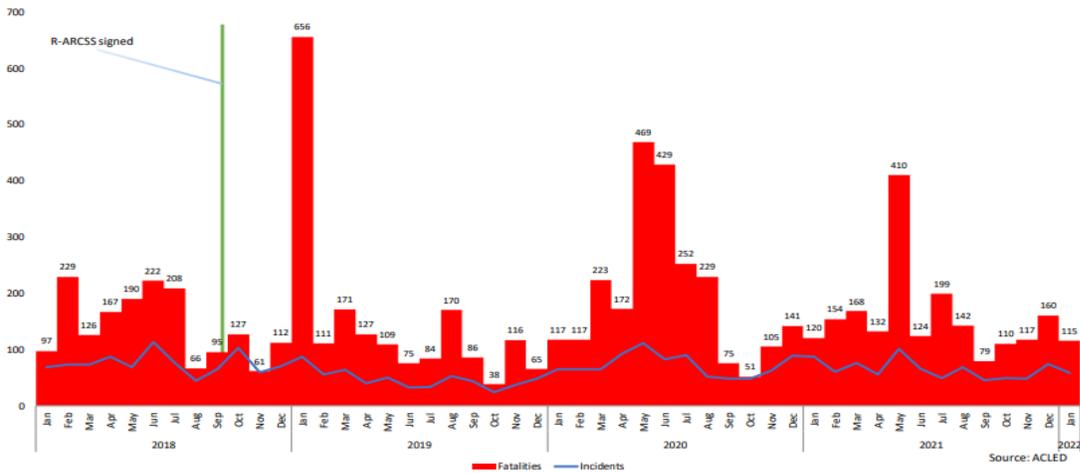
Figure 46: Impact of conflict on businesses



Source: IBES 2019.

What is worrying is that whereas, the number of fatalities reduced after the signing of the revitalized peace agreement, general insecurity that type those businesses are complaining about has remained high with negative implications for the business environment in the country (Figure 47).

Figure 47: Multi-Year Conflict Overview 2018 2022



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5.3.3 Transport Costs and Logistics

On the main trade linkage for South Sudan by road to the port of Mombasa in Kenya, users of the route incur significant costs. For example, the cost to ship a 20-foot container from Europe to Juba via Mombasa is US\$9,285, of which the inland transportation and handling Mombasa-Juba cost is US\$7,200 compared to the significantly lower Mombasa-Kampala cost of US\$2,150. The difference of US\$5,050 in inland transportation costs between Juba and Kampala accounts not only for the longer distances travelled but also other costs including delays en route, non-tariff barriers such as roadblocks and the fact that importers have to pay for the return of empty containers, in effect paying for both inbound and outbound shipping costs. A USAID study (2012) reports that for containerised cargo, road costs are the most significant, accounting for between 70 percent and 78 percent of all costs.

Insecurity and checkpoints obstruct business with the majority of traders who transport goods between towns and villages say they have recently feared for their security on the road, and security concerns affect the decision to travel for business. A majority (58 percent) of all market traders say they have been recently concerned for their security on the road²⁶. More crucially, this share is particularly high among those who transport goods from other towns. Nearly three quarters (72 percent) of these market traders fear for their safety on the road. It is also higher among those who transport goods from the villages, among whom two out of three (66 percent) are concerned for their safety.

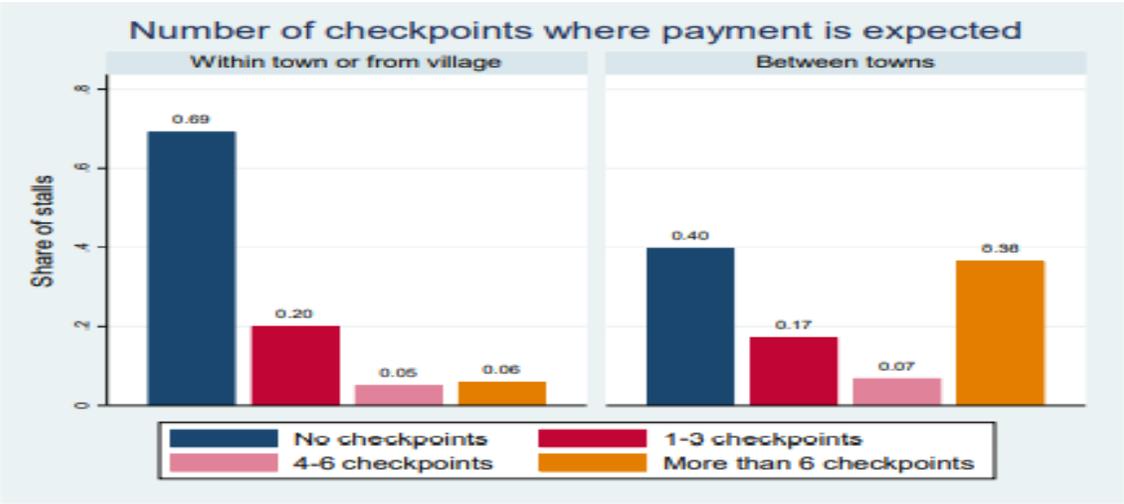
Checkpoints impose significant cost on traders who travel between towns and contribute to high prices. Only three out of ten traders (31 percent) who work within towns only or transport goods from villages report that on the way to the market, they pass roadblocks or checkpoints at which they must pay. However, six out of ten (60 percent) of those who travel between towns do. Market traders report that at the median, they expect to pay 5,000 SSP (about 17 USD) to pass a checkpoint or roadblock. There is a very substantial range of answers (one in four reporting they pay less than 2,000, and one in four saying they pay more than 15,000). Fees could easily add up for traders.

²⁶ Reviving Markets and Market-Linked Agriculture in South Sudan Jobs, Recovery, And Peacebuilding in Urban South Sudan – Technical Report Iii Jan Von Der Goltz et al.

Traders who transport goods from Uganda to Juba via Nimule state that checkpoints and fees are huge barriers because these interruptions are extremely costly and time-consuming (Figure 49). For example, they reportedly encounter numerous checkpoints on the way, where officials go through all the traders’ goods and vehicle after which they usually demand a high fee. Additionally, if they enter Juba, there are multiple interruptions from state authorities that take place when off-loading. Some traders reported that this fee could be up to 50 million SSD, and that they have no option but to oblige. The inability to contest these payments is seemingly down to the power differential between them and authorities. These substantial fees are then factored into costs and are unfortunately passed on to consumers as higher prices.

Traders report that insecurity on the roads is a major threat to their lives and businesses. Since the 2013 conflict, traveling to other cities has become difficult and is reportedly continuing to get worse. There have been instances of encountering people with guns on the trade routes where traders have had no option but to surrender their goods for fear of being shot. South Sudan’s conflict has led to many deaths and many of those who lost their lives were reportedly also grain traders, which has caused businesses to close or vacate Juba.

Figure 48: Number of checkpoints at which traders must make payments on the way to the market



5.3.4 Clearing for exports and imports in South Sudan

The cost of customs clearing of goods in South Sudan and this negatively trade. South Sudan has one of the highest costs of clearing exports and imports. In 2020, the cost to export documentary compliance at 193 USD was only lower than those of DRC (500 USD) and Sudan (Table 24).

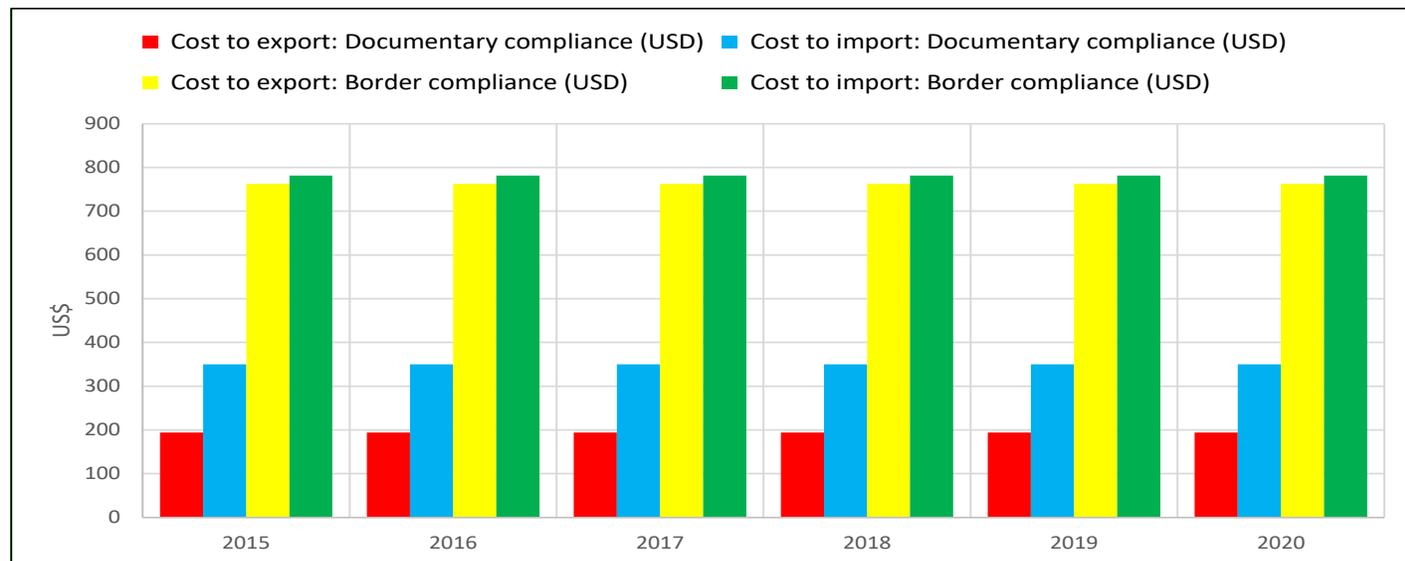
Table 25: Cost of custom clearing for exports and imports in South Sudan neighboring countries and comparators for 2020

Economy	Cost to export: Documentary compliance (USD) (DB16-20 methodology)	Cost to import: Documentary compliance (USD) (DB16-20 methodology)	Cost to export: Border compliance (USD) (DB16-20 methodology)	Cost to import: Border compliance (USD) (DB16-20 methodology)
Burundi	150	1,025.00	108.86	443.57
DRC	500	765	2,222.69	3,039.00
Kenya	190.5	115	142.5	832.5
Nigeria	250	564.29	785.71	1,076.79
Rwanda	110	121.07	183.33	282.14
South Africa	55	73	1,257.00	676
South Sudan	193.75	350	762.5	781.25
Sudan	427.5	420	966.5	1,092.50
Tanzania	275	375	1,175.00	1,350.00
Uganda	101.88	295.63	209.38	446.69

Source: World Bank Doing Business (2020)

What is concerning is that these costs have not been reducing and, in some cases, have increased (Figure 49).

Figure 49: Cost of Clearing Customs South Sudan and comparators



Source: World Bank Doing Business (2020)

5.3.5 Electricity/ power constraints

As noted earlier, South Sudan has one of the highest power rates in the world. This is in addition to the power being unreliable. Most manufacturing firms incur high losses with available data showing that in 2014, the value lost due to electrical outages (percent of sales for affected firms) for South Sudan was about 14 percent compared to 5 percent for Kenya and 2 percent for Rwanda and above the SSA of 9 percent (World Development Indicators 2021). Similarly, the time it takes to get electricity was much longer for South Sudan (468 days), than for Kenya (145 days), Rwanda (34 days) and SSA (132 days). These numbers are expected to have become worse recently due to the conflict that has dished the service delivery capacity of government. This makes the country less competitive and is detrimental to private sector development.

5.3.6 Contract enforcement

Due partly to the governance issues, the legal framework and sometimes lack of capacity, you would think that enforcement of contracts in South Sudan is much harder than in other countries. However, data shows that South Sudan is not worse than its peers in the time it takes to enforce a contract. For example, with in EAC, South Sudan takes the shortest time to enforce a contract at

228 days compared to Rwanda (230 days), Kenya (465 days), Uganda (490 days), Tanzania (515 days), DRC (610 days) and SSA average of 654 days (World Development Indicators, 2021). In spite of this, however, enforcing contracts in the country has other problems including impunity arising from some elements in the country that might decline following due process and may not honour contracts due as expected. This is a disincentive to investment in the country.

5.3.7 Corruption

Corruption in South Sudan is endemic and widespread. Within the EAC, South Sudan scores the lowest according to the World Bank’s CPIA transparency, accountability, and corruption in the public sector rating (Table 26).

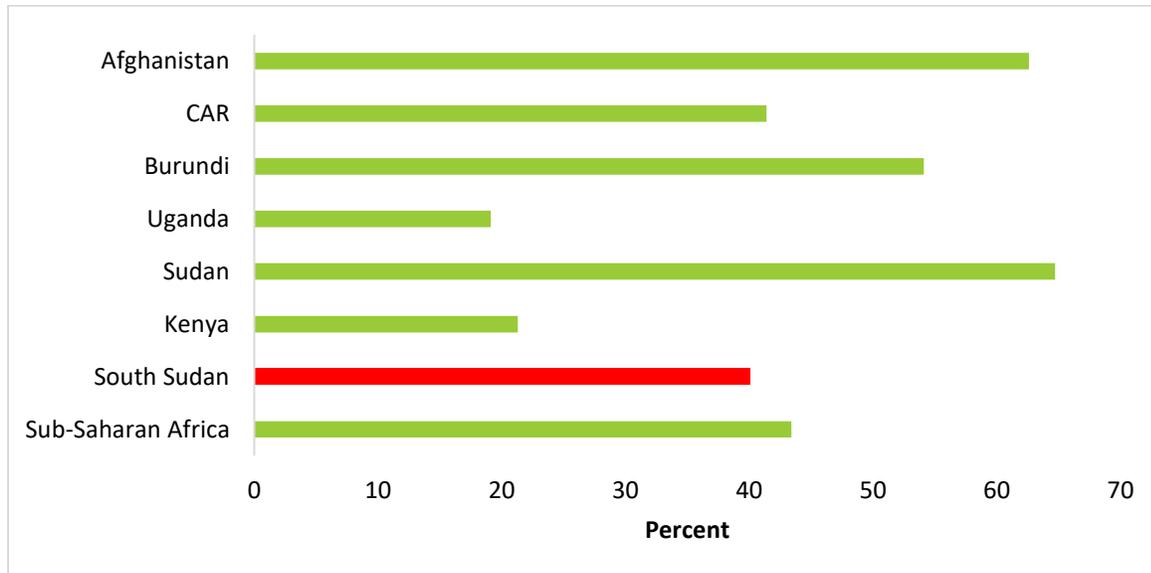
Table 26: CPIA transparency, accountability, and corruption in the public sector rating (1=low to 6=high), Sudan and EAC Peers 2014-2020

	2014	2015	2016	2017	2018	2019	2020
Democratic Rep. Congo	2	2	2	2	2	2	2
Burundi	2.5	2	2	1.5	1.5	1.5	1.5
Kenya	3	3	3	3	3	3	3
Rwanda	3.5	3.5	3.5	3.5	3.5	3.5	3.5
Tanzania	3	3	3	3	2.5	3	3
Uganda	2	2	2	2	2.5	2.5	2.5
Sub-Saharan Africa	2.7	2.7	2.7	2.7	2.7	2.7	2.7
South Sudan	2	1.5	1.5	1.5	1.5	1.5	1.5

Similarly, in the last two years, South Sudan has been ranked the most corrupt country in the world by Transparency international (Transparency International, 2022). This is again a function of the weak institutions but also enforcement mechanisms arising from long periods of conflict and insecurity.

Corruption is a serious constraint to firms’ business operations in South Sudan. About 40 percent of the firms surveyed identified corruption as a major constraint, the second highest percentage in the region among non-FCS countries. Ugandan and Kenyan firms on the other hand seem to enjoy a comparatively lower level of corruption with 19 percent and 21 percent of firms identifying it as an obstacle. Compared to the FCSs, South Sudan does better than all the comparator countries (Figure 50).

Figure 50: Percentage of firms identifying corruption as an obstacle to their operations—international comparison



Source: Enterprise Survey for various countries, various years

Bribery to get anything done is one of the highest in the world (Table 27). This level of corruption is inimical to investments and private sector performance in the country.

Table 27: Bribery incidence (percentage of firms experiencing at least one bribe payment request)-various years

Country	percentage of firms
Burundi	30.3
Congo, Dem. Rep.	56.5
Fragile and conflict affected situations	27.5
Kenya	23.9
Mauritius	3.9
Rwanda	4.1
South Sudan	48.0
Sub-Saharan Africa	22.7
Tanzania	20.8
Uganda	22

Source: World Development Indicators, 2021.

5.3.8 Procurement

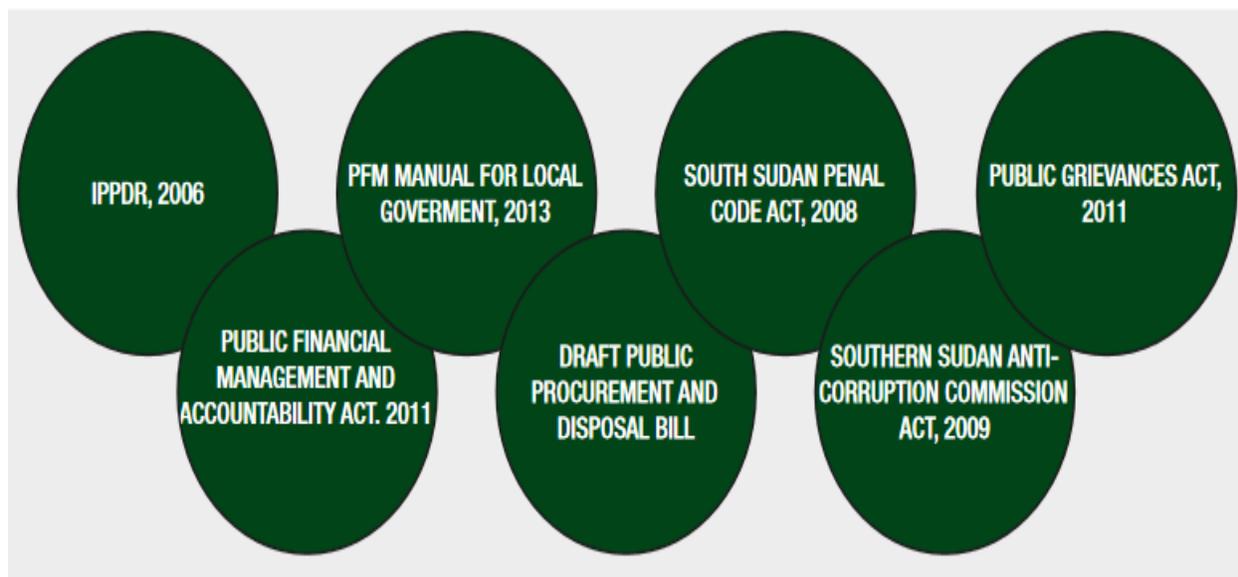
An efficient Public Procurement System which is fair, transparent and contains accountability and recourse mechanisms is required to restrain corrupt public procurement processes which stifle economic growth and hampers investor confidence. Through its Procurement Directorate, MOFEP has oversight responsibility over all procurement by government institutions in South Sudan. The high-level framework for public procurement in the South Sudan currently comprises several statutory and regulatory instruments, shown in Figure 51, which make up the public procurement system of the country. However, despite the existence of the Public Procurement Framework, certain challenges are apparent, which include insufficient transparency, a legal and institutional framework with room for improvement, technical and capacity limitations, mistrust, and a lack of prosecution. These ongoing challenges all create an environment within which corruption can still take place, for example, corruption in South Sudan's public procurement process is considered a problem, several cases of corruption in public tendering have been reported. The legal and regulatory framework for anti-corruption and public financial management entails the following instruments/laws:

5.3.8.1 Interim Public Procurement and Disposal Regulations (2006)

The IPPDR applies to all levels of government in South Sudan and lays out the public procurement policy as well as the procedures and processes that should be followed by Procuring Entities to ensure that public procurement is transparent, efficient, and fair. In the absence of enacted public procurement legislation, the Minister of Finance and Economic Planning issued the Interim Public Procurement and Disposal Regulations (IPPDR) in June 2006. The IPPDR provides for the creation of a procurement policy unit (PPU) in the ministry, and a decentralised procurement function. It also requires MOFEP to delegate the authority of procurement to the institutions that it has assessed and found to possess the capacity to comply with the IPPDR. Such institutions will be designated as procuring entities and will be accountable for the procurement process and contract management in the spending of allocated budgets. The public procurement system plays a critical role in efficient budget execution and should be applied consistently to prevent corruption. In 2007, a presidential order was issued compelling institutions to adhere to the IPPDR and to direct the authentication and monitoring of RSS contracts through the involvement of the

Ministry of Legal Affairs and Constitutional Development and MOFEP respectively. Following the Order, MFFEP issued circulars in 2011 directing adherence to the IPPDR.

Figure 51:RSS public procurement framework



Source: South Sudan Development Initiative, 2022

5.3.8.2 Draft Public Procurement and Disposal Bill (2011)

The purpose of the bill is to provide a “framework for establishing and governing an open, transparent and rigorous system of public procurement and to provide rules and procedures based on effective budgetary and expenditure controls as well as reporting requirements, and these are designed to ensure the proper and highly efficient use and expenditure of public funds.” This bill has yet to be enacted at the time of writing the SSDI. The contents of the bill are, however, indicative of the provisions, mandates, roles, and obligations intended by the RSS to apply to all public procurement in the South Sudan. Once final approval is obtained, the Bill will be enacted. It will repeal the IPPDR, and the Public Financial Management (PFM) Manual for Local Governments will be updated accordingly. The Public Financial Management Manual for Local Governments (2013) incorporates the provisions of the bill by stipulating that its requirements are to be adhered to. Regulations in terms of the bill should be available when the law is submitted to the South Sudan Law Authority (SSLA), so that South Sudanese law-makers can see the entire proposed procurement scheme—i.e., the legislation and its regulations—when they adopt the draft bill.

5.3.8.3 Public Financial Management and Accountability Act (2011)

The Act provides for the establishment of procedures to control the management of public finances of the Government and matters connected therewith. The Public Financial Management and Accountability Act (PFMAA) ensures accountability and regulation in the preparation of the general budget. This Act was drafted in accordance with the Transitional Constitution of the Republic of South Sudan (2011), which grants the government of the RSS authority over the allocation of resources and revenues and general budget proposals. It expressly mandates MOFEP with the function of public procurement necessary for efficient and effective public financial management and accountability. In particular, the Act regulates the preparation of related financial management and accountability of appropriation Bills, Establish Reserved Revenue, Contingency and Consolidated Funds. The Act furthermore provides conditions and restrictions for borrowing and lending as well as make regulations for the transfer of funds to the state governments. It also provides for the establishment of a procurement unit in each spending agency, public enterprise, or public corporation.

5.3.8.4 Public Financial Management Manual for Local Governments (2013)

The manual's purpose is to "ensure that the Local Government finance function provides efficient, fast, accurate and complete financial information to the local government management team and to all other stakeholders on financial matters for proper direction and control of local governments."

In line with their mandate of being developers of public financial management policy, regulation, and legislation, which include matters pertaining to public procurement, MOFEP, together with the Local Government Board, compiled and published the Public Financial Management Manual for Local Governments in 2013. In the Public Financial Management Manual for Local Governments (2013), the IPPDR is stated to be "the legal framework for local government procurement". Concerning the practicing of public financial management, the manual prescribes that local government officials should adhere to the various legal and regulatory requirements provided for in the mentioned documents, which include the Draft Public Procurement Bill, the Local Government Act (2009), the PFMAA (2011), and thus also the generally accepted accounting principles prescribed in the International Public Sector Accounting Standards, and the South Sudan Audit Chamber Act (2011). The Public Financial Management Manual for Local

Government was drafted to be consistent with the provisions of the Public Procurement Bill, in anticipation of its approval, which is said to be aligned to the IPPDR. As with the IPPDR, adherence to the provisions in the manual is key to the integrity of the public procurement system at local government level. However, enforcement of such adherence remains a critical challenge.

5.3.8.5 Public Procurement and Disposal of Property Act (Act 39 Of 2014)

This Act is aimed at maximising overall economic growth and development, promoting competitive trade, integrity, fairness, transparency, accountability and public confidence, by establishing efficient procedures for the procurement and the disposal of public property.

5.3.8.6 Public Procurements Reforms

Despite the availability of these laws, acts often go unenforced. So, MOFEP commissioned a reform action plan which focused on key changes required for legislation to be enforced. This result was a detailed Procurement Reform Action Plan for South Sudan which is included in Volume 3 of the World Bank's Republic of South Sudan Country Integrated Fiduciary Assessment Report. The plan sets out short-, medium- and long-term recommendations for improving procurement performance in South Sudan through legal reform, institutional reform, private-sector development, and the strengthening of procurement control and oversight functions in detail.

The reforms are in various phases of implementation by the South Sudan and will assist in reaching the state's aims of improving the public procurement system to ensure internationally acceptable procurement standards, thereby assisting in improving investor confidence and enhance aid allocation mechanisms to South Sudan programmes. Furthermore, these reforms are in alignment with the attainment of the RSS's public administration and accountability sectors' objectives.

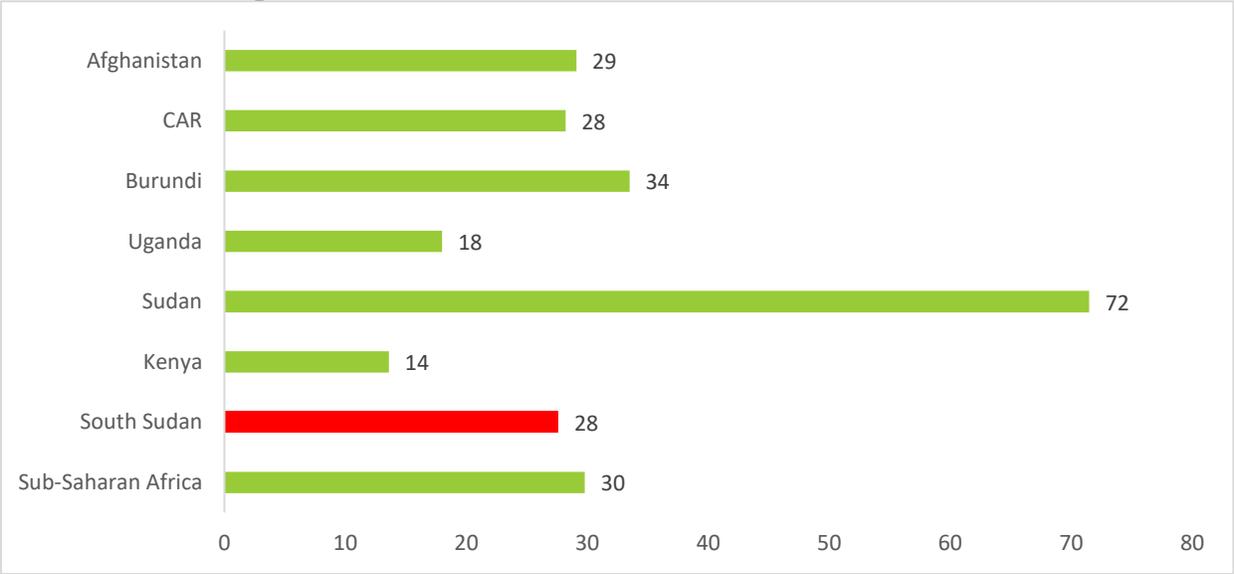
5.3.8.7 Taxation Regime

While an overall tax burden in South Sudan of 28.7 percent of pre-tax profit is relatively low in comparison to many regional and international competitors, taxes are a significant hurdle for doing business in South Sudan. The key problem is the multiple numbers of taxes that need to be paid at different time over the year to national and local government agencies. To ensure a conducive tax regime for business, the government has purposed to harmonize local taxation and licensing policies and practices with national trade development priorities, with a view to eliminate double/multiple taxation.

Firms across the world always complain about tax rates. However, South Sudanese firms are more burdened by taxes when compared to the non-FCS comparator countries; 45 percent of the firms complain about tax rates. Among the FCSs, South Sudan does better than Sudan (77 percent), Burundi (70 percent), and Afghanistan. The problem associated with tax in South Sudan may be due to administration rather than the rates. Due to the absence of a national tax administration body, collection of taxes is chaotic with numerous players at the national, state, and local levels levying numerous and often unregulated and uncoordinated taxes, which often lead to multiple taxation.

Tax administration is a major constraint for firms in South Sudan. Close to 28 percent of South Sudanese firms mentioned tax administration as a major constraint (Figure 52).

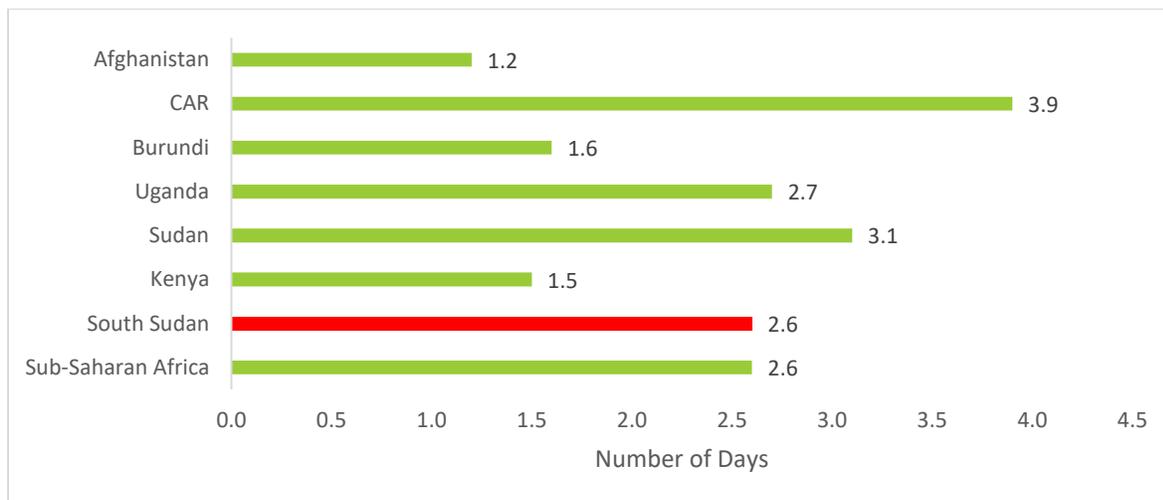
Figure 52: Percentage of Firms Identifying Tax Administration as a Constraint- International Comparison



Source: Enterprise Survey for various countries, various years

The implication of this is that South Sudanese firms are subjected to harassment by tax officials. In most cases visits by tax officials usually come with requests for bribes, linking corruption with tax administration. On average, although South Sudanese firms are visited by tax officials as frequently as firms in Sub-Saharan Africa—2.6 days per week—this is still more than regional non-FCS countries. Nonetheless, South Sudan compares favourably to other FCSs and is even better than Sudan and CAR, which at close to 4 times per week, is the country with the highest number of tax official visits (Figure 53).

Figure 53: Number of Visits by Tax Officials (Days per Week)-International Comparison



Source: Enterprise Survey for various countries, various years

5.3.8.8 Access to Finance

5.3.8.8.1 General finance Access Issues

Over the past decade, there has been significant progress in introducing commercial banking into South Sudan. This has been achieved through the activities of the Central Bank of South Sudan and the establishment of a legal framework for financial industry. The financial sector comprises of 28 Commercial Banks, 10 Micro Finance Institutions, 86 Forex Bureaus and a handful of Insurance companies. However, most financial institutions have been subsisting on earnings from the forex spread. Despite the increase in number of financial institutions, competition in the financial sector is still limited due to concentration of services in the urban hubs. Less than 3 percent of the South Sudanese population have access to financial services compared to 42percent and 20 percent in Kenya and Uganda respectively and only 13 percent of the population own a bank account. In 2015, the South Sudan domestic credit to private sector as a percent of GDP was just 2.3 percent, the lowest in the region and way below the SSA average (Table 27).

Table 28: SME experience in seeking credit from financial institutions/ Domestic credit to private sector (percent of GDP)

Country	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
World	115.96	116.67	118.70	120.23	123.51	125.50	126.48	125.92	131.90	146.66
Kenya	30.57	29.54	31.71	38.36	40.20	38.46	34.44	32.77	32.41	32.74
Rwanda	15.10	17.69	18.70	20.21	21.00	20.48	20.59	21.39	21.44	24.67
Burundi	21.56	20.21	19.39	19.29	16.39	17.17	15.46	18.03	20.70	22.26
SSA	49.15	48.22	44.58	43.77	42.19	42.52	45.15	42.16	41.23	17.28
Uganda	11.71	12.22	12.28	12.96	13.83	13.70	13.48	13.65	13.88	14.35
Tanzania	12.35	12.82	12.54	13.30	14.61	13.67	13.07	12.70	12.62	13.16
Sudan	10.67	12.12	10.86	8.02	8.23	8.68	8.92	9.34	9.20	7.89
DRC	4.02	4.81	5.25	5.72	6.29	7.39	5.47	5.90	6.17	7.22
Low income	9.87	10.41	10.74	11.82	12.40	13.21	12.95	13.11	13.18	
South Sudan	0.50	1.12	1.13	1.81	2.30					

Source: World Development Indicators: IMF, 2021

The key challenge for the government is to implement financial inclusion programmes to improve access to, and usage of, appropriate financial services by the underserved adult population and MSMEs in South Sudan. The financial sector is not lending to the private sector with most banks just doing cash management and only making money on the official and parallel foreign exchange market differentials which were previously very large. However, with the IMF/BoSS forex reforms that have cut this differential significantly including the auction of \$13m per week, banks that were not prepared to innovate and to play their real banking role have been forced to close shop. As of 2022, according to Bank of South Sudan, out of the 28 that were on the books, only about 15 of them are now transacting, leaving some even to close shop due to the forex reform.

There are still serious operation and regulatory risks to the remaining banks, one of which is the requirement that banks maintain a minimum capital requirement of US\$30m which the banks think is too high. Current requirement is US\$15m. The bankers' association suggested additional US\$2.5m as an addition to the US\$17.5m which is the current requirement and which they consider comparable to regional averages. The main problem with serving the wide local market especially extending credit was the issue of collateral which favors mainly foreigners (90 percent of businesses that access credit are owned by foreigners) who keep accounts and can easily offer security.

Indeed, South Sudan’s financial sector is small and undeveloped. While the banking sector experienced dynamism and growth during the period after independence, progress stalled and even reversed because of cycles of conflict and economic tensions since 2013. In addition, many small banks remain undercapitalized. Capital markets do not exist. The interbank market is far from vibrant, with a few isolated transactions.

Levels of intermediation and private sector credit are negligible. The recurrence of conflict and subsequent collapse of the economy resulted in many banks scaling back operations and closing branches outside of Juba. Consequently, the financial sector has limited reach outside the capital. At the macro level, both credit and deposits as a percentage share of GDP have been declining over the past four years reflecting the turbulent economic situation. Credit as share of GDP declined from 3.7 percent to 1.0 percent and deposits declined from 33.9 percent to 10.2 percent over the period 2016 – 2019 respectively (Table 29). In addition, credit as a percentage share of deposits, which is estimated at about 10.3 percent, is very low. These data reflect a minimal level of financial intermediation.

Table 29: Selected financial sector indicators

	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Credit, % GDP	1.1	1.2	1.7	1.7	3.7	1.4	1.2	1.0
Deposits, % GDP	9.1	6.7	10.2	14.3	33.9	20.7	13.1	10.2
Credit, % deposits	12.5	17.8	16.7	11.7	10.8	6.9	9.3	10.3

On the demand side, access to finance continues to be a major constraint to entrepreneurship, business growth, and firm competitiveness with likely negative implications for labour demand. The National Bureau of Statistics, Integrated Business and Enterprise Survey (2019) indicate that 44 percent of sampled firms reported having an SSP checking account and 10 percent have a foreign currency account (Table 30).

Table 30: Access to finance for enterprises

	All businesses	Micro businesses (up to 3 workers)	Small businesses (4-5 workers)	Medium businesses (6-9 workers)	Large businesses (at least 10 workers)
% with an SSP checking account	44%	37%	57%	67%	84%
% with a foreign currency account	10%	6%	15%	26%	42%
% have taken a formal sector loan in the past three years	3%	2%	5%	7%	6%
% of businesses that took a formal sector loan to cope with a shock (among all businesses that experienced a shock)	7%	5%	8%	11%	15%
% of businesses that borrowed from family or friends to cope with a shock (among all businesses that experienced a shock)	67%	70%	64%	54%	44%
<i>Number of businesses</i>	<i>13,184</i>	<i>9,199</i>	<i>2,548</i>	<i>538</i>	<i>854</i>

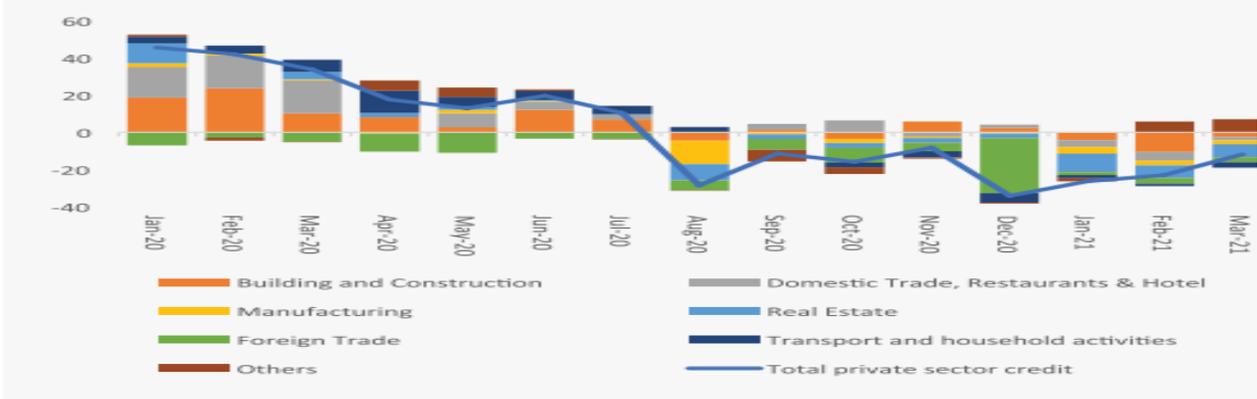
Source: National Bureau of Statistics, Integrated Business and Enterprise Survey 2019

However, firms essentially do not use the formal financial system to access finance and hardly any businesses take formal loans - even among large firms. Only about 3 percent of firms have taken a bank loan over the past three years, and even among large firms, this share is only 6 percent. Similarly, businesses say they cover losses from shocks through loans or gifts from family and friends (67 percent) or using earnings or cutting salaries (30 percent). A mere seven percent said they had borrowed from a bank, again with no higher use of credit among large firms. While almost all loan applications require collateral, whose value is usually more than double the loan value, the land market is undeveloped, further constraining access to finance. In addition, property rights are not established and legislation allowing the use of chattels does not exist.

Even beyond the formidable obstacles of conflict and economic risk, lending is further complicated by difficulties in the use of collateral. Banks are reluctant to lend against leased land, as there is no clarity about asset ownership and assets cannot be attached for foreclosure because the land owner (who is not typically the borrower) is the ultimate owner of the asset. This stifles economic activity and banking intermediation, as entrepreneurs and businesses end up either postponing capital purchases or using own savings to meet financing requirements. Credit conditions are dire and real private sector credit growth is weak, with growth only in the buildings and construction sector. Real private sector credit expansion had slowed considerably since FY2014, with its rate of growth effectively negative for all but two months during July 2013 – July 2018 and contracting

33 on average by 25 percent per month. This trend was reversed briefly starting in August 2018, with private sector credit growth averaging 11 percent in the first quarter of FY 2019 and reaching a growth rate of 15 percent in October 2018 from a contraction of 26 percent in July 2018. However, this growth was not sustained, and real private sector credit contracted in four successive months during November 2018 – March 2019 and during May – August 2019 (Figure 54).

Figure 54: Real private sector credit growth percent / yy



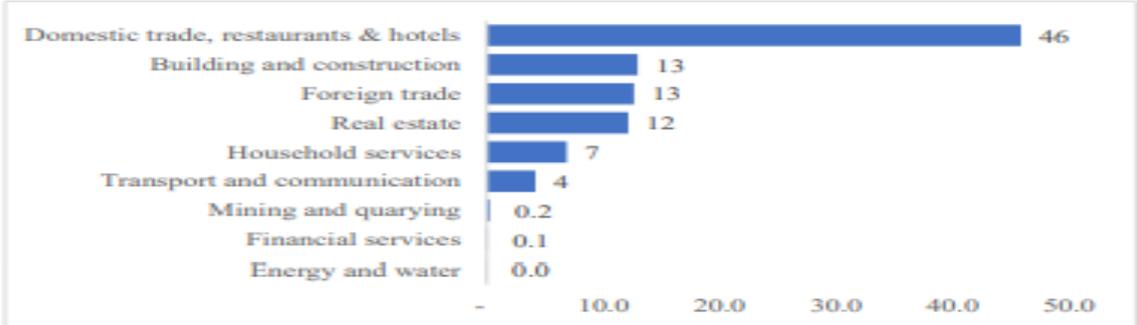
Source: Bank of South Sudan

Solely the contribution of the building and construction sector to real credit growth has been positive and averaged seven percent during the period January – August 2019 despite its small share in total bank lending, signifying strong growth in this sector. Overall, the weak growth in real private sector credit growth is consistent with the lack of growth in the non-oil sectors over the past period.

There is virtually no lending for agribusiness and manufacturing. In South Sudan, there is very little employment in the kinds of formal businesses that could take bank loans. In addition, in an environment with as much risk, it is usually activities with the very highest short-run yields that attract any investment, and these do not tend to be labor intensive. It is noteworthy that trade, hospitality, real estate, and building & construction sectors accounted for more than 80 percent of all bank lending in FY2018/19 (Figure 55). By contrast, the manufacturing and agricultural sectors accounted for negligible shares of private sector credit. There is therefore little indication of formal sector investment that could begin to reverse the current weakness of these two sectors. This is particularly disconcerting as agriculture accounts for two thirds of all jobs, and is the primary

source of livelihood for more than 8 out of 10 households²⁷. If greater stability returns, it will become essential to address the supply and demand-side factors that constrain agriculture credit. Supply factors include weak institutional framework and an undeveloped financial sector. Demand side factors include lack of collateral, a dearth of bankable projects, high risk associated with agricultural credit, missing agricultural insurance markets, and limited financial literacy.

Figure 55: Distribution of private sector credit percent of total FY 2018 19

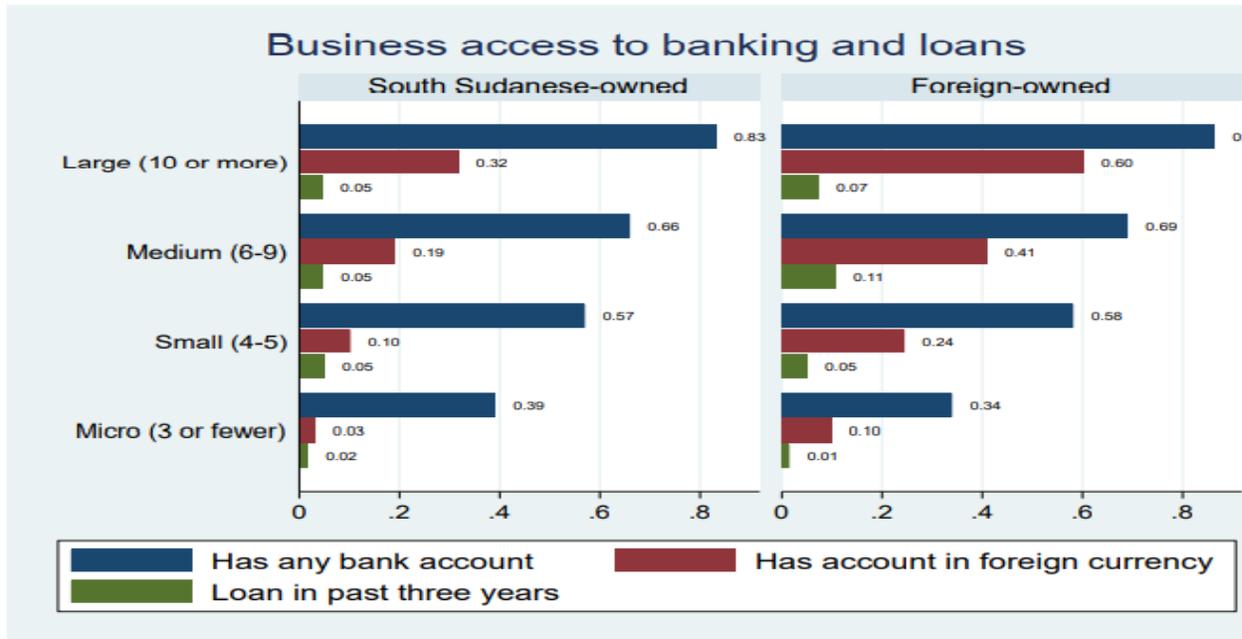


Source: Bank of South Sudan

It is concerning that access to credit is most problematic for the small firms, SMEs, which are the majority in South Sudan. In the World Bank Business Survey access to banking and credit services were the worst for micro and small businesses (Figure 56).

²⁷ Finn, Arden et al. 2020. "Job Outcomes in the Towns of South Sudan: Jobs, Recovery, And Peacebuilding In Urban South Sudan – Technical Report I." World Bank, Washington, DC

Figure 56: Access to banking and use of loans, by ownership

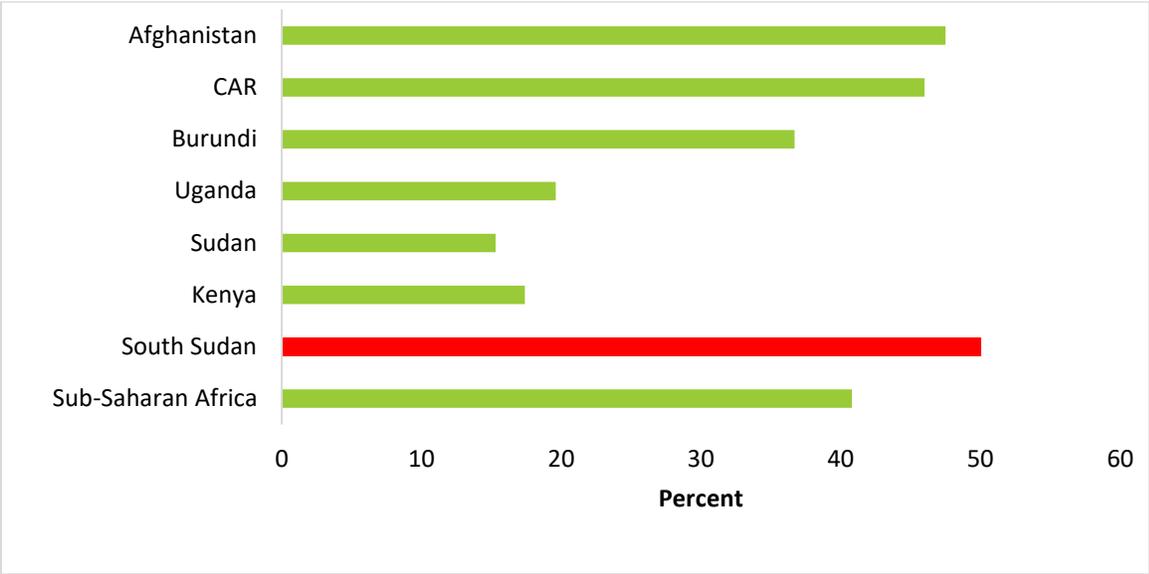


Source: IBES 2019.

Indeed, in the most recent Enterprise Survey, Access to finance, as a constraint, is cited by more than 50 percent of all South Sudanese firms, and it is the second major constraint after access to electricity. When compared to non-FCS countries, access to finance is a constraint faced by all comparator countries, with Ugandan firms coming second at 20 percent. Among FCS countries, South Sudan fares the worst (Figure 57). The problem is worse for South Sudanese manufacturing firms, with about 55 percent of such firms citing access to finance as a major constraint. This again is the highest among all comparator countries, both FCS and non-FCS (Figure 58).

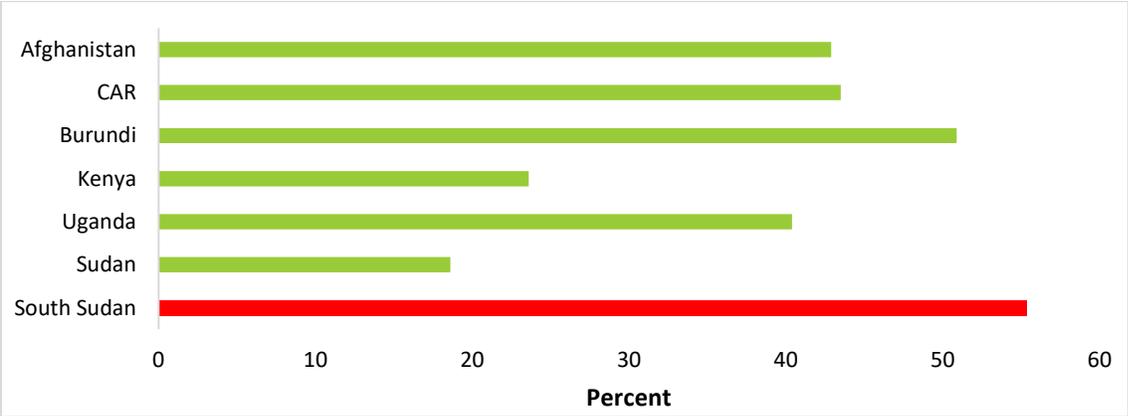
Coupled with the poor infrastructure, inability to access finance aggravates the unfavourable business environment for South Sudanese firms. This is especially critical for manufacturing firms which have to compete against their international counterparts, who not only have access to better infrastructure, but have easier and cheaper access to finance.

Figure 57: Firms Identifying Access to Finance as a Major Impediment to Operations-International Comparison



Source: Enterprise Survey for various countries, various years

Figure 58: Percentage of Manufacturing Firms Identifying Access to Finance as a Major Constraint-International Comparison



Source: Enterprise Survey for various countries, various years

5.3.8.8.2 Access to Trade Finance²⁸

Limited supply of banking services and difficult access to foreign exchange have for some time limited the development of a private market for trade finance. Constraints to the expansion of commercial lending (limited competition, high transaction costs, lack of available collateral and

²⁸ Most of this material is borrowed from a report produced on Trade Finance produced by a WTO Consultant

enforcement structures) combined with a limited inclination of banks to invest, until the mid-2010s, in other assets than government securities and foreign exchange trading, have limited the expansion of commercial lending. Moreover, until the reform of April 2021, a combination of inflation and distortions in foreign exchange markets (resulting in growing gaps between the official and “street” exchange rate of the Pound against the US dollar) led to increased shortages of foreign currency. With the Covid-19 pandemic, the scarcity of foreign exchange increased along with pressures on the balance of payments. Foreign exchange became scarcer, including for small traders, thereby affecting their ability to pay for imports of essential goods and commodities, in a very import-dependent economy. Since April 2021, the Central Bank has been implementing a reform aimed at a more market-based exchange rate. Banks and foreign exchange bureaus are now required to use reference rates defined by the Central Bank in connection to its currency auctions. The objective is for the reference rates to converge towards the parallel/street rate, which is a view to reduce the disincentive to lend domestically and internationally, and to reduce the volatility of domestic prices and exchange rates. Local availability of the US dollar should increase as a result, and the payment of imports should be facilitated.

The high share of trade in the economy of South Sudan underlines the importance of access to trade finance. Export financing is mostly linked to exports of crude oil, which account for close to 90% of the country's total exports. Like many exporters of crude oil, export financing is ensured by client commodity trading companies and related banks. Since 2012, under the transitional financial arrangement (TFA) between Sudan and South Sudan, the Government of Sudan agreed to purchase (and the Government of South Sudan agreed to sell) between 8,000 barrels and 28,000 barrels of oil each day – the volume of sales between determined each month by both Governments. The arrangement will expire when outstanding balances agreed under the TFA are reached (IMF, South Sudan, Report on External Sector Statistics Mission, January 2020). Letters of credit can be arranged in South Sudan, both on imports and exports. The country's largest banks offer to arrange (mainly) import letters of credit for corporate customers, as well as export letters of credit, as needed. To do so, banks require documents such as confirmed purchase order or pro-forma invoices and the import licenses issued, as well as the property ownership documents for letters of credit pledged against collateral. There are, however, few users for such facilities, which are confined to the largest trade transactions. Despite their potential advantages in terms of security, letters of credit are relatively expensive in South Sudan; only a handful of corporates can

afford their cost, display the required collateral, and present compliant applications. Moreover, there is little familiarity with trade finance facilities in the corporate sector. Banks also face a lack of staff skills, notably in applying proper methodology, credit analysis, and securitization. The scarcity of information technology in banks does not help. Most formal trade finance rather takes the form of short-term, working capital lending, at rates well above 15% per annum. Given the lack of available collateral, some banks have promoted leasing as a substitute for cash or land collateral.

Letters of credit have been used in multi-stakeholders' import contracts. Shortly after independence, a system of US dollar denominated letter of credit allocated by Ministries was put in place to facilitate bulk imports of essential goods (petrol, food, medicines) at affordable prices, in a context of growing foreign exchange scarcity. The occasional diversion of such schemes for the purpose of exchange rate arbitrage, rather than for the purchase of goods, led to the extinction of such schemes. The reform of the foreign exchange system and involvement of reputable international agencies is expected to result in greater efficiency and transparency of trade (finance) arrangements. Improved due diligence and professionalism is expected to result from more recent schemes and agreements relying on the partnership between Governments and reputable international organizations, involving private corporations and banks as implementing bodies. For example, in June 2021 the African Export-Import Bank (Afreximbank) announced its support for the first ever memorandum of understanding (MoU) on trade collaboration between the Governments of Malawi and South Sudan. The Bank will provide financial backing and payment instruments to facilitate trade of agricultural commodities and essential consumer goods between the two nations.

The five-year agreement will allow Malawi to export grain and other agricultural products to South Sudan. South Sudan will, in turn, supply commodities such as petroleum products and bitumen to Malawi. While the agreement was struck at government level, implementation will be managed by private sector institutions (exporters, importers, banks), which will be responsible for the procurement, and distribution of grains and petroleum products. The Export Development Fund of Malawi (EDF), in its role as the country's export credit agency, will be facilitating trade by arranging local financing and issuing guarantees to local banks that support exporters in Malawi. The cooperation between South Sudan and Afreximbank has deepened in recent years, with

substantial potential benefits to South Sudan in terms of transfer of skills and good practice for the private actors involved – given Afreximbank's high standards in promoting due diligence and related tools (MANSA). (Reuters, 15 April 2019 "South Sudan secures \$US 500 million financing facility from Afreximbank; 25 August 2020 "South Sudan seeks \$US 250 million loan from Afreximbank).

As indicated above, letters of credit and similar facilities are out of reach of smaller corporations, which resort to informal ways of financing imports. Local traders often rely on established relationships with foreign (mostly cross-border) partners, whereby buyers would pay purchases cash-in-advance, or suppliers provide full or partial credit. Pre-payment for imports is not rare. In the past, it has been witnessed that, "more often than not, businesses send their employees to Uganda and elsewhere to make purchases directly, thus minimizing the risk. Other sources of trade finance include loans from family, friends, or informal money lenders. The cash-based cross-border settlements of informal trade have attracted a significant number of informal currency exchange service providers at the border areas as well" ("Enhancing the Recent Growth of Cross-Border Trade between South Sudan and Uganda", Yutaka Yoshino, Grace Ngungi and Ephrem Asebe, June, 2011 Africa Trade Policy Notes no.21, World Bank Group). The use of receivable-based lending, such as invoice discounting and purchase order financing, is embryonic but a step in the right direction. While there is a shortage of recognizable and verifiable invoices in the corporate sector, the aid sector offers a regular flow of bills and invoices, on which a receivable finance industry can potentially build upon. Some banks may advance up to 70-80% of the invoice value, available from "prequalified" procuring entities (UN Mission in Sudan, UNDP, UNISFA, UNMAS etc.). These solutions generally apply to well-known, existing customers of banks, companies having undergone know-you-customer and other due diligence checks.

There are many other constraints preventing small and medium size enterprises (SMEs) from accessing secure trade finance support. Smaller companies lack the financials, audited accounts, creditworthiness, as well as the financial skills to formulate adequately their trade finance requests. While receivable finance could be a useful alternative to documentary credit, invoice financing has its own requirements; as indicated above, there must be a set of verifiable invoices, know-your-customer and due diligence checks must apply to prevent fraud, and minimum turnover requirements may apply. As in many low-income countries, collateral-based lending works against

SME lending. Studies in other LDCs indicated that many corporates simply did not apply for bank loans due to lack of collateral, in fear of being rejected on their loan application. When eligible, firms eventually face high interest rates and fees for trade finance facilities. Base interest rates are high in South Sudan, and even higher when it comes to suppliers' credit and working capital. More efficient, transparent, and affordable trade finance mechanisms would be essential to South Sudan competitiveness, and export diversification. More modern, less expensive forms of trade finance should be promoted, including by regulation. On the one hand, the current system based on Letters of Credit benefit mainly to a limited number of banks and firms. It must adapt to upgrade anti-money laundering and know-your-customer practices (AML KYC), with a view to avoid further reductions in correspondent banking. At the same time, the system of letters of credit is relatively document "heavy", labor-intensive, and prone to errors and discrepancies. It may not always be adapted for smaller traders. However, a system based on collateralized working capital lending at very high rates is very penalizing for smaller firms, which face, in a landlocked country, other high costs of trade (transportation, red tape etc.). Pre-shipment lending, import collection, lending against consignments, factoring, may be more flexible and cheaper sources of finance, which may be examined.

However, more flexible and cheaper sources of trade finance should be based on greater transparency and a better trust between local banks and corporates. Some banks argue that the corporate sector has invested too little in financial management and transparency, which prevents the expansion locally of more efficient factoring or supply chain finance solutions. Trust in the bank-client relationship should improve, reflecting insufficient documentation, lack of respect of creditor rights despite the existence of a national credit bureau, and lack of knowledge about trade finance products when making applications. Financial education of trading companies, possibly through the Chamber of Commerce, or other representative agencies, may perhaps be useful to promote, for corporates to be able to match their receivables and payables, hence optimizing their scarce amounts of cash, and for banks, to propose the most adapted solutions to the needs of their clients. Banks and industries can be further educated about the potential of short-term receivable and payable financing, and about the efficient use of other solutions, including compliant letters of credit and equivalent guarantee instruments. Financial education could usefully extend to authorities, as knowledge of trade finance instruments should also be spread between the Central Bank, the Ministry of Finance, and the Ministry of Commerce. One form of education would be

to establish a 2-pager summary of locally available and international use forms of trade finance and disseminate it across user and producer associations. Another would be to educate banks and corporates about trade finance products described in this section. The transmission of knowledge can be done locally. Increasing contacts and partnership with locally established foreign banks might help the transmission of know-how and learning by doing. International institutions such as the IFC and Afreximbank have considerable experience from other countries in building on-site capacity in local banks regarding the use of modern trade finance instruments.

5.3.8.9 Competition Regime

Creating an enabling business environment to attract investment, support inclusive trade and private sector development is at the centre of Governments development agenda. South Sudan Trade policy agenda seeks to create a dynamic and competitive economy in which trade contributes to equitable distribution of wealth, peace and prosperity. A sound Competition regime can play a key role in achieving inclusive growth and sustainable development as envisaged in the trade policy and development agenda. Competition can bolster economic growth by fostering more productive firms and industries, allowing domestic firms to become more competitive abroad, export more, and generate more value added to the economy. Effective competition regime can enhance household welfare by encouraging firms to deliver the best deals for consumers, protecting households from paying overcharges for essential consumer goods, and facilitating access to a broader set of goods.

Developing an effective Competition law enforcement regime can therefore transform product input markets, and boost productivity, innovation, competitiveness, and inclusive growth. Competition Law enforcement can help the marginalised groups in the society to access a wider variety of competitively priced goods. Competition in public procurement can also deliver savings for the government and increase efficiency of infrastructure and social services provision. Effective competition regime —*that ensures open markets, an environment with low barriers to entry and low operational risks, and effective rules that prevent anticompetitive business practices, guarantee competitive neutrality, and enhance private sector participation in commercial activities*—is expected to contribute to achieving the national development goal

Despite the potential benefits of an effective competition regime and the ongoing East Africa Community (EAC) and Africa Continental Free Trade Area (AfCFTA) integration process, South Sudan is yet to establish a national Competition Law and regulatory institution. Lack of enabling environment to support the development of an effective competition regime is also attributed to limited understanding on the potential benefits of an effective competition regime and Basic Concepts of Competition policy and Law. An effective regulatory and institutional framework needs to be complemented with increased technical capacity to respond to competition related complaints and undertake investigations. The government should encourage and ensure an effective, efficient and coordinated competition regime is established in South Sudan through a sound regulatory and institutional framework.

UNDP and Enhanced Integrated Framework is working with the Ministry of Trade and Industry in drafting Competition legislation and to strengthen the capacity of stakeholders on competition policy and law to promote efficiency, enhance the development of productive sector, and protect consumers. The Enactment of Competition Legislation is expected to support the implementation of the EAC competition Act 2006 and competition protocol of the AfCFTA. The government will need to establish competition Authority and develop competition culture for effective competition regime.

5.3.8.10 Intellectual Property Rights

Rights over ownership of IP which include works of art is increasingly subject to international rules to ensure that the owners of those rights are protected and rewarded for their work. Intellectual Property Right (IPR) safeguards the rights of an owner of the intellectual property through national legislation and international agreements especially concerning copyrights, patents and trademarks. The effectiveness of protection of intellectual property rights in a country has substantial effect on technological transfer, innovation and investment. An effective legal and institutional framework is required to safeguard the IPR. The challenge is to develop an adequate capacity, legal and institutional framework to deal with IPR issues in order to create a conducive business environment for investment. The government is committed to strengthening the

regulatory and institutional capacity to facilitate the development of an effective IP Regime in line with the international obligations and that supports the national development goals. In this respect, the government has committed to enact and implement new IP related legislations (Copyright, Trademark, Patents, etc.) in line with TRIPS and national policy objectives; to join the World Intellectual Property Organisations and IPR Regional organisations; follow WIPO Membership, accede to IPR related conventions to create a conducive environment for trade and investment; and review and strengthen the institutional framework to facilitate effective implementation of IPR related laws and regulations

5.3.8.11 Consumer Protection

South Sudan does not have an adequate legal and policy framework to protect consumers against harmful or fake products. Whereas, there is the Consumer Protection Act 2011, but regulations are missing and implementation is wanting. Consequently, consumers are often exposed to products which they cannot ascertain quality or safety and rarely have recourse for any resultant harm or loss.

5.3.8.12 Governance

South Sudan has major governance issues emanating from its long years of conflict and an undeveloped public and private sector. The country has the worst governance indicators in the region with major negative implications for the business environment (Table 31).

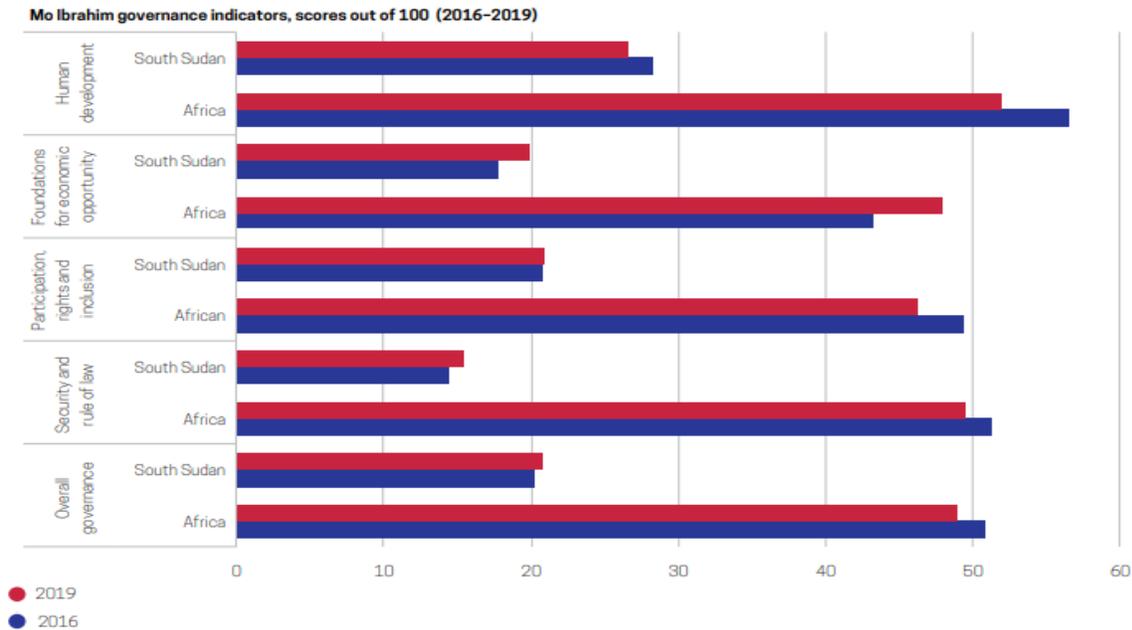
Table 31:South Sudan’s Governance Indicators Scores (estimates) with comparators, 2019

Country/Territory	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Burundi	-1.05	-1.10	-1.06	-1.32	-1.06	-1.13	-1.18	-1.44	-1.34	-1.42	-1.33
DRC	-1.69	-1.74	-1.68	-1.65	-1.48	-1.56	-1.63	-1.51	-1.64	-1.55	-1.63
Kenya	-0.63	-0.56	-0.57	-0.52	-0.46	-0.33	-0.30	-0.32	-0.32	-0.41	-0.38
Rwanda	-0.15	-0.05	0.07	-0.05	0.02	-0.03	-0.05	0.10	0.27	0.21	0.19
South Sudan	#N/A	#N/A	-1.88	-1.58	-1.68	-2.07	-2.16	-2.35	-2.48	-2.45	-2.45
Sudan	-1.25	-1.34	-1.38	-1.42	-1.49	-1.53	-1.48	-1.52	-1.43	-1.62	-1.62
Tanzania	-0.60	-0.60	-0.65	-0.69	-0.71	-0.66	-0.60	-0.55	-0.63	-0.76	-0.88
Uganda	-0.62	-0.53	-0.52	-0.57	-0.59	-0.50	-0.48	-0.57	-0.58	-0.61	-0.59

Source: Global Competitiveness Index, 2018 and WDI, 2021

The country is doing badly across the board but especially in security and rule of law and foundations for economic opportunity (Figure 59).

Figure 59:South Sudan governance detailed indicators 2016–2019



5.4 Status of Business policies, laws, and regulations

The business and investment climate in South Sudan is problematic arising from conflict induced insecurity. However, just after independence in 2011, the government a number of new in most cases to repeal the pre-independence laws. By the time of the DTIS (2014), there were nearly 60 new business-related laws of which 80 percent have been enacted by the National Legislative Assembly. This was a commendable legislation agenda but even at that time gaps still remained. In several areas policies and regulations had not followed the enactment of the laws and there were still crucial trade related legal frameworks that were still missing including, trade policy, private sector development strategy and land regulations. Some of the notable bills yet to be passed included the intellectual property rights (IPR) and microfinance. Other important legal aspects still missing were a labour law that defines issues like the minimum wage, workers’ benefits, human resources development and the accreditation and the certification of professional services for financial, legal, engineering, architectural, laboratory and testing services. Due to the two wars that followed the country’s independence and the 2016 one that followed the 2014 DTIS, the legislation agenda slowed down considerably and some laws missing are still missing while others

are in draft form or lying at the Ministry of Justice. This state of affairs was further compounded by the entry of the country into regional and international bodies which have necessitated the review and amendment of the current laws to align with the protocols of the accessed bodies.

5.5 State of Cooperative Development

5.5.1 State of Cooperative Development

Cooperative development can be a good vehicle through which communities can generate income and improve their livelihood. Strengthening performance of cooperatives can support the Government in achieving development aspirations as envisaged in the National Development Strategy. Cooperatives can provide a good platform through which community can exploit opportunities in the productive sectors like Fisheries, Agriculture, Livestock and Tourism. While farmers possess knowledge and experience of production, low levels of education affects, managerial and administrative issues, making the governance of cooperatives more difficult. In addition, cooperatives have high levels of illiteracy, leading to communication and organization problems as well as poor management styles. Members of cooperatives equally lack business development skills that should help cooperatives to take advantage of existing and potential opportunities.

5.5.2 Regulatory and Institutional Framework for Cooperative Development

In 2019 the African Development Bank granted 375,000 USD to the government of South Sudan for capacity building in cooperative development, community development, mechanization, extension services, and the fifth area (not remembered). The money was divided into five departments: Department of cooperative development, Department of community development, Department of mechanization, and the department of Extension services. On the legal and regulatory side, the country has drafted and, in some cases, enacted some laws and policies including The Co-Operative Societies Act, 2011, the Cooperative Policy 2003-2004 and has formulated the National Strategy for Cooperative Development 2012-2015, due for renewal to guide cooperative development.

5.5.3 Private sector associations

In South Sudan, private sector is represented by two major organisations namely, the South Sudan Chamber of Commerce, Industry and Agriculture (SSCCIA), and South Sudan Workers Trade Union Federation (SSWTUF). Together, they represent South Sudan businesses of all shapes and sizes, across all sectors of the economy, and from every corner of the country. The SSCCIA is South Sudan's largest and most representative business network with more than 10,000 members, the majority of whom are SMEs. The memberships come from all the 10 States and three Administrative Areas of South Sudan.

The SSCCIA provides advocacy to the South Sudan business community with opportunities to connect with regional and international organisations. It also offers trade facilitation activities to its members. Under the SSCCIA, there are several sector-specific associations including the South Sudan Poultry Association, South Sudan Agriculture Producers Union, South Sudan Bankers Association, South Sudan Insurance Association, South Sudan Clearing and Forwarding Association, South Sudan Women Cross Border Association, South Sudan Water Bottling Association, South Sudan Manufacturers Association, South Sudan Contractors Association, South Sudan Shippers Council, Central Equatoria Poultry Association, South Sudan tourism and Hospitality, South Sudan Hotel and Catering Association, South Sudan Automotive Industries Association and the South Sudan Bees Keepers and Honey Production Association.

The SSWTUF is also represented countrywide and works with retailers and wholesalers on competition issues to curb the price inflation of basic commodities. The membership to SSWTUF comes from various business groups across the country. Furthermore, other sector associations include Women's associations such as South Sudan Chamber of Women Entrepreneurs (COWE), South Sudan Women Union (SSWU) and South Sudan Women Entrepreneurs Association (SSWEA). The objectives of the women associations are to support and empower women in developing entrepreneurial skills, access to finance and capacity building around the country. These organisations have membership around the country and have been participating in regional businesses activities.

All the private sector organisations outlined above work with the government through the Ministry of Trade and Industry more especially through the South Sudan Business Union (SSBU), a body domiciled within the Directorate of Private Sector Development. According to the Republic of

South Sudan Private Sector Development Strategy (2016), the SSBU remit includes working with both the public and the private sector, covering a wide variety of issues such as public-private dialogue, trade, access to finance, agriculture, agribusiness and infrastructure. Also, in the areas of trade promotion, the private sector also works with the government through the Directorate of Trade Fair and Exhibition.

5.5.4 Business support and development services

Business support services in South Sudan whether supported by government, the private sector or development partners is still limited. Before, the outbreak of the 2013 and 2016 conflicts, there were efforts by development partners working with the private sector associations such as the South Sudan Business Forum and the South Sudan Chamber of Commerce which largely stopped after the wars. The South Sudan Investment Authority which had had been formed to spearhead such efforts were also re-absorbed into the mother ministry. Moreover, these efforts were fragmented and not backed by a comprehensive framework. As the country stabilizes, there is need for the government and private sector to work together to come up with clear strategies and materials including curricular for BDS in the country.

5.6 Women and Youth Entrepreneurship

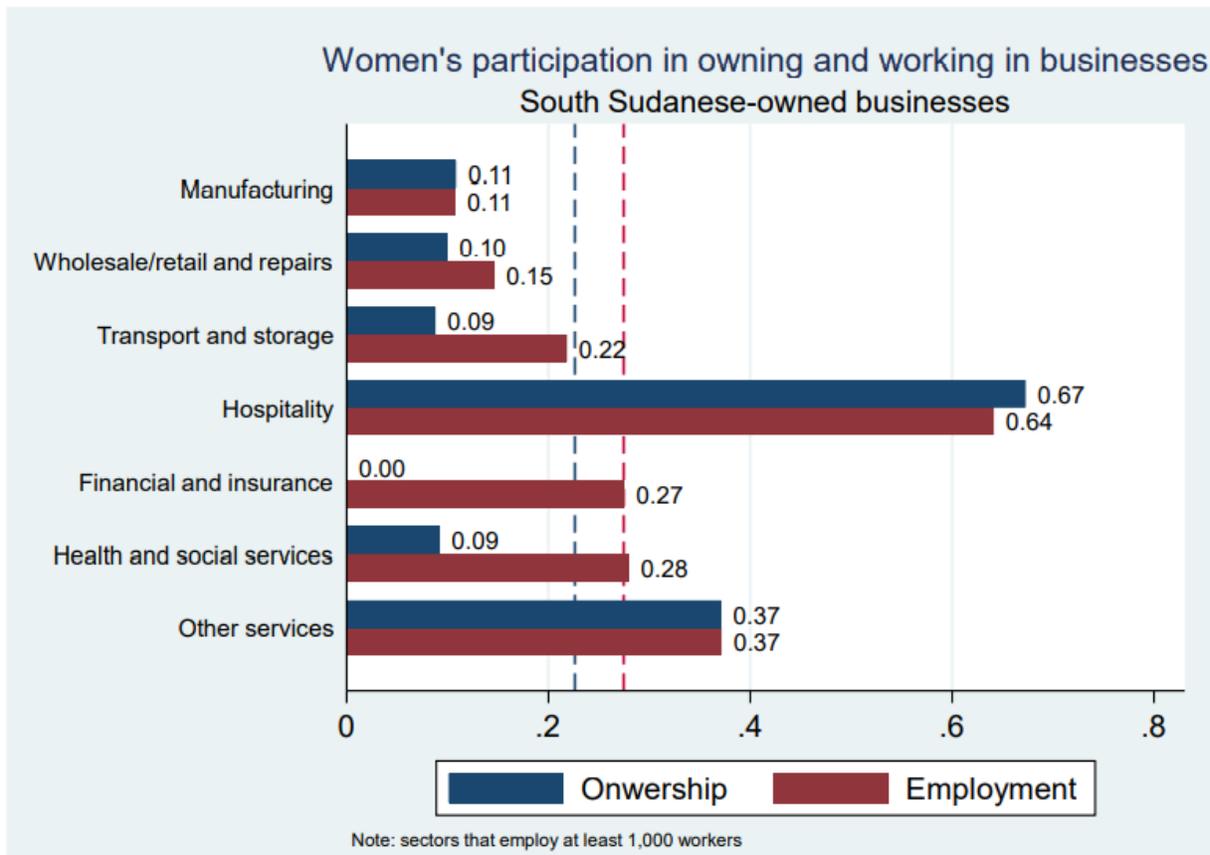
More than two-thirds of owners are men, as are four in five responsible workers. More than two thirds of market stall owners (69 percent) are men. It is particularly rare for women to own a stall as an investment without also working at the stall (84 percent are men), or to be the worker responsible for managing such a stall (78 percent are men)²⁹. As reported above, women are more likely to be active in selling agricultural products, and men to be engaged in re-selling consumer goods. Women are much more likely to be engaged in selling untransformed agricultural products, and men in re-selling consumer goods.

More than half of the stalls owned by women sell untransformed agricultural goods (56 percent), but only about one in eight stalls owned by men do (13 percent; Figure 61). Women are also a bit more likely to be selling transformed agricultural goods (38 percent of stalls compared to 30 percent). Conversely, men tend much more toward re-selling consumer goods (57 percent of stalls

²⁹ Reviving Markets and Market-Linked Agriculture in South Sudan Jobs, Recovery, And Peacebuilding in Urban South Sudan – Technical Report III Jan Von Der Goltz et al.

owned by men) than women (20 percent). One could conjecture that these specializations could have to do with traditional roles as much as with access to capital (given that stalls selling consumer goods have higher turnover). While neither women nor men are very likely to work as artisans or in providing services in the market, men are about twice as likely as women to be involved in these activities.

Figure 60: Women's ownership and employment - by type of activity



Men outnumber women by four to one among business owners and workers. Women in South Sudan are much less likely to own a business or work for a business than men. Among businesses owned by South Sudanese, about one in four (23 percent) is run by a woman (Table 36). Among workers employed by any type of business in South Sudan, about one in four (23 percent) is a woman, with a higher share (32 percent) in NGOs. Women are a majority of workers as well as

owners in hospitality (64 percent and 67 percent, respectively), and represent a significant share of owners and workers in the ‘other services’ category (37percent).³⁰

Table 32: Women s ownership and employment

Women’s participation in owning and working for businesses

	Share of owners	Share of workers
All businesses	17%	23%
South Sudanese-owned businesses	23%	27%
Foreign-owned businesses	10%	16%
NGOs	19%	32%

Source: IBES 2019 and foreign businesses survey 2019.

5.6.1 Women/youth entrepreneurship development

Women in South Sudan are entrepreneurial and have organized associations to drive their own empowerment. The main drivers of this efforts are:

Chamber of women Entrepreneurs (CoWE)-Established in 2012 as a result of the efforts of South Sudan chamber of commerce, industry and agriculture to try to reach out to more members by clustering members in the same sectors into groups representing clearly identified economic sectors in South Sudan. The chamber has currently registered thousands of members.

South Sudanese Women Empowerment Association (SSWEA)-Started operations at the cross border in 2013 with support from Trade mark East Africa (TMEA to promote export of products from South Sudan. The organization has been training thousands of women in business skills and financial literacy. Also, with support from Trade Mark East Africa, the organization has constructed a fish market in Nimule. SSWEA continuously carries out awareness on the EAC

³⁰ Reviving Markets and Market-Linked Agriculture in South Sudan Jobs, Recovery, And Peacebuilding in Urban South Sudan – Technical Report III Jan Von Der Goltz et al.

simplified trade regime to the traders and has been engaged in the training on Covid-19 protocols and distributed PEP kits in all the 3 borders.

Women Empowerment Initiative (WEI)-a platform that is dedicated to empower South Sudanese women especially the young to realize their full potential by equipping them with resources, networking opportunities, increase their access to education opportunities and experience sharing. The initiative has organized a number of trade bazar around Juba, where women get opportunity to market their products, interact and share their concerns and aspirations. WEI is currently planning to host a Young Women Entrepreneurship Awards (YWEA) to encourage the spirit of entrepreneurship among young South Sudanese women, the award seeks to recognize and award young South Sudanese women who are involved in trade providing outstanding business services and contributing to economic growth in the country.

5.6.2 Challenges for women in entrepreneurship in South Sudan

- Many women are still un-ware of the provisions of simplified trade regimes so they are exploited through paying bribes to clear their goods.
- Women who use undesignated routes to smuggle goods, are subjected to sexual harassment, exploitation and rape with some reported to have gotten killed and their bodies dumped in the river.
- Difficulties in security funds/seed capital due to stringent collateral requirements
- Limited access to training and networking opportunities
- Infrastructures, lack of conducive business environment for women like breastfeeding booths and places of convenience at markets
- Insecurity on the roads leading to border area and poor road infrastructure (road)
- High transportation cost which lessen the value of income expected from the products.
- Lack of information about existing policies, information and opportunities and markets
- Lack of financial and technical support for women
- Multiple and informal taxes and the existence of many border posts with multiple taxation systems.
- Domination of the market by non-South Sudanese traders who have better capital for advancement

5.6.3 Empowerment support

In order to support women empowerment, development partners have been working with the government of South Sudan to set up women empowerment programme to advance the welfare of women. The World Bank for example, is working with UN Women and the Ministry of Gender to launch a Women Empowerment project that seeks to undertake women economic empowerment for South Sudan women especially those who run SMEs.

5.7 Micro, Small and Medium Enterprises

The development of Micro, Small and Medium Enterprises (MSMEs) is vital to South Sudan Economy industrialization process, due to its potential to generate economic activities along the manufacturing and service provision value chains of 90 percent of the formal business in South Sudan are SMEs³¹. Government recognizes MSME is an essential component of South Sudan economy given its important contribution to employment creation for both rural and urban population, income generation and poverty alleviation.

SMEs are a source of employment, competition, economic dynamism, and innovation. SMEs stimulate an entrepreneurial spirit and the diffusion of skills. SMEs can contribute to better employment and income generation. Developing SMEs can contribute to the reduction of unemployment rate, especially where women and the youth are directly participating in the priority productive sectors. The SMEs are however constrained by limited access to finance, access to market information, poor business development and management skills. Government will strengthen the micro financing arrangements for SMEs and Capacity of SMEs in the area of business development and entrepreneurship skills.

5.8 Industrial Parks and Special Economic Zones Status

Special economic zones (SEZ) and investment in terms of creating an enabling environment, under consideration has been the idea of developing SEZs to attract investors. The Juba SEZ, the first of its kind in the country occupying 625 sq. km of land outside Juba in Central Equatoria State, will be a twenty-four-hour multi-sector, multi-product standalone industrial zone and residential township. Besides infrastructure, the zone will provide tax incentives and amenities such as power, water, telecommunication and access to finance. Labour will be offered housing, including schools for workers' children. From the above

³¹Africa Development Bank, South Sudan: A Study on Competitiveness and Cross Border Trade with Neighboring Countries 2013

description, it is clear that SEZ are quite different by the size and by the range of activities from the traditional industrial Parks and Export Processing Zones. The Juba SEZ is currently under construction. It aims to attract domestic and foreign investment to the state, mainly large businesses while promoting linkages to SMEs.³⁴ For the investor, government participation removes the risk and cost associated with access to land and infrastructure. SEZs could help the government achieve its objective of diversifying the country's economic base by promoting economic activities in the non-oil as long as fiscal costs are kept in check and required infrastructure developed to ensure the attractiveness of the zones to investors.

5.9 Tourism Status

South Sudan has the potential to become a major destination for eco-tourism. The grasslands, woodlands and swamps are well-known habitats for elephants, ostriches, lions, leopards, hippos, buffalo, zebras, giraffes and other animals. The Boma area bordering Ethiopia hosts one of the largest migrations of mammals in the world. Surveys and mapping undertaken by USAID and the Wildlife Conservation Society (WCS) indicate internal migration to South Sudan that includes an estimated 1.3 million white-eared kob, antelope, gazelle, reedbuck and other animals. According to a USAID Report (2007), the total protected conservation areas of the country stood at about 155,000 km² (about 24 percent of the total land area of the country). This comprises national parks, game reserves and conservation areas, including the Sudd. The government is committed to ensure peace and security to support the development of the tourism sector. The policy objective for the South Sudan tourism industry is the government to support diversification of South Sudan's export market and products through export promotion and development of supply value chains that respond to national and international market access opportunities.

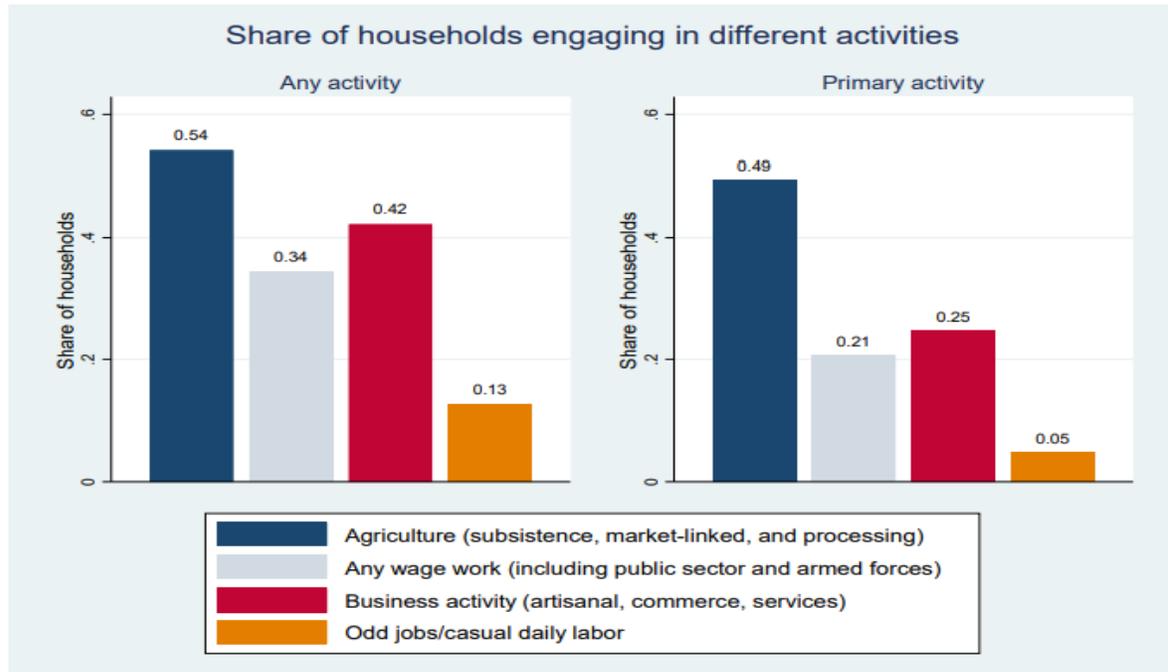
- **Promotion including destination marketing and image branding**

South Sudan has not been doing any marketing for the country's tourism partly because of capacity issues but largely because political instability and insecurity would have made it difficult to sell.

5.10 Skills Development

In South Sudan, 54 percent of households in South Sudan are involved in agriculture and 42 percent are engaged in artisanal, commerce and services (Figure 61). These are the sectors that need the largest share of labour. There is a need to build the skills set to be able to supply labour to these sectors and others that are actually more specialized.

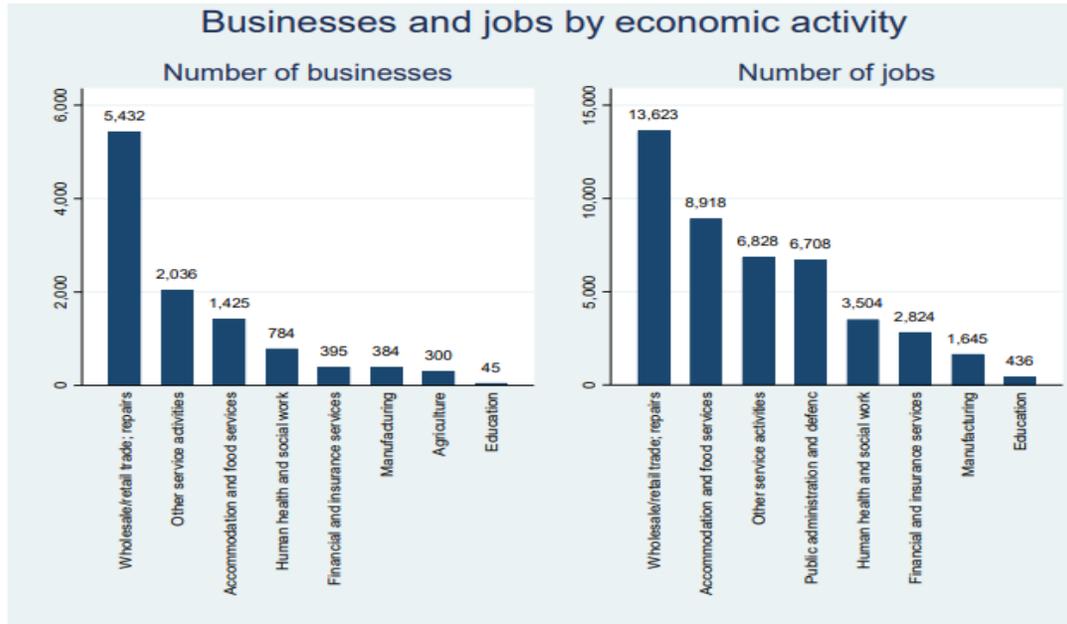
Figure 61: Household job activities by sector



Source: Youth jobs survey 2019

And the majority of jobs are in wholesale and retail trade and therefore have the highest industry needs in the country (Figure 62).

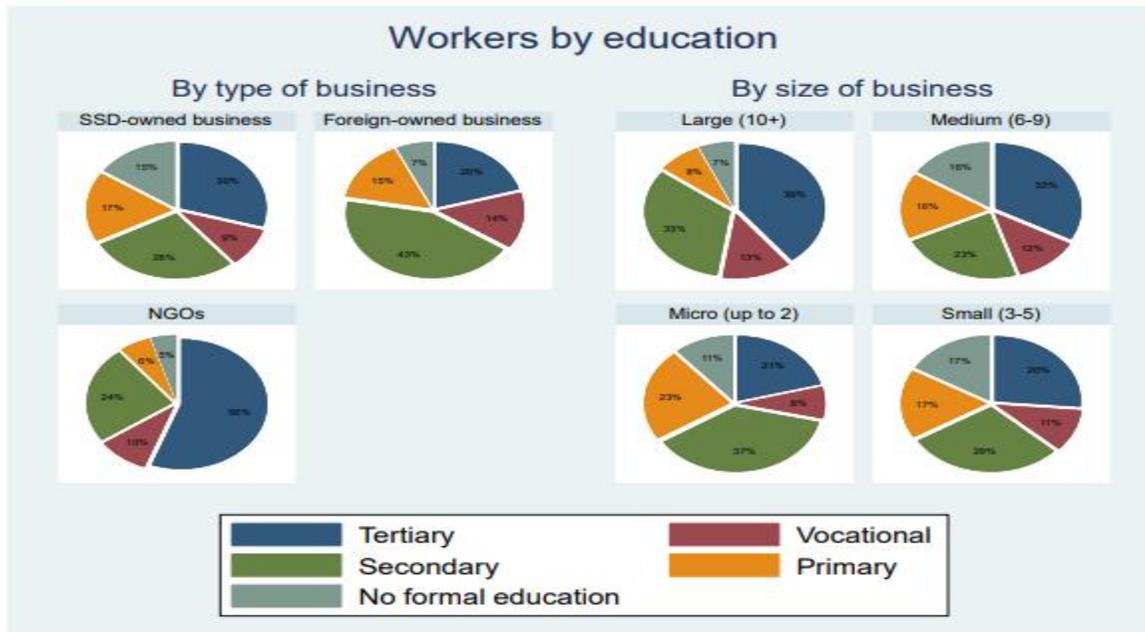
Figure 62: Number of businesses and jobs in commercial businesses, by activity



Source: IBES 2019.

Most of the workers in the country have up to secondary level and few with tertiary training especially small and domestic owned ones (Figure 63).

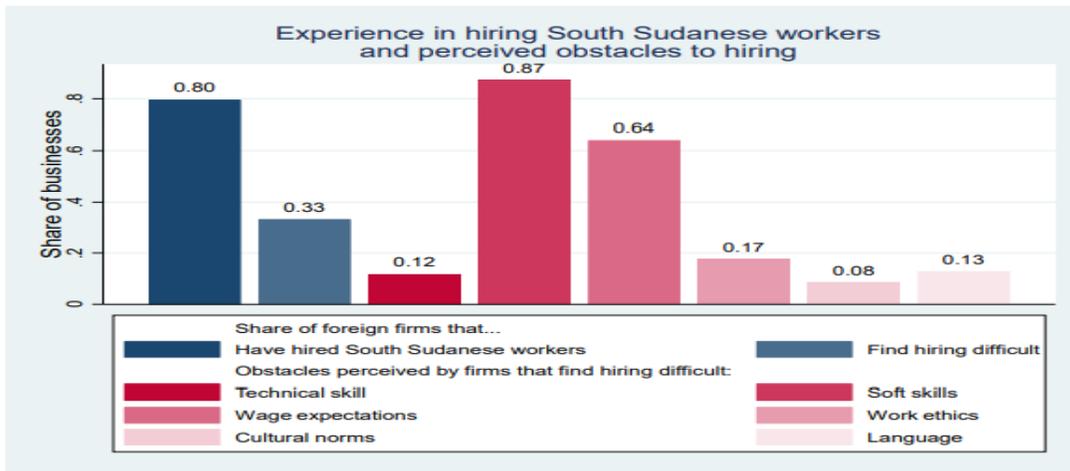
Figure 63: Education levels of workers by type and size of business



Source: IBES 2019.

Indeed, lack of skills is a major obstacle for hiring of workers in South Sudan with about 87 percent of businesses mentioning technical skills is an obstacle to hiring South Sudanese (Figure 64).

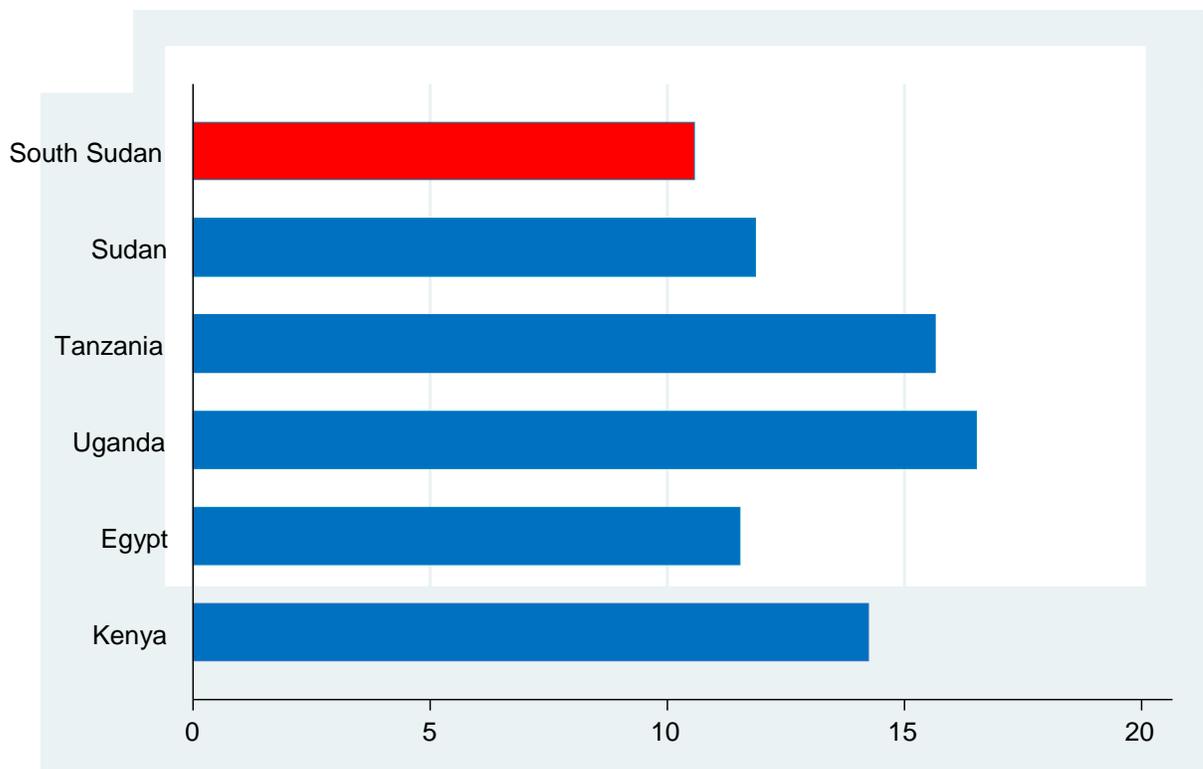
Figure 64: Perceived obstacles to hiring South Sudanese workers, among foreign businesses



Source: Foreign businesses survey 2019.

South Sudanese firms have the lowest labour productivity across the region, with Kenya and Uganda having the highest (Figure 65).

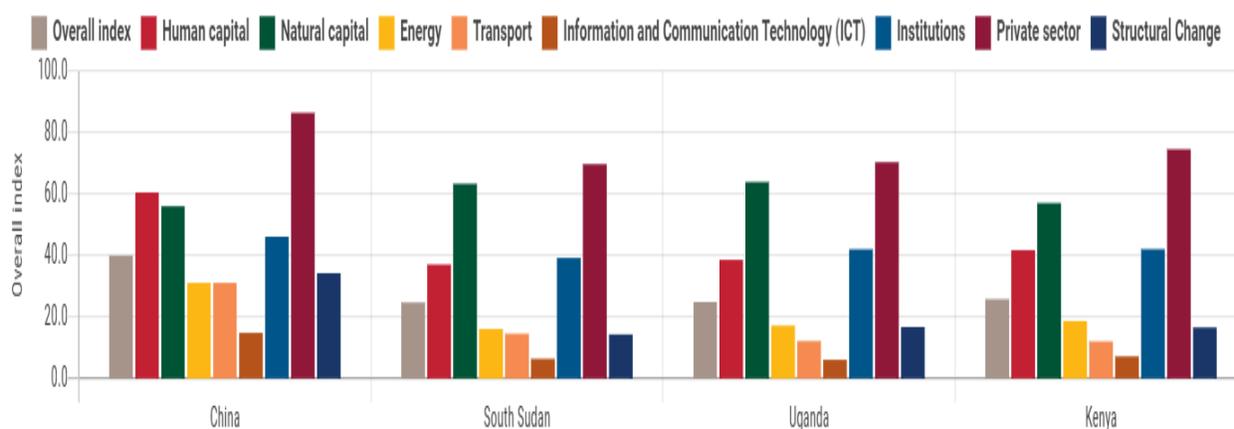
Figure 65: Weighted Average Labour Productivity-International Comparison



Source: Enterprise Surveys for various countries, various years

Due to these skills shortages, the productive capacities for South Sudan are one of the lowest in the region, though not much different from other regional peers (Figure 66).

Figure 66: The Average Annual productive capacities index for South Sudan and Comparators for 2000-2018



Source: UNCTADStat's Production Capacities Database, 2021

5.11 Recommendations

Investment promotion and facilitation measures

- Engage in global commercial and economic diplomacy to restore the image of South Sudan as a peaceful destination for investment.
- Ensure effective implementation of the South Sudan Peace Agreement signed in September 2018 to strengthen investment related institutions to instil good governance.
- Promote investment in key prioritised and productive sectors to increase production and product diversification through production in value added products.
- Re-examine investment laws and other related legislations to ensure it promotes investor confidence and compatibility with regional and multilateral trade agreements

Land policy

- Review and implement Land Policy and corresponding legal framework to facilitate identification and acquisition of land for productive investments
- Digitise Land Registry to enhance security and transparency in land administration system;
- Harmonise land approval process in line with investment Promotion Act and regulation

Insecurity

- Reduce Conflict/Insecurity through political accommodation

Transport and logistics

- Improve Transport Costs and Logistics by construction more roads and rehabilitating old ones
- Reduce checkpoints on roads and rivers.
- Improve navigation on rivers and modernize the ports
- Streamline Clearing for exports and imports in South Sudan

Access and cost of power

- Increase access and lower costs of power by constructing more power stations
- Explore green energy especially given the huge potential for solar energy

Contract Enforcement

- Strengthened the legal and regulatory framework for anti-corruption and public financial management and increase implementation and compliances in all spheres including procurement.

Taxation Regime

- Stream the Taxation Regime by especially eliminating multiple taxation

Access to Finance to the private sector especially SMEs

- Develop and implement National financial inclusion strategy to increase access to and use of financial services
- Strengthen South Sudan microfinance Development Facility (SSMDF) an Apex Institution to champion the development of microfinance and financial cooperatives to finance MSMEs.
 - Establish Women Enterprise Development Fund;
 - Establish Youth Enterprise Development Fund
 - Establish collateral registries and credit history instruments to improve access to finance

Access to Trade Finance

- Promote financial education in SMEs and presentation of financial/KYC (know-your-customer) documentation.
- Promote financial education between banks on the setting up of letters of credit (LCs), factoring, supply chain finance, and credit insurance facilities; promote education on the

low-risk character of trade finance products, based on ICC publicly available documentation. Examine whether trade credit insurance can be supplied in South Sudan.

- Establish a summary of the above-mentioned instruments in a 2-pager and disseminate it among the main industry associations.
- Once demand for one or the other product has been identified by industry associations, bring together local and foreign banks, producers associations, the Ministry of Commerce, Ministry of Finance, and the Central Bank to discuss how to develop for efficient markets for these products in South Sudan. Multilateral development banks provide education on the use of such instruments and run trade finance facilitation programs. Convince banks to abandon the double collateral requirements (land and merchandise).

To improve the Competition Regime

- Enact a competition law to promote efficiency, enhances the development of productive sector, and protect consumers;
- Establish a strong autonomous competition authority to effectively and efficiently administer the new competition law.

To protect the Intellectual Property Rights of the population:

- Enact and implement new IP related legislations (Copyright, Trademark, Patents, etc.) in line with TRIPS and national policy objectives;
- Join the World Intellectual Property Organisations and IPR Regional organisations; follow WIPO Membership, accede to IPR related conventions to create a conducive environment for trade and investment;
- Review and strengthen the institutional framework to facilitate effective implementation of IPR related laws and regulations

Consumer Protection

- To ensure adequate Consumer Protection finalize the legal and policy framework to protect consumers against harmful or fake products and ensure its implementation.

Governance

- On the governance, the country should improve government service delivery and predictability of policy

Business policies, laws, and regulations

- The government should work to finalize the policies, laws, and regulations that support business

Cooperative Development

- Enhance financial literacy programs which will allow cooperatives to be accountable, transparent and prudent thus, ensuring their longevity
- Review and effectively enforce cooperative-related legislations to enhance effective governance of the sector;
- Promote the establishment of cooperative in key productive sectors like fisheries, agriculture, Livestock and other service-oriented sector industries;
- Support the formation of private sector associations and support the operations of the existing ones
- The government and private sector to work together to come up with clear strategies and materials including curricular for Business support and development services in the country.

Women/youth entrepreneurship development

- Train women on simplified trade regimes so they are not exploited through paying bribes to clear their goods.
- Fight sexual harassment, exploitation and rape that is hindering women to enter business
- Provide training and networking opportunities for women
- Design women economic empowerment programs such as women enterprise funds that will among others increase access to finance for women

Micro, Small and Medium Enterprises Development

- Redesign and institutionalize business skill development programme within private sector to benefit all level of business to enhances their competitiveness to conduct business domestically, regionally and internationally.
- Avail single permit business license to all SMEs operating in designated market places/work spaces and provide protection against harassment from any arm of the Government.

- Strengthen private sector organisations that operate across more states to be able to articulate the needs of SMEs and informal traders better.
- Implement capacity building programmes on proposal writing, business plan development, management, bookkeeping and accounting;

Industrial Parks and Special Economic Zones

- Fast-track the development of Industrial Parks and Special Economic Zones to provide a conducive and reliable work stations for investors

Skills Development

- Design an industry needed TVET national policy/programmes to produce the skills needed in the country for private sector and industry development

PILLAR 4 – PROMOTING ECONOMIC DIVERSIFICATION AND COMPETITIVENESS

Chapter 6: Sectoral Trade, Economic Diversification and Competitiveness

6.1 Introduction

South Sudan has been the most oil-dependent country in the world, with oil accounting for almost the totality of its exports, and around 60 percent of its gross domestic product (GDP). However, the agriculture sector is the largest source of income and employment (85-95 percent of the work force). Approximately 70-80 percent of the total land area is estimated to be suitable for agriculture. With an abundance of water, rich and diversified soil and suitable temperature, agriculture has the potential to be a key development driver for the country, reduction of poverty and food security. South Sudan is endowed with extensive livestock resources with an estimated 11.7 million cattle, 12.4 million goats and 12.1 million sheep. 14 percent of households are estimated to engage in fishing as a means of livelihood³². There is an estimated sustainable harvest valued at more than USD\$300 million per year. Other potential economic activities include natural forest and woodland value chain, natural gum Arabic and potential rich mineral resources.

The National Development Strategy recognizes the need to diversify the economy to move to a more diverse production structure, scaling-up resilience to external shocks and providing a path to consolidate peace and stabilize the economy. The expansion of trade is central to creating new, higher productivity jobs that will facilitate growth and poverty reduction in South Sudan through structural transformation. Export diversification through investment in key Agricultural value chain is the government objective to reduce vulnerability to adverse terms of trade shocks and stabilise export revenues This chapter provides a rapid assessment of agricultural value chain for selected commodities with high export potential – tourism, fisheries, timber, honey, Cattle, Sesame, gum Arabic – in order to analyse South Sudan’s agricultural competitiveness. It also analyses the tourism value chain, key constraints and opportunities. It also determines what actions along these value chains could be taken to diversify the economy and improve supply capacity for Inclusive Economic growth and sustainable development.

³² CAAMP Situational Analysis Report

6.2 Agriculture Productivity and Competitiveness

Despite the reliance on oil, about 95 percent of population is engaged in agriculture, including livestock. Approximately 75 percent of the country's land area is suitable for agriculture and about half of the total land space, is estimated to be suitable for cultivation. The soil can support cultivation of a wide range of crops: cereals (mainly sorghum, maize and rice), root tubers (such as cassava), fruits and vegetables (including pineapples, oranges, mangoes, okra, beans green gram), oil seeds (such as sesame and groundnuts) and others. Other important commercial crops cultivated in South Sudan prior to the war for independence include coffee, tea, cotton and sugar cane.

Only 4 percent of arable land is under cultivation. Agriculture contributes 15 percent to South Sudan's GDP. Only 1 out of 10 states is food sufficient. All other states are net food importers covering about 50 percent of the national food requirement. South Sudan has a strong potential in developing agricultural produce for exports. Key potential value chains include. Maize and cassava value chains; Sorghum and groundnuts; Livestock value chains; Gum Arabic in the northern states; Honey and she a butter in southern states. Revitalising these value chains requires targeted set of measures from improvement in the regulatory and policy framework, financing infrastructure, reduction of the costs of trading across borders to strengthening human capital. The government developed a Comprehensive Agriculture Master Plan 2015-2040. The Government of South Sudan will ensure effective implementation of the investment priorities in the Comprehensive Agriculture Master Plan CAMP/IDMP 2015-2040 to increase domestic production, local and regional supply capacity, promote value addition and to strengthen national value chain.

6.2.1 Institutional and Policy Framework

The main institutional and strategic framework for agriculture development is outlined in the Comprehensive Agriculture Master Plan (CAMP).

- **Policy Framework and Strategic Plans (CAMP)**

South Sudan realised the need to formulate a comprehensive master plan for the development of the nation to address hunger and food insecurity, to improve rural livelihoods and generate income, and to diversify the economy through a modernised and competitive agricultural sector. The

Government took the decision to formulate a Comprehensive Agriculture Master Plan (CAMP) and formally requested technical assistance from Japan International Cooperation Agency (JICA) in November 2011.

A summary of the Comprehensive Agriculture Development Master Plan is presented in this section to indicate the relevance and relative bearing of the agriculture sector in the South Sudan economy. The section focusses on the objectives that directed the development of CAMP—specifically the analysis contained therein, the challenges and opportunities discussed, the outputs, and the investment plan—in order to indicate the way forward for the sustainable development of the agricultural sector. Formulation of CAMP began in July 2012 in Juba with the arrival of consultants and the formation of the Task Team, headed by a senior staff member from the Ministry of Agriculture, Forestry, Cooperatives and Rural Development (MAFCRD) and made up of government staff from MAFCRD and the Ministry of Livestock and Fisheries Industries (MLFI).

Activities expanded to all 10 states during 2013 and 2014 and formal project activities finished in May 2015. The project was supervised by a Technical Committee made up of senior civil servants from all the ministries involved with oversight from the Inter-Ministerial Steering Committee; the ministries were MAFCRD as Chair, MLFI as Co-Chair and Ministry of Electricity, Dams, Irrigation and Water Resources (MEDIWR).

6.2.2 OBJECTIVES AND ACTIVITIES OF CAMP

The task team's objectives were to formulate a comprehensive master plan for agriculture in South Sudan. The objective was strengthened by the capacity of the South Sudanese counterpart personnel during formulation. The project activities were laid out as:

- Support the stakeholder consultation process
- Provide a situational analysis of the agriculture sector
- Formulation of a framework for agricultural development and identification of priority areas
- Formulation of investment plans; which include developed project profile sheets

- Proposal of the implementation framework to materialize the master plan.

Throughout the CAMP process the activities were led by the South Sudanese Task Team, which was organized into 5 subsectors: Crops, Livestock, Forestry, Fisheries and Institutional development. The 25 plus members have benefited from the stakeholder consultation process supported by the CAMP project and from the specialist advice provided by over 20 JICA contracted international expert consultants. The Task Team undertook a situation analysis of the agriculture sector, in the process making more than 50 extended trips to the 10 states of South Sudan, visiting over 50 counties. The findings of the field work and desk studies were consolidated into the Situation Analysis Report 2013/2015.

In the different States, focal points were appointed to facilitate the work of the Task Team and act as links between CAMP and State administrations. Stakeholders were both informed and involved in the work and outputs of CAMP through regular meetings in Juba, and later on in the project, in the States, where the draft outputs were discussed in depth with the Task Team.

The process of capacity development has been the foundation of the CAMP process. Twelve government staff members attended a training course conducted in Japan in July and August 2012 and all Task Team members benefited from field trips to other African countries in 2013 and 2014 to improve their exposure to their subsectors' activities in the region.

6.2.3 PRIORITIES

The following are considered priorities in order for the Ministry of Agriculture and Forestry to address:

- Expanding crop areas;
- Unmanaged and uncontrolled logging and bush fires;
- Increased firewood harvesting and charcoal burning;
- Weak forestry governance and management systems;
- Poor protection and conservation measures;
- Limited government–community partnerships to safeguard forest resources;
- Limited awareness and advocacy of sustainable natural resources use; and
- Weak government capacity for the effective management of forests.

6.2.4 AGRICULTURE CONTRIBUTION TO GDP

The economic circumstances of South Sudan are examined in depth, in order to understand financing constraints and the relative importance of the various subsectors to the whole economy. Due to declining oil revenues, Gross Domestic Product (GDP) will be reduced in the short- to medium-term, but the effects of this decline can be reversed over the long-term by increasing the contribution to the economy made by other sectors, especially agriculture. Agriculture should be a major foundation of increased economic activity in the future.

It is also assumed that the funding available to the country will follow the changes in GDP; and that what the government is able to offer the agriculture sector will closely follow the GDP. CAMP offers three scenarios for further GDP growth: 1) business as usual, 2) economic growth with more emphasis on the agriculture sector and 3) a “peace dividend”, where reductions in security costs are funnelled to agriculture.

6.2.5 Opportunities identified

The immense potential for agriculture in South Sudan cannot be over emphasized. South Sudan has millions of hectares of prime rangeland for grazing livestock; abundant rainfall and fertile soils for growing vegetables, tropical fruits, and a myriad of crops; large forest plantations and an abundance of fish from the Sudd and Nile River and the many other fresh water rivers and lakes. Many opportunities exist for increasing agricultural production and productivity across all four of the agriculture subsectors examined by CAMP (crops, livestock, forestry and fisheries). The scope and size of these opportunities vary considerably between subsectors, and they are described in the CAMP documentation. The required actions for the RSS and the private sector to take advantage of these opportunities are elaborated in detail in the project profiles, which include activities under Institutional Development, a subsector that supports the other four subsectors.

6.2.6 Major constraints

To take advantage of the many opportunities, the country will have to take a series of important measures to address the numerous cross cutting constraints to the development of the agriculture sector. These include, but are not limited to: corruption, poor transport and other infrastructure, poor communications and a generalised lack of capacity within the numerous institutions tasked with assisting the development of the agriculture sector, at both national and state levels.

Without serious efforts to overcome these cross-cutting constraints agriculture will not be able to achieve its potential as a major driving force towards prosperity as the revenue from oil declines. Each individual subsector has particular unique constraints, and these are fully elaborated in the various documents that structure this report and in particular the project profiles.

A significant proportion of the subsector constraints also requires RSS action, since they relate to functions of government that, since independence, have not been fully established. Many relate to the control and analysis of the private sector's activities and disease control and bio-security for crops, livestock, forestry and fisheries.

6.2.7 Private sector involvement in agricultural development

The private sector should be the engine of growth but the Situation Analysis and Master Plan show that it is generally unprepared to take the necessary steps, due to a poor enabling environment and lack of investment finance. In all subsectors, the private sector is already active but needs encouragement incentives to be implemented, and impediments to operations and investment removed. Action from the government is required to create conditions attractive to the private sector. Examples include strengthening the legal framework throughout all subsectors, land reform and addressing the major cross-cutting issues mentioned above. Monitoring and control of the private sector's activities is also necessary to curtail excesses and dubious practices.

6.2.8 Outputs

CAMP has produced a series of major reports, starting with the Draft Situation Analysis Report in late 2013 and continuing with a Development Options Analysis at the end of 2014, together with a State Profile Compendium. A Livelihood Zone Data Book developed from data from the National Bureau of Statistics (NBS) was produced in late 2013 and provided to stakeholders at a stakeholder meeting in 2014, as were all other relevant documents. The final investment plan is indicated in the CAMP and this document, together with its appendices and annexes, detailing the way forward in agricultural development until 2040. (It is important to note that only top priority capital investment projects are listed in this DTIS update.) Internal reports to JICA and the Technical Committee established to oversee the project activities were also prepared regularly, detailing project activities. This Master Plan CAMP is complete. It is based on the findings of the

Situation Analysis and other data collected and analysed during 2013 and 2014 and was prepared by the Task Team. CAMP has thus accomplished its original objectives.

6.3 COMPREHENSIVE AGRICULTURE MASTER PLAN

6.3.1 Implementation

Production of the Master Plan, illuminating and well researched as it is, does not mean the end of CAMP. South Sudan, through the inclusive nature of the process, has committed itself to the CAMP and its outcomes as detailed in the Master Plan. It is now necessary to work with all development partners towards implementation of the components of the project profiles produced by CAMP in order to guide investment and progress towards agricultural transformation up to the year 2040. The CAMP Master Plan could be considered as a “road map” for the future of agriculture in South Sudan. If followed, this road map will guide all the agriculture subsectors for the next 25 years towards prosperity, sustainability and self-reliance.

6.3.2 The investment plan

The Investment Plan is the final output of CAMP activities and is based on the latest and most accurate data on the agriculture sector in South Sudan, obtained from the situation analysis and the other baseline reports produced by CAMP. Using the firm foundation of accurate and up to date knowledge collected by the Task Team, CAMP has analysed the subsectors, identifying opportunities, constraints and likely development paths. It has also produced over 110 indicative subsector project profiles to guide decision makers in identifying how to address the various impediments to development. The components of the project profiles are very detailed and provide, among other things, the necessary activities, human resource requirements and an indicative budget for all major interventions considered by the CAMP team as necessary to take advantage of the opportunities presented in the agriculture sector. These project profiles form a major part of the Investment Plan and should be seen as a convenient way to present project components and activities, rather than a rigid fixed format for implementation. The detailed Priority Action Plans for select priority capital investment projects in the agriculture sector are discussed in the following section.

6.3.3 Value addition initiatives implemented since 2014

Value addition in the agriculture sector is minimal, with most produced traded and consumed either raw or in a pre-processed form. There are few primary processors involved in agro-processing of small quantities of mainly cereals and oil crop products, most of which are sold in the local markets (Table 33). Due to the insecurity that followed the outbreak of conflicts in 2013 and 2016, and the continued low-level instability, value addition initiatives that had started stopped. Women are involved in small scale production and processing and value addition of mainly oil commodities including sesame, ground nuts etc., producing oil and peanut butter. There were past initiatives supported by the World Bank in supporting cereal (mainly rice) processing with machinery installed in Yei and Yambio. Others were coffee producing and processing initiatives in 2011-2013, but which all collapsed because of the conflict.

After years of conflict and disruption, there is little diversity in agricultural products offered, and the food system value chains are few and short. Stalls that sell unprocessed agriculture products are most likely to focus on a few types of vegetables. Flour, juice, and baked goods are the locally transformed products most often offered by traders (Table 34). While some stalls sell a broad variety of unprocessed produce, most focus on a narrow range of products, led by tomatoes (42 percent) and onions (27 percent). Stalls that offer transformed agriculture products are most likely to sell flour (imported as well as locally milled – see below), juice, and baked goods, with some additional products sold by fewer than one in ten stalls. There is a broader range of basic imported foodstuffs such as oil, sugar, tea, and salt. The narrow range of crops grown is due to poor availability of seeds, destruction of tree crops, low demand in the market, lack of access to appropriate land, and erosion of knowledge.

Table 33: Agricultural products offered in the market

Unprocessed agricultural goods		Processed agricultural goods	
Tomato	42%	Flour	28%
Onion	27%	Juice	23%
Other fruit and vegetables	15%	Oil	18%
Okra	15%	Baked goods	18%
Beans	11%	Sugar	16%
Leafy vegetables	8%	Tea	10%
Rice	8%	Dried and smoked fish	9%
Corn	7%	Salt	7%
Lemon	7%	Cooked food	6%
Fish	6%	Groundnut paste	5%

6.3.4 Crop productivity in South Sudan

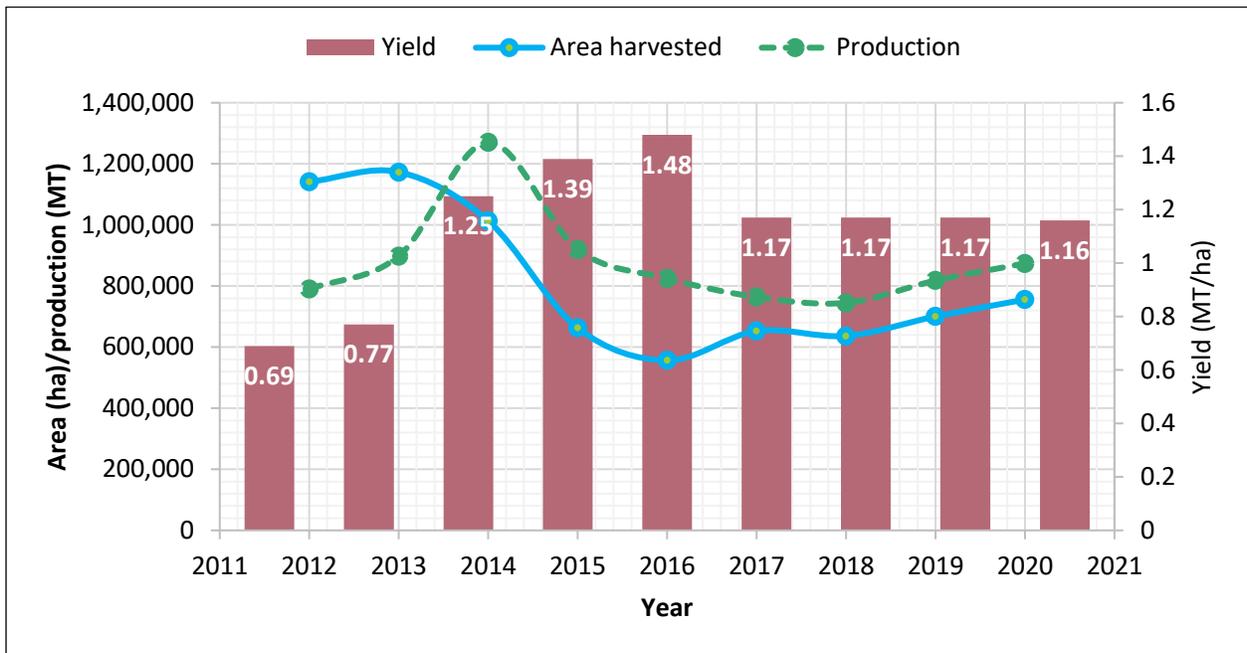
Due mainly to low technology crop productivity (yields) have stagnated and this limits the capacity for the country to undertake agricultural trade and major negative implications for food security (Table 34 and Figure 67).

Table 34: South Sudan's agricultural yields by crop and livestock sector (2012-2020)

Item	Yield (MT/ha) (Average 2012-2020)
Melons	22.63
Pumpkins, squash and gourds	15.81
Tangerines, mandarins, clementines	8.76
Fresh Vegetables	7.69
Fresh Fruit	5.99
Cassava	5.58
Green Beans	4.35
Fruit, tropical fresh	4.06
Pineapples	3.81
Dry Beans	3.23
Yams	2.49
Chilies and peppers	1.74
Sunflower seed	1.72
Millet	1.24
Sorghum	1.23
Pulses	0.85
Maize	0.81
Groundnuts, with shell Average	0.58
Sesame seed	0.31

Source: FAOSTAT, 2020. Accessed at <https://www.fao.org/faostat/en/#data/QV>

Figure 67: Cereal production in South Sudan (2012-2020)

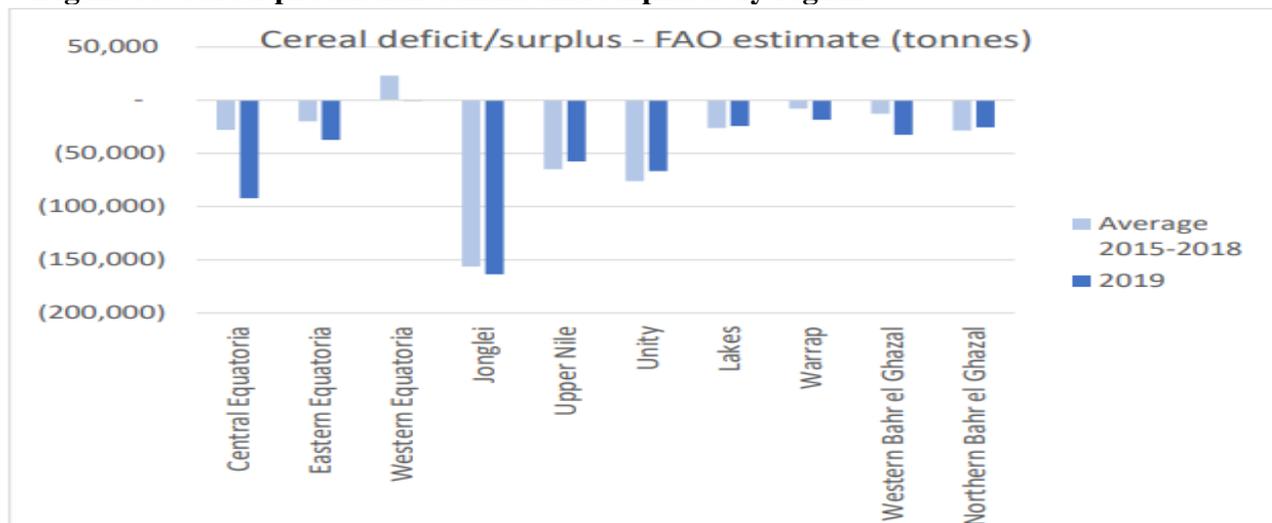


Note: Aggregate, may include official, semi-official, estimated or calculated data

Conflict has also disrupted agricultural production, transformation, and trade networks in South Sudan. The country faces the challenge of restarting agriculture markets after conflict has disrupted production, disconnected trader and aggregator networks, and diminished market demand. Conflict has taken a heavy toll on all the elements of a basic functioning market³³. Agricultural production has plummeted, and transformation of products has become rarer. Trade has become dangerous, costly, and risky, as has aggregation of agricultural products as well as last-mile delivery of inputs. Further, conflict has raised poverty, and with many households barely able to make a living, demand in the markets has plummeted. Conflict has led to reduced production as farmers have fled their villages for towns, and abandoned plots farther afield. In 2019, all former states experienced a cereal deficit; in some cases, a dramatic one (Figure 68). A crucial driver behind declining agricultural production is the displacement of farmers into towns, PoC camps (as well as out of the country), and the inaccessibility of outlying farm areas. Some of those who had to leave villages have abandoned farming altogether.

³³ Reviving Markets And Market-Linked Agriculture In South Sudan Jobs, Recovery, And Peacebuilding In Urban South Sudan – Technical Report III Jan Von Der Goltz et al.

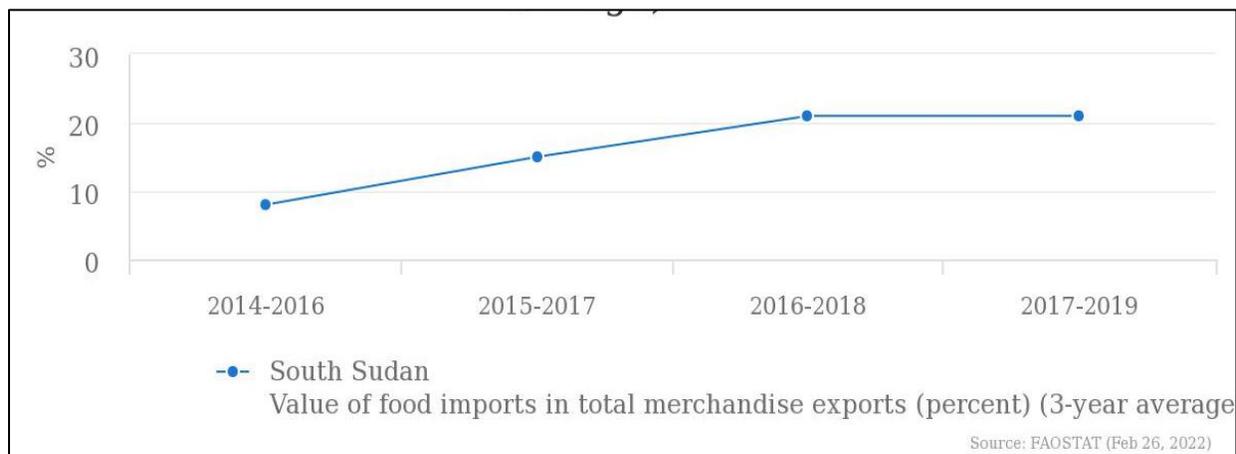
Figure 68: Cereal production deficits and surpluses by region



Source: FAO/WFP, 2020

The deficit in production has led to the country to be heavily dependent on food imports despite the abundance of arable land. Food imports as a percent of merchandise imports have consistently increased throughout the last decade (Figure 69).

Figure 69: Value of South Sudan’s food imports over total merchandise exports (percent) (3-year average)

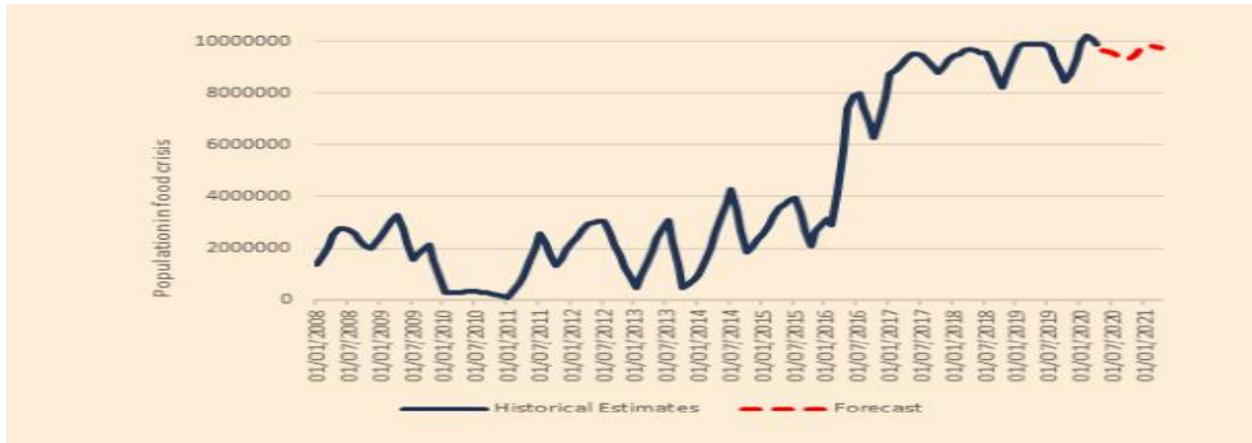


Source: FAOSTAT, 2020.

Therefore, the widespread lack of access to food is driven by economic downturn, civil insecurity, lingering impact of floods and prolonged conflict - despite sustained humanitarian assistance, food insecurity still affects large segments of the population, driven by insufficient food supplies, an

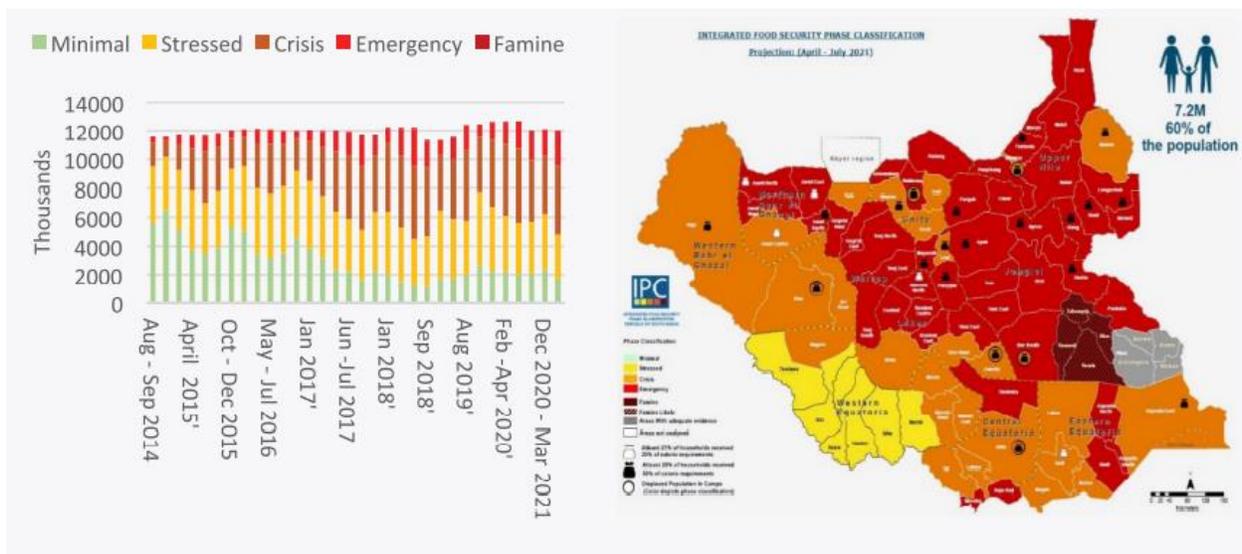
economic downturn, high food prices and the lingering impact of widespread floods in 2020; about 7.2 million people (about 60percent of the total population) were estimated to be severely food insecure in the April–July 2021 period (Figure 70).

Figure 70: Historical estimates and forecast of population in food crisis in South Sudan, 2008 2021



There is particular concern for households in Jonglei, Northern Bahr-el-Ghazal and Warrap states and in neighboring Pibor Administrative Area, where 60-85percent of the population is estimated to be severely food insecure, with a total of 108,000 people facing “Catastrophe” levels of food insecurity (Figure 71).

Figure 71: Spatial Distribution of Population Facing Food Insecurity in South Sudan



6.3.5 Agriculture Sectoral Comparative Advantage

Due to the low agricultural production and productivity South Sudan has one of the lowest revealed comparative advantages in food production in the region despite its vast arable land (Table 35).

Table 35: South Sudan's comparative advantage by sector and Comparators

Country	Revealed comparative advantage (RCA)			
	Commodities & transactions	Crude materials, except fuels	Mineral fuels, lubricants & others	Food & live animals
South Sudan	5.0	2.8	23.2	4.1
Uganda	19.5	10.5	2.1	75.9
Rwanda	19.1	66.4	1.7	129.5
Kenya	1.4	137.5	2.1	368.8

UNCTADSTAT, 2021: <https://unctadstat.unctad.org/EN/RcaRadar.html>

6.3.6 Agriculture Value Chains with high export potential

6.3.6.1 Fisheries

6.3.6.1.1 Overview

South Sudan has a significant capture fishery in its major rivers and wetlands, concentrated on the Sudd swamps (between Malakal and Bor). They lie between 6°N and 9°30'N, and from 30°W to 32°E, with a maximum water surface area in excess of 30,000 km² during the rainy season. Other floodplains and riverine systems also contribute in areas away from the main Nile and Sudd wetland areas. The fishery is largely undocumented. The consumption of fish in South Sudan is far higher than generally recognized at about 17kg/person/year, comparable with neighbouring countries and to supply this consumption level the catch must be in the order of 140,000 tonnes³⁴.

More than 1.7 million people are thought to depend directly on fisheries for livelihood, food security or income and many more through consumption of purchased fish products. It is estimated that 14 percent of households in South Sudan, particularly those in the Sudd area along the River Nile and its tributaries, engage in fishery as a means of livelihood. Current estimates for fish harvested stand at only 40,000 tons, mainly due to poor infrastructure and insecurity, while potential in South Sudan for fisheries production ranges between 150,000 - 300,000 tons of fish per year. Despite the potential, old fishing gear and poor fingerling skills prevent an improvement in productivity. Poor infrastructure and lack of storage facilities also hamper the distribution of

³⁴ CAMP Situational Analysis Report 2015

fish to the markets and contribute to post-harvest losses. Government has committed to continue implementing policy measures to support Investment in Fishing, aquaculture and promote investment in storage processing, marketing and facilitate exports of value-added fish products.

6.3.6.1.2 Opportunities and challenges

(a) Challenges

- No proper storage and drying facilities

Processed fish is not properly stored, making them susceptible to dirt, dust, and insects. Infested fish decreases nutritional content. Dried fish have been infested by beetles, which affects the nutritional content of fish.

- Rainy season.

From May to October, there is usually a significant decrease in fish harvests and transportation. The weak fishing technologies makes fishermen and traders highly susceptible. Additionally increased water levels affect the amount of fish produced.

- Limited market information.

Like many other sectors in South Sudan, there is limited information of the fishery sector regarding number of fishermen, fish production, and fish sales. In Bor and Juba (although to a lesser extent than Bor), market infrastructure is lacking. There are no official designated collection points or landing sites, and market stalls have weak infrastructure.

- Management

For the government the key issue to be tackled is the lack of skills, coordination and finance within the administrations involved in fisheries. Currently most government bodies involved in fisheries are not sufficiently active, and do not contribute to the good management nor development of fisheries in South Sudan. Until this lack of capacity is addressed it will be difficult for the government to carry out its role, and implement necessary legal and regulatory obligations, as recognised in its own policies and strategies.

- Production and marketing

The private sector is quite capable of improving production and post-harvest in fisheries by itself, without government assistance (but necessarily under government regulatory supervision). The private sector however faces several challenges, greatest amongst them being poor transport and

communications, the high cost of energy and utilities and informal taxation. All of these could be alleviated by direct government interventions.

- Cross-cutting issues

Major cross cutting issues, not only affecting fisheries, impact the whole sector, such as general health provision, education in fishing communities and poor security. As an example, the upcoming HIV epidemic is a hidden threat to fisheries and will hit the sector badly unless action is taken quickly.

6.3.6.1.3 Opportunities

- High production and value addition potential

There are many inland fisheries resources; upscaling fishing activities including through aquaculture could increase production into millions of tons per year. The value addition of fish also includes smoking and sun-drying it. The use of solar drier modern equipment would be useful in reducing post-harvest losses and ensure economic sustainable especially at the community level.

- Accessible to women and existence of women fishing groups/cooperatives.

Both men and women are engaged in the fisheries sector, although it has historically been more male-dominant. In Bor, there are small scale women fisheries cooperatives, whereby women smoke and sun-dry fish. FAO supported women groups specialized in the sale of dried fish, with tilapia being the main product focused on. They worked on helping these women groups establish good fishing practices and improved natural resource and water management. Usually, men do the fishing at night, and then women go and get enough quantity to sell. There are few women involved in the actual fishing too, they speak to their colleagues and support them, move together to fishing camp and lay their night. Many of these women groups are not formalized, and simply help each other out with sharing goods and support received from international or governmental interventions.

- Fisheries sector is more secure.

Unlike cattle, the fisheries sector (similarly to poultry production) is generally more stable and accessible to women and youth. It is also not as affected by climatic shocks.

- High demand in Juba.

Markets in Juba are rather receptive to fish arriving. Although there are no estimates of fish sold there, interviewees note that most of the fish transported there via river barges and motorbikes

from Bor are sold, specifically tilapia. Although tilapia fish from Uganda are sold there, increased production of fish in South Sudan coupled with proper storage and improved transportation can partially replace imported fish from Uganda.

- Cold storage and transportation premium price.

Transporting fish via refrigerated trucks from Bor to Juba is an improved and highly efficient way as a high number of fish can be transported. Investment in Fish centers with ice making machines and fish preservation facilities would be useful in reducing post-harvest losses and significantly upgrade the fishery sector.

- Export potential.

If properly stored and adequately transported to Juba, dried fish can be exported to neighboring countries including DRC, Uganda, and Kenya. Interviewees note that there have been successful - albeit few - cases of export. However, because production is minimal, most of the fish is absorbed at landing sites or local markets. The GRSS Ministry of Animal Resources and Fisheries (MARF) is responsible for formulating and implementing laws, policies, and standards for the development of South Sudan's fisheries resources. MARF's aim is to promote quality and value addition in fisheries products, in addition to linking fisheries resources to poverty reduction and socio-economic growth in the country.

6.3.6.1.4 Capacity needs

Once the border with Sudan reopens then the fresh fish trade to the north will begin again. The private traders are adept and adaptable. It can be anticipated that the volumes sent previously to the North by the private sector will soon be re-established and possibly increased. Internally there is a large market for fresh fish in all the larger towns. The problem for the private sector has been, and continues to be, getting the fish to market and short-term storage.

6.3.6.1.5 Hard infrastructure needs

Other problems include poor and expensive roads and transport, informal taxation, poor retail markets, and no ice availability. These are the key constraints to marketing fresh fish in South Sudan; until they are overcome then the market for fresh fish in the towns will continue to be poorly served. Fresh fish is a far more valuable product than dried or smoked fish, and per kilo offers a potentially much higher return to the fishermen and traders, so it is desirable to aim to provide as much as possible fish as "fresh fish" to the consumer. As general conditions improve it will be possible to develop cool chains for frozen fish and produce added value products for a rich urban elite, currently served by imports.

Dried fish continues to be greatly appreciated by the consumer, partly because it requires no refrigeration and only a small amount is needed. The dried product is also appropriate since the fishermen do not require refrigeration in the landing sites and villages, it is within the fishermen's financial and skills capacity to produce, and there is no particular hurry to sell the product, so it is possible to get it to market in sellable condition despite the poor road and transport network.

With time the dried fish trade can be expected to decline as the fish distribution network improves and the consumers begin to buy fridges to keep fresh produce, but in the short term the dried fish trade will remain the backbone of fish trading in the country.

Data available shows that Uganda imported from South Sudan, fish worth US\$ 41,000 while the same country exported US\$2.1million in fish between 2012 and 2020 (ITC, 2021). South Sudan imported US\$ 4.1 million worth of fish between 2012 and 2020 making China and Uganda the leading fish exporters to the country (Table 36). This makes South Sudan a net importer of fish, leaving a huge demand gap that can be filled by investing in fish farming and capture fisheries management and development in order to substitute the large fish imports.

Table 36: South Sudan fish imports (US\$,000) 2012-2020

Exporters	Imported value in 2018	Imported value in 2019	Imported value in 2020	Imported value (US\$, 000') 2012-2020
Total	375	1000	972	4,170
China	317	698	596	2,149
Uganda	0	0	209	1,289
United Arab Emirates	0	115	95	210
Kenya	14	53	62	243
United Kingdom	44	17	9	133
Belgium	0	0	1	1
India	0	117	0	117
Tanzania, United Republic of	0	0	0	28

6.1.1.1.1 Soft infrastructure needs

Before the conflict, staff of the Ministry of Livestock and Fisheries were established with long experience in their positions but most have since left because of the poor working conditions.

Similarly, the capabilities of the states to run and administer fisheries development projects are insufficient, since very few of the states have managed to implement any development programmes on their own since the CPA. There are many reasons for this but a complete lack of development funding provided to the states' fisheries departments is the main reason, coupled closely with staff inadequately trained to do any development work, a lack of vision from the top of the management tree in the states and no tools of the trade - vehicles, boats, equipment or institutions suitable for extension work. Without serious overhaul of the organisations throughout the states, from top to bottom and right across their mandates and staff lists, it is difficult to see how they can possibly be made effective. This problem is also acute in the private sector with low-capacity skills to handle high value fisheries development.

6.1.1.1.2 Value addition opportunities

Frozen fish is not a suitable product for distribution at the moment, because there is no low temperature cold chain in South Sudan, the consumers have no freezers, and electricity supplies are irregular in most of the country. Frozen fish requires a significant investment in ice machines, freezing units, cold stores and refrigerated transport which does not now exist. Value added products, beyond gilled and gutted whole fish, require a processing industry and cold chain far more sophisticated than anything that is currently installed in the country. For the next few years South Sudan will be unable to export fish to lucrative markets in the USA, EU or Middle East.

There is no Competent Authority (CA) to regulate and oversee such exports, and it will take years to setup the necessary inspection and certification systems. Trained staff are insufficient also. It is not clear that the investment required to make high grade exports of this sort possible would be desirable in the short term, given the other pressing problems in the industry, and the large local and regional demand for fish. Exporting fish can also have serious negative consequences for local consumers, as has occurred in Uganda with the Nile Perch export industry on Lake Victoria. Export will remain a long-term objective for fisheries, particularly if large scale aquaculture takes off.

Dried fish continues to be greatly appreciated by the consumer, partly because it requires no refrigeration and only a small amount is needed. The dried product is also appropriate since the fishermen do not require refrigeration in the landing sites and villages, it is within the fishermen

financial and skills capacity to produce, and there is no particular hurry to sell the product, so it is possible to get it to market in sellable condition despite the poor road and transport network. With time the dried fish trade can be expected to decline as the fish distribution network improves and the consumers begin to buy fridges to keep fresh produce, but in the short term the dried fish trade will remain the backbone of fish trading in the country.

6.1.1.1.3 Status of Climate smart Agriculture, green economy and use of renewable energy

There have not been any efforts to incorporate climate smart agriculture principles, nor green economy or use of renewable energy in fishing in South Sudan. The small-scale farmers are still using traditional means of processing fish that involve the cutting of trees for firewood without regard to climate change. Renewable energy sources such as solar have not been adopted in the fish value chain.

6.1.1.1.4 Status of youth and women participation

Within South Sudan there is wide variation between tribal groups that defines the roles of men, women and children in fisheries. Generally, men do most of the fishing except those using methods that can be done by women accompanied by children. Men thus go out in boats using gill nets and long lines, use spears and cast nets. Women use cover pots, collect by hand and use traps, often in groups. Male children use small imitations of the adult gear, and also use pole and line as a recreational and food gathering activity after school (or instead of school). Female children accompany their mothers and assist as far as they can in any fishing operations.

Marketing of the fresh catch is generally done by the fisherman himself, either directly from the landing place or he may travel to a central landing place where buyers come to purchase the catch. What is required for the family pot is retained. Women, who fish on the other hand, tend to retain the catch for home consumption, and only if there is a large catch above what can be consumed by the family group is it sold. The youth always work with their parents in line with their gender, girls with mothers and boys with fathers carrying out the same tasks their parents.

Children who fish almost invariably take the catch home for consumption. Many women are involved in the sale of fresh fish (not in Juba) and in many markets are involved in the sale of processed fish. In areas of large catches where there is often a surplus the catch may be dried or

smoked. In both cases the majority of the work is carried out by men, though in times of great surplus, women may also help, and children too. It is often said that the women do the processing in fishing camps, but in many camps, women are absent, and even when women are present it is often the men and male children who do the processing. Once again, the traditions and customs of the main tribal groups and sub-groups vary. Although children of both sexes assist at all stages in fishing, processing and marketing of fish this cannot be described as exploitative.

Children generally go to school in areas where there are schools, and fishing communities are staunch supporters of child education, making every effort to ensure that their progeny get as good an education as possible.

6.1.1.1.5 Supply capacity and trade promotion strategies

There is a big capacity to supply the domestic and export markets but this constrained by:

- Bad roads and expensive fuel
- Formal and informal taxation on transport - multiple checkpoints etc.
- Security on roads

This leads to expensive road and river transport and since transport affects the price of everything in South Sudan, the price of transport ultimately affects the price the consumer has to pay.

6.3.6.2 Timber

6.3.6.2.1 Overview

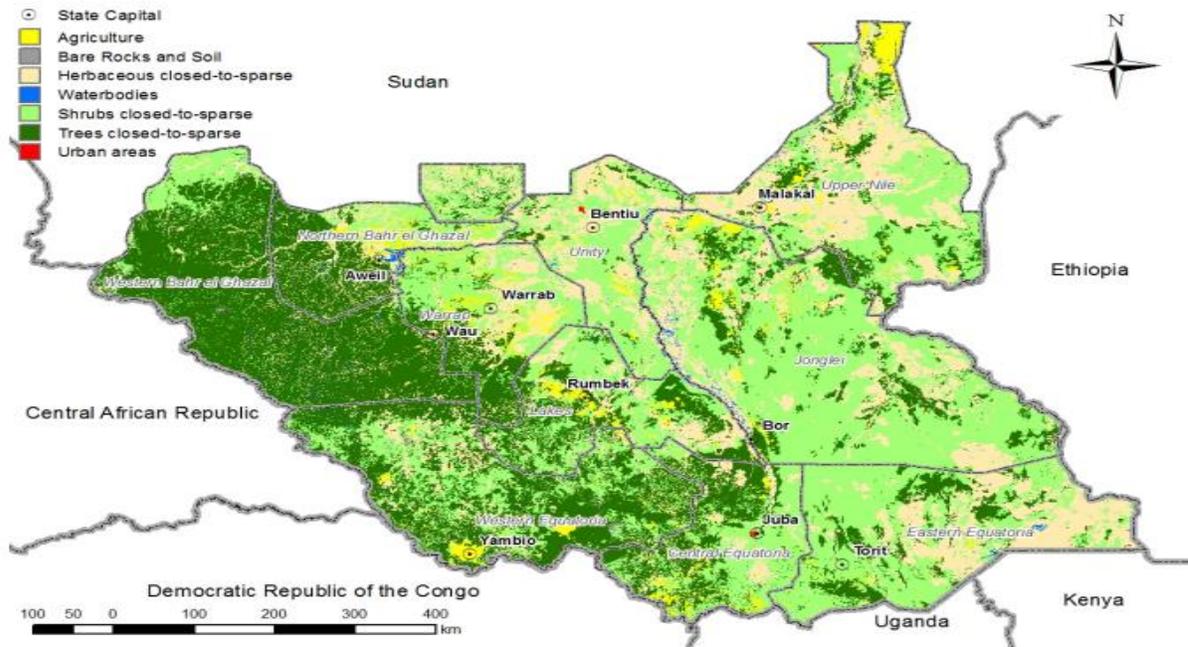
South Sudan is endowed with diverse natural forests and woodlands with a high potential for economic and environmental value creation. Previously, the resources and opportunities were taken advantage of by previous governments and the private sector. The new legal and institutional framework is in the early stage of development; so far, the forest policy was only recently formally adopted. The Directorate of Forestry and state governments, and forest officers and guards deployed to county governments and Central Forest Reserves (CFRs) are the main public sector actors in the subsector. Their limited resources and capacity are shown in their inadequate level of on-the-ground public service delivery.

6.3.6.2.2 Forest resources

As shown in Figure 72, South Sudan is endowed with diverse natural forests and woodlands with an estimated total area of 191,667 km², or about 30 percent of total land area.³⁵ The extreme south and southwest of South Sudan represent the sub-tropical vegetation zone, which changes relatively abruptly into savannah. Large areas of South Sudan exhibit low-density woodland savannah vegetation of mixed scrubs and grassland. These are the areas abundant with gum trees. The Ironstone Plateau, which borders the Democratic Republic of Congo (DRC) in the southwest, supports forestry and intensive agriculture. In the extreme south of South Sudan are the Imatong, Dongotona, and Acholi Mountain ranges that flank the White Nile and contain dense forests. Mount Kinyeti within these ranges reaches an elevation of 3,187 meters, being the highest point in South Sudan. Further west of these ranges contains one of the best remaining teak plantations. However, deforestation pressures are increasing, driven mainly by demands for agricultural land, fuelwood, and charcoal. Non-wood products include shea nut, locally known as "lulu" fruits, fibres, grasses, honey, oils, resins and gums, plus sand, gravel and forest soils. Many non-timber forest products are harvested for local use and to some extent for trade. Gum acacia also constitutes one of the major export products of South Sudan. In Eastern Equatoria, Northern Bahr el Ghazal, Upper Nile, Unity, Jonglei and Warrap States, there is significant unexploited potential for gum trees.

³⁵ CAMP Background Report, 2015

Figure 72: Forest cover (trees closed-to-sparse) in South Sudan



Source: CAAMP Situational Analysis

6.3.6.2.3 Challenges

South Sudan faces many challenges to developing and sustainably managing its forestry sector.

- ***Deforestation and forest degradation***

Although they look luxurious, forests in South Sudan are fragile ecosystems which suffer varying levels of degradation through uncontrolled fires, uncontrolled grazing, and overharvesting. In arid zones, uncontrolled fire destroys trees and their regeneration capacity is severely limited by the harshness of the environment. Even the biodiversity-rich tropical moist forests, found in areas of high rainfall along the southern border and Nile – Congo watershed, are very vulnerable to degradation. Currently, the level of degradation is high in all states and there is urgent need to reverse the trend. The International Centre for Research in Agro-forestry (ICRAF) concluded that

between 1973 and 2006, on average South Sudan lost 2 percent of its forests to deforestation every year, which (if it continues) could lead to a near total loss of forest cover within 50 years.

- ***Poor forest governance and lack of agreement regarding ownership of forest resources***

Forest resources were plundered by armies from the north and, later on, were exploited to support war efforts. Through the war periods, there was total disregard of good forest governance. Although the new government has made commendable efforts to restore order in exploitation of forest resources throughout the country, illegal exploitation is still common. In some cases, forests are still being destroyed by militia groups.

Weak and inadequate coordination mechanisms between RSS and the States in terms of programme implementation, resource allocation, and accountability is a significant challenge to institutional capacity and forest governance. For example, the State Director General of Agriculture who is responsible for forestry services, reports only to the State Minister of Agriculture without a copy to the RSS Director General of Forestry. Under the decentralized system of governance, overlaps exist among responsible officers in RSS and the States. Communication and accountability between RSS and States also constitute another challenge. For example, the Minister of Agriculture at the State level is answerable to the Governor who report directly to the President.

The lack of clarity in some areas on the roles and responsibilities (revenue collection and concession management etc.) of MAFCRD and the States' Ministries of Agriculture over forest estate, sometimes leads to conflicts thereby negatively impacting on management and oversight of forests, leading to deforestation. It is expected that MAFCRD undertakes policy development, supervision, monitoring and evaluation, whereas the States are expected to implement programmes. MAFCRD combines policy making and implementation of forestry interventions which bring overlaps in responsibilities.

Some forestry programmes are implemented by NGOs and communities with the financial support of development partners, but linkage and coordination between MAFCRD and the former, are not well integrated. In addition, the private sector also participates in the forestry industry activities through establishment of plantations, timber processing and sales. However, poor communication and inadequate consultations on levies and taxes among stakeholders negatively affect forest management and investment.

Prior to the CPA, ownership and management of plantation forest resources were clearly defined. The gazetted natural forests were owned by both the Central Government and Provincial Governments. By 2007, the Forest Policy Framework³⁶ for Southern Sudan provided that Central Forest Reserves (CFRs) were to be owned by the Central Government (GOSS), while Provincial Forest Reserves (PFRs) were to be owned by the State Governments. Currently, RSS has taken ownership of CFRs on behalf of all the people of South Sudan, and manage them in partnership with State Governments and other stakeholders. The State Governments will take ownership of PFRs on behalf of all people of the State. Although communities are aware about principles and guidelines of RSS and State ownership of forest reserves, current provisions in the Constitution of RSS, which states that the land belongs to the community has created anticipation that revenue realized from forests should be shared. However, revenue sharing was not determined. As a claim of their share of benefits, communities often engage in uncontrolled cutting of natural and plantation forests for sale of charcoal, poles, and timber.

- ***Forest fires***

Traditional use of bush fires is a major threat to forests and tree growing throughout South Sudan. The fires are used for land preparation under shifting cultivation, for hunting, and for rejuvenation of grazing areas. Forest fires also originate from lightning, smokers, and honey collectors. Sometimes, communities deliberately set forest fires out of discontent with policies and regulations. Prevention and control of bush fires therefore requires full engagement of local communities.

- ***Charcoal and fuel wood***

³⁶Forestry Policy Framework, Southern Sudan (2007).

Fuel wood and charcoal make up approximately 80percent of the country's energy supply due lack of alternative sources of energy such as electricity, wind and solar power, and gas. As a result, charcoal making is an attractive economic activity as more people become involved in charcoal production, accelerating the depletion of trees. There is also growing demand for fuel wood for brickmaking.

- ***Limited investment and technology***

Forest-based industries (saw milling, wood-based panels, furniture, and joinery manufacture) are significant sources of off-farm employment. Consequently, South Sudan's forestry sector can support a significant and sustainable wealth-creating export industry if well managed.

Currently, investment in the forestry and timber trade is limited. Major constraints limiting investment in the forestry industry include lack of access to capital and high taxation rates, fees, and transport charges. It is estimated that timber-related taxes, fees, and transport costs constitute 71 percent of the total costs of production and processing of timber, and teak in particular. In addition, there are market barriers which discourage investment in the industry. These include poor road networks and transport infrastructure and poor access to international markets. Other constraints include obsolete machinery and equipment, shortage of skilled labour, and landmines that have yet to be cleared.

Improvement of forestry and forest products requires adoption of improved technology. Currently, there is a low level of technology in South Sudan's forestry sector. For example, availability of harvesting and processing equipment and machinery to convert logs into high value-added products is limited. Research capacity for developing forest technologies such as appropriate tree species selection, timber, and wood and non-wood forest products is also limited. Technologies for low energy use for cooking and in brick-making are still not widespread.

- ***Linkages with land***

Administration and management of the forestry sector require coordination with the policies, laws, and institutions governing land. The 2009 Land Act provides for community lands to be designated for, among other reasons, forestry purposes. Land ownership in the new country of South Sudan remains to be resolved, and it calls for fresh common understanding between RSS, State Governments, local governments, and communities, particularly as it relates to CFRs and SFRs.

The ongoing development of a new land policy and law creates uncertainty around forest and land ownership; hence this will cause serious limitation to any investment in forestry development. Land reforms are particularly critical to forest sector development strategies and plans. In some cases, like the planned large-scale forest land concessions, land reform becomes a prerequisite. The effect of the ambiguity regarding the current policy and legal framework governing land is that NFRs and other public forests have been under siege of claims by various stakeholders.

- ***Gender inequality***

While degradation of the forest ecosystem has had an impact on communities in general, women have suffered more than their male counterparts. In traditional African households, women are usually the primary food providers for their families. Women fetch forest products such as fire wood, leafy vegetables, fruits, roots, and tubers from distant areas. Despite their critical role in the management of natural resources, women have limited property rights that ensure their access to land and forests. Women have comparatively few employment opportunities in the collection, production, and sale of timber, wood, charcoal, and other forest products. This gender disparity in access to and utilization of natural resources from forests and elsewhere is a major contributor to the rising poverty among women.

6.3.6.2.4 Opportunities

- **The forest resource base**

South Sudan has an extensive and diverse forest and woodland cover, reflecting its largely favorable climate, with high rainfall along the southern border. Within this diverse resource, a large variety of species generating multiple useful products such as foods, fruits, oils, and medicines as well as the more traditionally recognized timber, poles, and firewood.

Some of the opportunities in the forestry sector include timber, saw-logs, poles, bamboos, and woody lianas from natural and plantation forests. In the recent past, a limited number of logging concessions were given out to companies with business interest for teak timber export for ship building, which fetch a price of US\$300 to 400 per cubic meter on the international market.

The tropical moist forests, lying in areas of high rainfall along the southern border and Nile–Congo watershed, represent some of the richest concentrations of biodiversity in the country and contain valuable commercial products, including cabinet-grade timber species.

There are substantial teak plantations, established from 1930s onward, which have matured and reached the age to deliver significant production. Based on high demand for premium quality timber, such as teak and mahogany, improved management and production is likely to generate substantial additional foreign exchange to supplement oil revenue for the country, providing an importance source of economic diversification. According to some conservative estimates, less than 2,500 m³ of teak has been exported annually in recent years. It is estimated that teak plantations alone can generate over US\$100 million per year, and mahogany in natural forest reserves could be the source of substantial hard currency as well.

Non-wood forest products include Shea nut (locally known as lulu), fruits, fibers, grasses, honey, oils, resins, gums, sand, gravel, and forest soils. Many non-timber forest products are harvested for local use and to some extent for commercial trade. This includes lulu which grows abundantly in South Sudan. Currently, Shea nut butter oil is in high demand worldwide, although only about 0.2 percent of South Sudan's total Shea nut production is currently exported, the majority is consumed locally.

Gum acacia could also constitute a major export product for South Sudan. Many local villagers in the country are unaware of the economic value. In 2008, South Sudan was the fourth largest producer of gum acacia in the world after Sudan, Chad, and Nigeria.

Honey which has high potential for export, provides another business opportunity to local communities. During the war, honey was exported to various destinations including neighbouring countries, and such exports should be supported and expanded.

- **Climate, soils, and land forms**

South Sudan has an abundance of land, much of which, away from the hilly border regions, is relatively flat. The mean annual rainfall is in excess of 1,000 mm over a substantial part of South Sudan and a significant area has a mean annual rainfall of above 1,200 mm. The combination of

climate and topography provide structural advantages for forestry, good growth, and relatively easy access. While recognizing the paramount needs of the population for land and access to forest and tree resources, South Sudan also has great potential for extensive plantation forestry.

- **Investment potential in the forest sector**

Many investors and donors have expressed interest in providing funding for forestry and agroforestry related activities. If South Sudan can develop and apply supportive policies and legislation, there is great potential for increased investment from the private sector. In addition to normal commercial operations, investors are exploring and starting to invest in socially responsible and environmentally sustainable operations certified by the Forest Stewardship Council (FSC).

6.3.6.2.5 Capacity needs

The human, physical, and financial resources for the Directorates, their human, physical, and financial resources are far from sufficient to restore the forest management system. The system has deteriorated due to the long-lasting civil war where significant areas of forest plantations were logged to finance the war. The high priority given to the recovery of the livelihoods of war-affected populations after the CPA, and the growing markets and demand for forestry products such as charcoal, fuelwood, logs and timbers, resulted in the rapid degradation of natural and plantation forests and unregulated conversion of forest land for agriculture. For example, state Directorates in Western Equatoria and Eastern Equatoria States, both of which are endowed with rich forest resources and high forestry production potential, deploy 17 and 19 forest officers, respectively.

In terms of the mobility necessary to conduct forest management and revenue collection functions in these states properly, each Directorate operates only one car. The situation is even worse in Greater Bahr el Ghazal and Greater Upper Nile Regions where widespread destruction and encroachment of the forest reserves and degradation of natural forests are serious problems. However, there are only 5 to 8 forest officers in each state to regulate and enhance the forestry subsector in Warrap, Northern Bahr el Ghazal, Western Bahr el Ghazal, and Lakes states.

6.3.6.2.6 Value addition opportunities

In terms of the perceived current extent of market and the actors involved, forestry products are roughly categorized into the following three groups.

(1) Forest products with regional and global extent of market: Teak logs, Teak products, Gum acacia

6.3.6.3 Shea products

Forest products with regional and global markets Teak logs, teak products and gum acacia are products with regional and global market potential. If future potential markets are considered, shea products can be included in this group. Teak logs, teak products and gum acacia have been marketed globally with buyers from South Sudan, Uganda, Kenya, India, China, Europa and North America reported. In the case of gum acacia, the access to the global market is mainly done through buyers from Sudan. Regarding the future target markets, teak logs should be processed to produce teak products within South Sudan and future target market should be local and domestic markets. Whereas the target markets of teak products should continue to be regional and global markets. Although shea nuts and its derivatives such as shea butter, soup and cooking oil are not commonly observed in the local market, the potential for finding regional and global markets for these products is high. Production and international marketing done by NGOs and private entities are reported.

(2) Forest products with domestic and regional extent of market: Charcoal

(3) Forest products with subsistence and local extent of market: Fuelwood

Table 37: Major domestic actors for production and trade of forest products

Major domestic actors	Forest products (FPs)						
	Fuelwood	Charcoal	Teak logs	Teak products	Gum acacia	Shea butter	Minor local FPs
Public sector							
Forest departments	Rate collection	Rate collection	Rate collection	Rate collection	Rate collection	Rate collection	Rate collection
Central Forest Reserves			Supervision	Supervision			
Private sector							
Concessionaires			Log production	Milling			
Small-scale sawmills and wood products manufacturers			Milling Production	Milling Production			
Log and timber traders			Trading	Trading			
Log and timber retailers			Retailing	Retailing			
Small-scale producers/farmers	Production Consumption	Charcoal production	Log production		Gum production	Butter production	Production Consumption
Charcoal traders		Trading					
Charcoal retailers		Retailing					
Fuelwood traders	Trading						
Fuelwood retailers	Retailing						
Other traders					Trading	Trading	Trading
Other retailers						Retailing	Retailing

Source: CAMP TT

6.3.6.3.1 Status of Climate smart Agriculture, green economy and use of renewable energy

Deforestation especially for charcoal burning is a major problem for forestry in South Sudan. Although, South Sudan is a vast country and about less than 4 percent of all the land is now under cultivation, the dry climatic conditions across most of the country means that it cannot stand too much tree cutting without quickly triggering desert like conditions. As noted earlier, the country has one of the highest electricity connections implying that it uses mainly biomass for energy sources, which feeds the deforestation. Protecting the country's forests for sustainable development will only come from diversification of energy sources away from biomass.

6.3.6.3.2 Status of youth and women participation

Women and youth in the country are involved in various stages of the forestry value chain shown in table 40. Women are involved in the collection and sale of firewood, gum Arabic, shear butter and the sale of charcoal. Women are not normally involved in the teak value chain. In South Sudan,

the youth always move with their adult sex with girls always involved in work that their mothers do while the boys are involved in fathers' job.

6.3.6.3.3 Capacity gaps and trade promotion strategies

Whereas, forestry has the potential to generate significant resources for individuals and for the country, due to its fastness, lack of investments and a coherent management strategy has made this potential to remain unexploited. There is a lack of capacity in both the private and public sector to drive a sustainable forestry that would supply economic products and lead to support the country's economic development. There is an acute shortage of human resources in the public sector charged with forestry management including forestry rangers and other professionals. Apart from personnel, the public sector also lacks the equipment and machinery needed to sustainably manage and exploit forest resources including survey instruments, machinery and equipment for cutting the trees and for processing them. All this is mirrored in the private sector with no credible private sector players with the personnel and machinery to exploit forests in an economic but sustainable manner. There is therefore great potential to increase the economic value of the country's forests if these capacity gaps were bridged.

6.3.6.4 Livestock

South Sudan is endowed with livestock resources: 11.7 million cows, 12 million goats and 12 million sheep as of 2013. This estimate however, does not include camels, poultry and Donkey³⁷. South Sudan is known to be a major pastoralist country with a number of its tribes, including the Nuer, Shilluk, Dinka, Murle, Boya, and Toposa, having livestock and treasuring it as a symbol of wealth, power, food, and nutrition. Indeed, about 60 percent of the population depends on livestock rearing³⁸.

Livestock transactions are quite common in areas across South Sudan, such as Rumbek, whereby livestock is exchanged for crops or other commodities in markets. The livestock sector as a whole has significant potential that remains untapped and underdeveloped. Low productivity is attributed to recurrent droughts, insecurity and a heavy disease burden. Inadequate marketing, processing infrastructure – cultural barriers constraint the development of the livestock sector's productivity.

³⁷Ministry of Agriculture

³⁸ FAO/WFP, 2019

Strengthening Cross Border trade in livestock and developing the capacity of the actors in the value chain including through implementation of value addition initiatives, development of social and economic infrastructure is vital to supporting livestock production and trade in South Sudan. The government has committed to ensure the legal and regulatory sector framework and policies are in line with the regionally and internationally trade related standards in order to facilitate trade.

The overall livestock sector is constrained by:

6.3.6.4.1 Policy, legal and strategic framework

There is a lack of a comprehensive sector policy framework and subsectoral policies and lead institutions for the development of livestock-related industries. Current strategic frameworks are more focused on public sector issues than on the needs of the subsector. There is need to review the existing acts and bills and to institute mechanisms for their enforcement. An unclear and incomplete legal, policy and regulatory framework for land tenure has resulted in inconsistencies in implementation, adversely affecting land for livestock production, migration, marketing and processing in both rural and urban areas.

6.3.6.4.2 Conceptual framework:

The sub-sector potential is poorly understood and articulated as a result of lack of reliable livestock population data which has undermined strategy development, planning, investment and coordination at all levels and across the stakeholders. Areas of comparative advantage at the state, national and regional levels have not been identified. Mutually beneficial linkages to the crop sector are not harnessed for an integrated approach.

6.3.6.4.3 Institutional framework:

Public sector institutions at the national and state levels do not have the necessary levels of staffing, in terms of number, qualification and capacity; neither do they have infrastructure and budgets to carry out their mandates. Coordination and communication within the public sector and with other stakeholders are poorly defined and resourced. Institutional arrangements to address natural resource issues are poorly developed; issues include water for production, rangeland management, drought and flooding, resource-based conflict, protection of key production and trade migration routes, and shared transboundary resources.

6.3.6.4.4 Production and productivity:

The subsector is dominated by subsistence producers who rely on indigenous breeds, knowledge and technologies and aim to produce for household consumption. There is scope for making initial substantial gains in filling the large production and productivity gaps and eliminating seasonality of production by using low-level technologies already in existence in the region and by organization of producers. There is also scope for diversifying both the species and production systems to utilise a broader range of resources and strategies.

(1) Animal health and food safety assurance:

The prevalence of diseases due to the lack of facilities, human resources and investment impedes the delivery of animal health services. The impact of priority diseases is the largest on food security with losses in meat and milk production and related costs of treatment, amounting to hundreds of millions of USD. Hygiene standards for food of animal origin are inadequate and unenforceable due to lack of legal and regulatory frameworks, deterring private investment in meat and milk processing.

6.3.6.4.5 Market development:

Around 60-90percent of livestock production is consumed within producing households, i.e., low integration into value chains. Domestic value chains are faced with stiff competition from regional and global actors and encumbered by high transaction costs due to poor transport infrastructure, conflict and insecurity, low product quality and poor sanitary and phytosanitary standards. Neighbouring countries might benefit from adding value to cheaper raw materials from South Sudan for their domestic markets or re-exporting to more lucrative markets.

6.3.6.4.6 Taxation:

Livestock and livestock products suffer from the multiple formal and informal taxes due to the lack of an integrated taxation framework with proper supervision on the ground. Production inputs such as day-old chicks and feeds attract high taxes, which deters the growth of livestock inputs businesses and results in farmers and organisations purchasing them only on an ad hoc basis. Exports of hides and skins also attract high taxes.

6.3.6.4.7 Investment:

Public sector expenditure on the subsector is far below the stipulated Maputo Declaration allocation of 3 percent of the national budget, needed to improve food security, reduce poverty and stimulate economic growth. Development assistance to the subsector has been minimal and mostly short-term and/or emergency funding. Subsidies by NGOs and some government initiatives have a mixed effect on ownership, growth of business acumen and sustainability. Financing for the majority of sector value chain actors is not forthcoming, and they are unable to get access to innovative financing opportunities in the region.

6.3.6.4.8 Training, research and extension:

The four public universities offering training in animal production, animal health and veterinary sciences suffer from inadequate funding, limited qualified staff and weak capacity for practical training, and are not linked to regional university consortiums. Only one institution offers short-term training and refresher courses for those who deliver services on the ground. There are no dedicated public livestock research facilities, with only minimal research being conducted by the universities. Without effective public extension services, farmers and other actors rely on NGOs, radio broadcasts, farmer-to-farmer exchange and the Internet for information, but the information is often not appropriate or complete.

6.3.6.4.9 Security:

Conflict and insecurity, including cattle raiding and rustling, disrupt livestock activities, resulting in loss of human lives and livestock, displacement of communities, inaccessibility to grazing and water resources and underutilization of stock routes for production and marketing. In some counties, insecurity has reduced livestock populations and deprived people of their livelihoods; this has aggravated food insecurity and poverty.

Below are value chains of two three livestock sectors in South Sudan: cattle, poultry and beekeeping. These provide an opportunity for development of dairy, meat and hides and skins value chains, subject to investments in appropriate infrastructure such as slaughter-houses, boreholes for water and cold chain facilities.

6.3.6.4.10 The cattle value chain

(a) Cattle rearing and markets

Large animals, such as cattle, are usually seen as a symbol of power and are often owned by men and passed down through a patrilineal lineage. Indeed, cattle plays a huge role in social networks - in the form of bride wealth, reciprocal assistance during hardship, and social connectedness. Arguably, in South Sudan today, the cultural value attached to cattle is perceived as more significant currently than its commercial value. Women, on the other hand, own smaller animals such as pigs, goats, and chickens --although this is rapidly changing. Depending on the area, there may or may not be an emphasis on cattle rearing; additionally, depending on the area, there might be cases of highly dangerous and fatal cattle raiding acts.

Cattle rearing in South Sudan has the detrimental effect of land degradation due to overgrazing of pastures. In Rumbek, there tend to be disputes over grazing land and cattle raiding happens intermittently in the area. There is also an obstacle with accessing water, leading many cattle keepers to migrate towards available water sources. Cattle-owning households mostly have local breeds, but some households also have pure breeds and cross breeds. Cattle are usually passed down by inheritance, but other times they are bought from livestock markets. The livestock sector, from a value chain perspective, has very little value addition activities – whether in terms of milk production and processing, production of hides and skins, and even beeswax. There is low processing capacity amongst livestock owners and producers. Input includes cattle, feed, water, medicine (drugs and vaccine). From the input phase, there are challenges with provision of veterinary services and animal feed, as there is no proper management of cattle on farms by the owners and herders. Meat production is usually done via the traditional production system, through the exploitation of local cattle breeds. However, in terms of sale – among herders who sell cattle – they are often sold at farm gates or at livestock markets in Payams or nearby towns.

There are other challenges, in addition to the political repercussions, which include the lack of animal genetic quality, low animal health services, and minimal technical assistance and interventions for the sector (unlike with crops, for instance). Yet, at the same time, investing in the livestock value chain may unlock many opportunities. Indeed, switching the livestock sector from

one of subsistence to one of income generation and potentially market integration and export might help contribute actively to better livelihoods.

6.3.6.4.11 Challenges

- **Cattle raiding**

In several areas across South Sudan, such as Bor and Rumbek, issues of cattle raiding lead to death, conflict, displacement, and loss of livelihoods. Additionally, the competition between herders over water and pasture creates a lot of tensions between communities, which might explain the resistance international and local organizations have when it comes to intervening in the sector. However, due to targeted raiding and political insecurity, there has been a decline in livestock ³⁹.

- **Barriers for women's ownership of cattle**

In Rumbek, although there are relatively few gender disparities, women are sometimes prohibited from taking cattle for grazing or even full ownership of cattle. However, interviewees noted that over the past years, more women in Rumbek own cattle.

- **Lack of adequate data**

Another significant challenge, is that there is no proper articulation of the livestock sector; there are no proper policies implemented, as well as a lack of proper data on their population. This makes it difficult to understand how to properly invest in and link it to South Sudan's economy. The lack of reliable data is a huge issue, as it makes it difficult to articulate the potential of the livestock sector for food security. Moreover, it makes it difficult to properly implement policies, as the policies might not be aligned to the actual reality on the ground.

- **Inappropriate taxation**

Interviewees noted that there may be, in some regions, several informal taxation against livestock. There is still no proper integrated taxation framework, thereby making livestock producers liable for both formal and informal taxes. Moreover, inputs needed for livestock production such as chicks and feeds are also highly taxed. As such, farmers and producers import these inputs in a haphazard manner.

³⁹ Catley, 2018

- **Lack of adequate training and research in livestock**

There is a dearth of training, whether vocational or university-level, on standardized animal production and veterinary sciences. There appears to be many differences, in fact, between the different public universities offering related courses. Additionally, even amongst universities, such as Juba University, there needs to be an expansion of regional collaboration and research facilities on livestock production. There is one main public training centre, Marial Lour, which provides technical skills development on animal health and production. Moreover, there are no specialized public livestock research institutions.

- **Poor hygiene.**

There are very little and informal standards on sanitary and food hygiene of animals. Moreover, the capacity to enforce these stands is also quite limited due to poor coordination. Improving animal husbandry practices and animal health care services may lead to an increase in the sale of meat and a changing mindset around livestock herding.

6.3.6.4.12 Opportunities

- **Already existing livestock population:**

Although the number of livestock, specifically cattle, have decreased due to conflict and displacement, South Sudan still has a significant number of livestock populations. Additionally, because of South Sudan's historical relationship with livestock, there are many experienced livestock keepers. However, there is a need to improve cattle breeds, as a lot of the cattle has low milk production capacity. Cross breeding with better milk-producing breeds is a key intervention.

- **High demand:**

In urban and peri-urban areas, there is a high demand for livestock. The seasonal variation of crop production in South Sudan amplifies the need to invest in livestock, as there are usually hunger gap periods for agro-pastoralists usually between June to August. During these months, maize and sorghum, for instance, might not be ready for harvesting, thereby leading to food insecurity. As such, households may depend on milk production or poultry.

- **Linkages with the crop production sector:**

There is potential to create linkages with the crop production sector, whereby animal draught can be used to expand crop production; assets from livestock can be used to purchase input for crops; and using crop residues and fodder for feed.

- **Milk production (import substitution):**

Currently, in South Sudan, a lot of milk and milk products are imported. Countries like Kenya and Uganda have a dairy industry for locals, unlike South Sudan, and they contribute to ensuring food security. Introducing dairy goats and improving cattle and goat genetics in South Sudan so that they can produce dairy herds will potentially be a high value product. Today, the main inputs for milk production include gloves, gumboots, containers, and (preferably metallic) cups. Men are usually responsible for feeding, grazing, and fetching water; meanwhile, women are responsible for milking cows. Milk production is generally very low because of limited labor, scarcity of milk due to cow breed or reduced feeding of lactating cows; among other reasons. Very little milk is sold, and when sold it is usually to local and urban traders at low prices. Milk processing for commercial reasons is also very minimal. The number of milk handling facilities, such as coolers is limited. Containers for storing milk are limited or non-existent, and milk traders as such tend to have to sell milk as soon as possible as it spoils quickly. Training on milk value addition, such as yoghurt, ghee, bars, is limited

- **Vibrant regional trade:**

South Sudan borders many countries that do have strategies for the livestock sectors and tend to export and import large numbers of livestock. Additionally, there are research and training facilities in the region too, that can be a form of process tracing or lessons learnt for South Sudan. There are a very limited number of slaughter houses and processing facilities. Investment in such infrastructure could significantly upgrade the cattle value chain. For example, In early 2019, the FAO has support the establishment of a slaughtering house in Torit with a capacity of 20 to 25 cattle and 25 to 20 small ruminants per day. The slaughterhouse is managed through a private public partnership with the ministry of Agriculture. More of such initiatives would improve livestock marketing and exports.

6.3.6.5 The poultry value chain

6.3.6.5.1 Poultry production and upstream activities

Poultry has highly digestible proteins, B-group vitamins, and a moderate energy content thereby making it a critical food. Although poultry (chickens, ducks, guinea fowl, turkeys) is the smallest of the livestock in South Sudan, there is growing interest in it for multiple reasons: its importance as a value chain for women and displaced persons; nutritional value; increasing consumer demand; the relative safety and security of it in comparison to cattle. The poultry value chain is mostly low input and low output, with a small flock size raised under a traditional scavenging system. There are very little linkages along the supply chain, with a focus on home consumption or limited trade within payams or in local markets. In terms of inputs, the main ones include animal feed, day old chicks, and vaccines. Feed, which is a major input for poultry, is lacking in South Sudan.

Animal feed quality is usually not something that small scale farmers or households invest in; there is a tendency to mix feed (such as kitchen waste with some grains) in a bid to decrease costs, thereby ending with subpar nutrition for birds. Feed quality needs to ensure that adequate minerals, vitamins, protein, and energy are included - as well as ensuring that the feed is not contaminated or contains mycotoxins. Although some NGOs and even the government do subsidize infrastructure and purchase of inputs, most of the time housing is not particularly appropriate for poultry production. In terms of land, commercial poultry enterprises struggle to find land they can rent as land-owners are quite reluctant. In terms of day-old chicks, South Sudanese poultry producers tend to import from Uganda, Kenya, or Sudan. Nutritional supplements, as well as vaccines and feeding equipment are also imported.

There are scattered and inconsistent hatching facilities in the country, and most of them have high production costs and their inability to invest in backup, such as generators, due to lack of capital or access to finance and credit. As such, credit to buy chicks is key especially for women. Moreover, housing is usually quite basic, and built with readily available materials including wood, mud, or cereal stovers. Birds are also housed in human shelter or stores, but without proper fencing. Farmers, in some cases, rent plots of lands to grow chickens. In larger farms, there is an issue with proper ventilation and protection for birds. However, within semi-commercial production units, there is integration of hatcheries and, in some cases, feed mills.

6.3.6.5.2 Poultry markets and downstream activities

While there are few advanced poultry farms, most of which are in Juba, South Sudan's poultry remains an infant industry. As such, the marketing and market sub-systems tend to be either non-existent or too little to generate reliable information or data from. However, there is an increased demand from urban consumers for meat and eggs, which is a major opportunity for small-scale poultry producers. What is notable about this sector is that it is rather open to small scale farmers, as a poultry unit with commercial birds is basically what is needed to be able to start engaging with the market. Indeed, village or payam level poultry is key for livelihood support but it is crucial that public health risks are mitigated and extension support on improving hatchability, predation, and prevention are provided. Chicken is usually sold in open markets, if not directly consumed at farm gates or households.

Based on the growing initiatives of semi-commercialized farms or poultry systems, there are a few insights that can help set the standard for future interventions in South Sudan's poultry sector. This semi-commercialized production is based on medium input and medium output, with a focus on dual purpose breeds where possible or separate layers and broilers. A dual-purpose breed enables smallholder farmers to expand from backyard production to a market-oriented approach. The private sector has also picked up on poultry farming, with private investors operating in the poultry chain. The private sector has the capacity to grow and meet the demand for slaughtering and processing facilities, in addition to meeting the demand for day old chicks, without having to import them from neighboring countries such as Uganda, through parent stock farms and proper hatcheries.

6.3.6.5.3 Challenges including capacity constraints

- **Lack of adequate disease prevention and vaccines:**

There are very few poultry extension workers who provide vaccination and/or treatment and advice for small scale poultry farmers. As noted, there are multiple diseases affecting poultry - including New Castle disease and guinea fowl disease. However, there is no proper public policy approach to vaccination. Disease prevention is also quite minimal and in the majority of cases, inexistent. As such, these diseases lead to high losses; interviewees indicate that diseases culminate in the biggest reason for losses.

Electricity infrastructure:

Consistent and reliable sources of energy are needed to expand hatching facilities and production of poultry. For now, there is still heavy dependence on diesel-fueled generators, which are costly and over-used. The frequent power outages hamper commercial poultry production.

Water infrastructure:

Because small-scale poultry producers and commercial producers may have limited access to clean water, they tend to use water from rivers or other sources. The water may not be clean, thereby affecting birds.

Limited market linkages:

As noted, the majority of poultry production is consumed within the backyard. There hasn't been room or investment in the sector to encourage household poultry producers to engage with the market and sell meat and eggs there. In fact, egg production is limited. There are no packed eggs and "trayed eggs" are imported from Uganda. Most market traders of locally produced eggs will have at a broad average of 5-10 eggs, with above average quality (size and freshness). There is an opportunity for improving and supporting egg production.

6.3.6.5.4 Opportunities

- **Using staple crops as feed:**

Importantly, sorghum and maize - two major staple crops in South Sudan – can be used as feed for poultry. This is optimal as they are readily accessible and consist of the needed energy for animal feed. Birds obtain feed supplements from cereal grains, including maize and sorghum. Indeed, ensuring and facilitating rural farmers' supply of feed is key for improving the value chain.

- **Proper training on input and production** can lead to significant increase in production. Proper training on poultry management is needed, specifically on feeding, waste management, vaccines, and building entrepreneurial skills. Poultry enterprises, including commercial ones, tend to falter after the first or second batch of chicks. This is because there is no proper training or support - whether in terms of extension, disease prevention, or input services - thereby leading to losses. Ensuring that proper training is done can encourage farmers to pursue their enterprise.

- **Poultry suitable for female headed households and women and youth generally:**

Particularly, this is well suited to female headed households, as it does not often affect their other household duties and culturally speaking, poultry is "acceptable" and convenient as a livelihood-

generating activity and ultimately for poverty alleviation. Children and youth may assist women with managing poultry. On the other hand, it is usually men who build shelters for poultry and sell meat and eggs at the market. It is important to note, however, that with the growth of the poultry production market, women might start to create more linkages with the market which requires assistance and support, as they have less access to land and credit, and may sometimes not be able to make final decisions regarding sale of meat and eggs. Importantly, for women and youth, poultry production and sales are both culturally encouraged and economically viable.

- **Growing investment in the sector by NGOs:**

Over the past five years, a growing number of NGOs are investing in small ruminants, particularly goat and poultry. Small ruminants are crucial for livelihoods and, unlike cattle they are less likely to create political and social tension⁴⁰.

- **Poultry associations:**

Supporting the establishment of poultry associations is key for improved market linkages. Improving market reform policies. Advocating for market reform policies and providing technological and service support. Moreover, providing technological support and institutional support to provide market linkages and service support is key. This can be done through identifying target group households and providing them with necessary supervision.

6.3.6.5.5 Value addition opportunities

As noted earlier, poultry production in South Sudan is still traditional and largely subsistence. There is no value addition taking place in the meat nor egg line of the value chain. Poultry is just slaughtered at source and there are not any slaughter houses nor any cold system for poultry products. Most processed poultry products sold in the country's supermarkets are imported. Even eggs that are sold in the country are imported. This creates a big opportunity for poultry commercialization in the country through value addition.

6.3.6.5.6 Status of Climate smart Agriculture, green economy and use of renewable energy

As noted, earlier poultry is still practiced traditionally and there is no modern use of either fuel or any other climate-smart means. Given that there is a near absence of the downstream industry

⁴⁰ CAMP Assessment Report

including slaughter and production of value-added products, therefore there is no use of green or renewable energy in the industry.

6.3.6.5.7 Status of youth and women participation

Women and the youth in South Sudan are predominantly engaged more in small animals than large ones that are dominated by men. Therefore, in most homes even as poultry rearing is mainly a traditional and subsistence one, it is predominately dominated by women (and the youth). They rear chicken mainly as backyard activity and sell them to meet family food or other needs like clothing and school fees. In some homes, poultry is a major source of proteins. Therefore, any efforts at growing this sub-sector would have a major positive impact on the women and youth economic empowerment.

6.3.6.5.8 Supply capacity and trade promotion strategies

As noted earlier, almost all commercial poultry sales of poultry and its products in South Sudan are imported from neighbouring countries especially Uganda and Kenya. This is in spite of the very high potential for poultry production in the country. There is need to commercialize the traditional and subsistence poultry sub-sector to enable it substitute the imports but also later take advantage of the huge regional and international market for poultry products.

6.3.6.6 Honey

6.3.6.6.1 Overview of the honey sub sector

South Sudan has vast forest covers with high potential for honey production. Honey bees in South Sudan, of the *Apis mellifera* species, provide wax and products including propolis and pollen. They also are therapeutic for chronic diseases including hypertension and cardiovascular disorders. Honey production is mostly concentrated in the Greater Equatoria (including Torit, Juba, and Yambio), as well as parts of the Lakes State, nearby Rumbek. Vast natural forest covers over 80 percent of South Sudan's territory, illustrating the high potential for honey production across most of the country.

Beekeeping in South Sudan has been practiced for generations for the production of honey as food products, medicine, and as a form of income generation. It is also practiced by women and younger people, in addition to being sustainable. Beekeepers, especially those engaged in modern

beekeeping, require protecting clothing (gloves, coats, hats, and rubber boots), uncapping forks, honey strainers and extractors, smokers, and modern hives. A number of local and international NGOs, as well as individual entrepreneurs and emerging agro-businesses, provide these inputs in the honey value chain, including modern hives and quality hive equipment. NGOs have been investing in modern beehives and harvesting equipment, such as the Kenya Top Bar beehives (introduced in Torit by Caritas Luxembourg) and Langstroth beehives.

However, for the most part, traditional beekeepers in South Sudan do without proper protective gear. As they have been doing it for generations, they have found ways to use local products, and are usually unable to access or afford imported modern inputs. Traditional beekeepers mostly use locally-made hives made from the bark hives or trunk hives of bamboo or plam trees. Bark and trunk hives tend to normally last for a couple of years. Harvesting techniques change from one area to the other, but producers usually do the harvesting on their own or as part of a group. Some traditional methods use fire, which can sometimes destroy colonies and endanger forest species.

Empty hives are transported to hanging sites and honey extraction is done through boiling, squeezing, hand pressing, and draining. Some producers extract the honey from combs using self-drip or double cooking pans. The semi-processing may mean that impurities are found in the honey with unhygienic techniques used. Many initiatives, such as an initiative by Caritas, actively invest in honey production and attempt to train farmers to use hygienic methods. Traditional beekeeping has had devastating effects on South Sudan's environment and its bee species -from the cutting of trees, to burning of land, and cracking barks of trees to make beehives. Traditional beekeepers use smoke when harvesting which also destroys the comb, making it difficult to separate the honey and the comb. However, over the past decade there have been transformative improvements in the breeding of bee colonies and community-led multiplication of bee species. Modern beekeeping, although significantly more productive, is still minimal.

Honey is a cash commodity in Torit, Yambio and Juba and is usually bought from the beekeepers themselves by middlemen. Honey collectors are usually individual traders who gather honey from beekeepers, producers, women groups, and households who then supply it to consumers and/or processors or intermediaries in larger towns. In other cases, beekeepers may transport the honey to cooperative-owned bulking centres or local markets. In cases here NGOs, such as Caritas

Luxumbourg, act as intermediaries, honey is packaged and distributed with their support. Otherwise, honey is transported in bicycles, motorbikes or by foot in plastic containers to local markets or on junctions and roadsides connecting areas. Lorry drivers from neighboring countries, such as Kenya and Uganda, may purchase this honey to sell to local breweries in their home countries.

Honey can be sold for relatively high prices in Juba, to international or national customers. The honey market doesn't have set prices, with prices fluctuating depending on multiple factors - including who the honey is being sold to, whether it is packaged, and the local currency fluctuations. The different markets include individuals or households within the payam itself, traders, individual/local beer brewers, NGOs, traders from bigger towns (Rumbek, Juba, Torit, Yambio towns themselves). However, for the most part, most honey producers sell within their payam or countries as they face issues of unreliable markets, lack of access to finance to be able to properly package and store honey.

6.3.6.6.2 Challenges including capacity gaps

- **Environmental issues:**

Many areas of South Sudan have endured decades of deforestation and land degradation because of fuelwood and charcoal extraction, war, wildfires, and other reasons. This has affected areas in Juba, Yambio, Bor, and Torit (and Rumbek, although to a lesser extent), and might affect honey production in the future if such practices go on. Additionally, traditional honey production methods themselves are dangerous for the environment. As noted, cutting trees and burning lands, as well as cracking tree barks to make beehives, have had negative effects on the environment.

- **Attacks by cattle keepers:**

Another challenge beekeepers face, which is particularly a problem in Rumbek, is that cattle keepers may attack beehives either in an act of vengeance or aggression.

- **Storage facilities and honey aggregation.**

There are no adequate storage containers or packages for honey. Indeed, increasing honey production would require more professional aggregating units, as well as larger storage rooms. Yet, it is a necessity if the country is to expand honey exports and meet international specifications.

6.3.6.6.3 Opportunities

- Nutritional and medicinal benefits.

Medicinally, honey has antifungal, antiseptic, and detoxifying capacities. Honey is non-perishable and does not need a lot of processing before entering markets. Its indefinite shelf-life and properties make it convenient for South Sudan's weak storage and transportation infrastructure transportation.

- Increases agricultural yield.

Cross-pollination makes honey production a self-sustaining process. Beekeeping increases agricultural yields and productivity through pollination. Bees harvest nectar and pollen, without competing with other animals. As such, honey production improves crop yields and emphasizes linkages between insects and plants.

- **Socially rewarding:**

Honey production is also linked to prestige in South Sudan. Having beehives is a mark of respect in many communities in South Sudan. Honey has a traditional value and is used as gifts during wedding ceremonies or as payment for favors done or labor received.

- **Relatively active cooperatives:**

Over the past decade, there has been a flourishing of beekeeping associations and cooperatives, such as Yambio's Mborisa's Beekeeping Group and Wulu Farmers Beekeeping and Marketing Association. Some local producers and local beekeeping groups supported are now being linked to private companies, greatly expanding their market. Cooperatives and groups organize input supply and support with extension services and, in some cases, market sales or accessing capital.

- **High demand:**

Because of low technology production, demand for honey is estimated to be higher than current production capacities. As indicated above, although honey production remains primarily on a subsistence level, there are more groups that are moving towards commercially oriented production which could potentially meet the demand. Until today, in Torit, Yambio, and Juba, honey is sold in local markets (without proper packaging) to neighbors, friends, and market

frequenters. However, there are now more bulking agents including middlemen, traders, NGOs, and processors or brewers who purchase honey either at the farmgate or from markets. Moreover, as noted above, there are also a growing number of cooperatives and farmer groups that are increasing production but also expanding demand for the commodity.

- **International export:**

Honey is currently not consistently exported; however, there have been successful examples in the past when honey was exported to Japan, EU markets, and regional countries. One such export brand is the Palotala honey which is being exported through Uganda onto the EU market. Moving forward, packaging and branding South Sudanese honey as organic is important. However, in order for Sudanese honey to be export, quality standards need to be developed and implemented in order to improve quality and yield.

6.3.6.6.4 Value addition opportunities:

Honey production in South Sudan is currently in the form of liquid honey. However, beekeepers do harvest propolis, which if properly packaged, can be used for medicinal purposes. Similarly, beeswax can be sold if producers are properly trained. Today, beeswax is not often sold, as the majority of beekeepers do not have the training for it. Honey is also cost-effective in terms of transportation, in comparison to maize and sorghum and this makes it profitable to traders and other actors on the value chain.

6.3.6.6.5 Status of Climate smart Agriculture, green economy and use of renewable energy

As noted, beekeeping and honey harvesting are still a traditional practice and there is no modern use of either fuel or any other climate-smart means. Beehives are just placed in the bush or under trees and the collection of honey is traditional mainly through smoking of bee hives. This might disturb the natural ecosystem of bees but given the insignificant number of beehives in the country, this is not thought to be detrimental to the environment. There is not much use of biomass that would disturb the ecosystem. Therefore, beekeeping in South Sudan as it is now, has no climate change challenges.

6.3.6.6.6 Status of youth and women participation

Honey production is done by both men and women within their communities, and is a practice passed from one generation to the next. A significant number of South Sudanese households gather wild honey. Some women use bamboo to make beehives. Others produce honey and use it to make traditional beer. through traditional beekeeping. As noted, production is mostly traditional, with hives having low honey yields.

6.3.6.6.7 Supply capacity and trade promotion strategies

As with everything agriculture in South Sudan, there is no capacity to supply the domestics market, leave alone trying to take advantage of the regional and international ones. As noted earlier, whereas, some processed honey is sold outside the country, this is so little as to have any impact on exports of the country or the livelihoods of the population. There is need to increase honey production in order to take advantage of the huge regional and international market and to improve the livelihoods of the populations that is involved in the industry especially women and the youth.

6.3.6.7 Sesame

6.3.6.7.1 Production and upstream activities

In South Sudan, oilseeds – including groundnuts, sunflower, and sesame – play an important yet rather underrated role in agriculture. Generally, oilseeds in the region are considered to be medium value cash crops without a strong market premium for cash crops. Sesame is native to savannah areas in sub-Saharan Africa and is thought to have originated in Sudan. Sesame-seeds – otherwise called simsim, benne or nyim in South Sudan – are erect plants that are suitable for different soils, preferably a fertile and well-drained one. Although sensitive to salt, it is tolerant to dry weather and droughts and is generally suitable for South Sudan’s climate. Its common varieties are black, white, and brown. Sesame is a promising value chain largely due to the ease with which it is cultivated, its suitability to the country’s arid climate, and the growing global demand for it.

A number of development organizations are also aiming to invest in value chain development for sesame in South Sudan. Smallholder farmers mostly grow sesame seeds, with the planting season usually being in mid-July and harvesting in September and October; however, others also sow the

seeds as early as April and May during the beginning of the rainy season. Sesame production was estimated at 34,450 tonnes in 2019, which was much higher than 2017, when it was only around 8,600 tonnes⁴¹. It is estimated that about a half of the production is exported. Although sesame production and sale in South Sudan is not high, the value chain is slightly more expanded than cereals. Multiple actors are involved in the sesame value chain including farmers, traders, transporters, small-scale processors, and exporters.

While the majority of sesame in South Sudan is produced on a subsistence level, there has been an increase in market production for sesame. In addition to the traditional rainfed farmers there are semi-mechanized rainfed farmers who also produce sesame seeds. In the Upper Nile, for instance, there are mechanized areas where the dominant crop in addition to sorghum is actually sesame - with large scale farmers cultivating land that reach up to 1,500 feddans. Moreover, the Ministry of Agriculture, Forestry and Animal Resources noted that sesame production has increased, in large part because of its high economic value, the increased demand of it by Sudanese traders, and high potential for export. The harvesting of sesame seeds is labor intensive and can absorb a significant number of laborers. Sesame is often harvested without delay, to prevent seed loss. Threshing follows drying, with stalking beaten open to release seeds.

6.3.6.7.2 Markets and downstream activities

The market for sesame in South Sudan is quite small domestically. However, trader channels - which are largely informal and cash-based deal with small quantities of sesame and represent a high portion of the market. A number of informal village traders collect sesame seeds from farmers, paying them in cash. They then sell the sesame to processors or exporters, or sell them in domestic markets. A number of exporters in South Sudan transport the sesame seeds to regional markets. On the buyers' side, there has been an increase in demand, from the side of independent traders and agents for industrial processors. Buyers and middle men tour rural areas to buy from farmers, before transporting it to larger towns.

On the other hand, there is also a processor channel which supplies processors in the country for oil manufacturing, although it plays a very small role. Oil can be extracted from sesame seeds

⁴¹ FAO/WFP, 2019.

through mechanical processing. The processing of sesame can be done through cleaning, dehulling, drying, and crushing it for oil. In South Sudan, there are no commercial processing facilities. There appears not to be any commercial crushing plants for sesame oil in the country as yet. Most exporters and processors are found in port cities such as Khartoum and Port Sudan. In these cities, exporters screen, clean and bag sesame-seed into 50kg bags. The bagged sesame-seed is then packed into 20 and 40 metric ton containers which are transported to the shipping lines for onward shipment to the export destinations. Majority of exported sesame seed is in raw material form. Domestic processors handle limited quantities of sesame-seed that they process into oil and snacks to distribute in retail shops and supermarkets, or export to neighboring countries. There is very little export of processed sesame seed.

6.3.6.7.3 Challenges including capacity needs

- No adequate land preparation.

Seeds are scattered instead of being planted in rows, and this makes the harvesting process - which includes weeding and threshing - more challenging. Additionally, most sesame farming is very traditional and there is little mechanization. As can be seen in regional countries, mechanized sesame farming can lead to an increased yield.

- **Insufficient inputs:**

Most sesame seeds are bought informally. Wholesalers usually purchase sesame seeds at farms. Most seeds are inadequately stored, which later results in haphazard quality of production.

- **Lack of extension services and other advisory:**

There is a lack of extension services for the sesame sector in South Sudan. No proper guidelines have been provided to small scale farmers looking to cultivate sesame. Many farmers do not have the means to tackle pests and diseases infecting sesame seeds such as silverleaf fly, beet army worm, bollworms (pests); bacterial blight and sesame root rot (diseases). A lot of the pest management can be preventative and done through solid practices such as cultivating at low humidity and using good seeds. Inadequate storage and processing facilities. Fungus develops when seeds are kept in moist conditions, which is typical during rainy seasons in South Sudan. Some farmers store sesame seeds in jute bags, which is recommended. However, others store them in pots and granaries.

- **No proper national policy regarding sesame:**

For the most part, there is no proper coordination for the sesame market. The government does not appear to be properly engaged in this sector and the private sector has made minimal investments in this value chain. Whereas in Sudan, there is a national standard developed for sesame seeds packaging, labeling, transport, and storage, as well as food safety standards, there is no similar equivalent in South Sudan. Moving forward, investment in the sector should take into account international standards, with the aim of working towards pushing the national standards to a quality-oriented one. Indeed, policy support for this value chain is recommended, in a bid to create cohesion between the different organizations working in sesame.

- **Lack of adequate national standards:**

With sesame seeds and oil, it is crucial that food safety issues are considered as their production is geared towards export. Poor handling and storage may lead to aflatoxins and bacteria. In EU markets, for instance, there are rigorous food safety measures. Indeed, in order to increase export revenues of sesame seed it is crucial to comply with food and phytosanitary.

- **Lack of equipment and machinery for processing:**

Although sesame is one of the few products that have been commercialized in the country, it is still being produced at low capacity. This is partly due to lack of equipment and machinery to commercialize the processing and produce these at scale. There is no access to equipment for milling and oil extraction. Even the low technology equipment are not available let alone modern ones.

6.3.6.7.4 Opportunities

- **Sesame multiple purposes:**

Additionally, the leaves of sesame can be eaten in stews while its stems can be burnt and used as fuel or even soap making. Sesame is used in several local dishes, including deserts and home-made meals. It can be used for baking, soup, and sesame oil. Sesame seeds can be exported in raw form or processed for oil or other snacks. Halwa simsim, for instance, is a famous dessert in both Sudan and South Sudan made from roasted sesame seeds and caramelized sugar.

- **Low-cost of production.**

Sesame is a low-cost crop, and it can be grown through crop rotation with staple crops such as maize and sorghum. Additionally, it is also resistant to drought and is quite tolerant of pests and diseases.

- **High export potential.**

There is pre-existing demand in several markets including southeast Asia, Middle East, and Europe which can be exploited. EU and Middle East markets are capable of absorbing huge amounts of sesame, as it is used in multiple key food products such as hummus, halawa, tahini, desserts, and snacks. It is also increasingly used in organic and gourmet foods.

- **Improved market linkages.**

The sesame value chain is one that can make use of creative strategies and interventions, as it can fare well in global markets and South Sudan is well suited to produce sesame seeds. Linking sesame farmers to agro-business companies in South Sudan and the region who purchase cash crops for sale in international markets is promising. It can boost rural areas and receive support from international donors.

6.3.6.7.5 Sesame value addition opportunities

Production of Simsim, the product that is has traditionally been gotten from sesame is one of the few value addition operations in the country. Many women are involved in the processing of sesame into simsim paste that is a delicacy across the country and neighbouring regions in Uganda and other regional countries. This processing is only done with traditional equipment and on small scale. There have not been any attempts to commercialize the production of sesame and processing of simsim in the country. As an oil crop, there is an opportunity to increase the diversity of products that would have improved the livelihood and economic benefit for especially women who are heavily involved in the industry.

6.3.6.7.6 Status of youth and women participation

As noted earlier, simsim production, processing and trade is heavily dominated by women (and the youth. Women also have associations that aggregate and trade in sesame and in some cases process it into simsim for sale. However, the capacity for the women to undertake this processing as noted earlier. Given the predominance of women in this industry, increasing investments in the industry would have a very positive impact on women economic empowerment.

6.3.6.8 Gum Arabic

Gum Arabic is a very important and reliable commodity for those countries that produce it due to its potential to generate hard currency for the country, promote sustainable agriculture and forestry, a source of sustainable livelihood and ensures food security. Gum Arabic is produced mainly by two tree species: Acacia Senegal and Acacia Seyal although a less known type Acacia polyacantha is in existence. These trees are abundant in the central Sudan, central Africa and in West Africa. Gum Arabic is a natural polysaccharide exuding from the trees either spontaneously or following manual tapping.

For South Sudan, Gum Arabic is however one of the few agricultural commodities that are commercialized and have had a value chain that has been in existence for a very long time. South Sudan is endowed with natural resources of which Gum Arabic is in abundance covering an entire three quarters of the country. Estimated potential production of gum Arabic in South Sudan is about 15, 580 MT, making South Sudan the 4th largest producer in Africa. It is a key natural resource of economic value but despite its significance, there have been insignificant investments in this sector in South Sudan. In South Sudan, gum Arabic is produced by acacia Senegal, acacia Seyal, and acacia polyantha. These tree species are of the arid and semi-arid zones of the country. Gum arabic is odourless, tasteless and translucent and is an excellent natural emulsifier widely used in manufacturing ink, making adhesives, crafts making, cosmetic products, confectionary and food. It is also utilized locally in special meals and as chewing gum. The chemical composition of gum arabic varies depending on its source, the age of the trees from which the gum was extracted, climatic conditions and soil environment of the geographical area in which the trees grow. Gum production and marketing potential in South Sudan has yet to be tapped because of the civil conflicts that have been raging in the country for long.

Gum in South Sudan, is normally harvested by rural women and children in traditional livestock and agro-pastoral areas. And for these participating communities, considered among the poorest and most vulnerable in South Sudan, a significant percentage of their total cash incomes are from gum besides that from livestock. But despite the significance of gum in the livelihoods of people who live along the gum belt, there have been insignificant investments in the sector in South Sudan.

This means the people have not been able to benefit from this natural resource – apart from traditional uses of the gum, like chewing.

In the few cases where gum collectors have been able to sell their harvests, these were sold to middle men who then sell to the traders in the neighbouring countries or to the north of the country. This arrangement meant that, gum collectors in South Sudan received very low prices for their gum. A few private companies and cooperative organizations have started to collect and, in some cases, export some reasonable amount of gum. But this still is a very small amount of the potential that is untapped in the sector.

6.3.6.8.1 Challenges of gum Arabic production and commercialization in South Sudan

- The trees from which gum Arabic is being extracted have been constantly destroyed by wild fires. These fires are of different sources: (i) individuals can set fire at will since there are no laws preventing the burning of forest (ii) With the civil wars in the country, fires could result from the use of heavy guns that spit fire.
- The rural people and even those in urban areas lack knowledge about the tree species that produce gum Arabic and therefore these trees become victims of charcoal industry in the country.
- Extraction and the yield of gum Arabic is normally dependent on climatic conditions. At times of heavy rains, the gum can be easily washed away on the trees by the rainwater.
- Lack of knowledge and/or capacity of the rural producers regarding the sale of gum Arabic at fair price. The attempt by the Department of forestry to organize workshops for educating the rural producers about forming themselves into groups and/or cooperatives failed to make any headway due to lack of funds.
- The producers are not properly organized into groups or cooperatives and this limits their marketing power.
- There is no funding available to be able to run their unions if any. The department of Forestry lacks funds that can be used to support the producers' groups.
- No training has been offered to the producers on regular basis about value chain due to lack of funds.

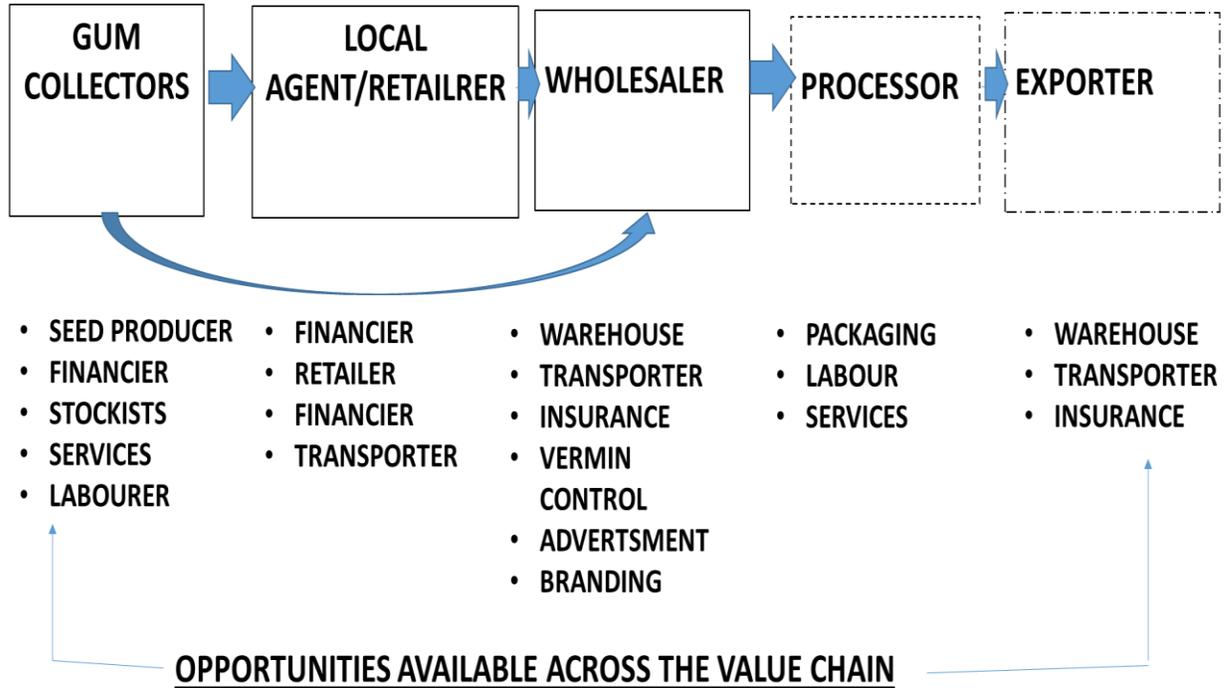
- The analysis of chemical properties of gum Arabic in South Sudan has not been well done. This analysis of chemical properties of gum Arabic is a basic requirement in marketing of gum Arabic as it indicates the strength and the weakness of a particular variety of the gum.

6.3.6.8.2 Value addition opportunities

The main actors in the gum Arabic value chain have been the producers, local traders, and urban traders gum exporters (Figure 73). The tapping and collection of gum Arabic is done during the dry season from January to May inclusive. During the tapping and the collection, people spend much of their time in the forest under temporary shelters for sleep and storage of the collected gum. The collected gum in South Sudan is sold mostly to traders in South Sudan and to an extent to Sudan. Value chain in gum Arabic has been so poor due to lack of machines and/or equipment for any value addition from upstream to downstream.

Figure 73: Opportunities in South Sudan Gum Arabic Value Chain

SOUTH SUDAN GUM ARABIC POTENTIAL VALUE CHAIN



6.3.6.8.3 Status of Climate smart Agriculture, green economy and use of renewable energy

Gum Arabic depends on forests and deforestation is detrimental to the industry. Therefore, the indiscriminate cutting of trees in some regions of the country for charcoal burning negatively affects the gum Arabic industry. However, there have not been much efforts in incorporating climate-smart principles in the harvesting of gum Arabic partly because the practice of harvesting the product is just traditional and not at large scale.

6.3.6.8.4 Status of youth and women participation

Youth and women are involved in the harvesting of gum Arabic but not much in its sale. Sale of gum Arabic is mainly done by traders most of them men take it to neighbouring countries.

6.3.6.9 Tourism Value Chain

The country is rich with flora and fauna and has the potential to establish a travel and tourism industry if the current insecurity is contained. The Country also has extensive forests, grassland, lakes, grass swamps and rivers has one of the largest animal migration routes in the world with significant populations of classic safari animals namely, elephants, giraffes, lions, and cheetahs. The country also has some mountains and ranges with beautiful land scape that tourist may wish to enjoy its visibility and the rich resources in the mountainous areas. However, most potential tourist sites do have significant infrastructure inadequacy and tourists are often scared off due to the ongoing conflict in the country and the conflict within its neighboring Sudan as well. This factor makes visitors go to other more established and perceived safer destinations.

There are six (6) national parks and twelve (12) game reserves in South Sudan. The six national parks include Bandingilo National Park, Nimule National Park, Boma National Park, Lantoto National Park, Southern National Park, Sambe National Park. The 12 game reserves are: Juba game reserve, Kidepo game reserve, Mbarizunga game reserve, Bira Kpatos game reserve, Bangangai game reserve, Zeraf game reserve, Panyikang game reserve, Boro game reserve, Meshira game reserve, Ashana game reserve, Numatina game reserve, and Chelkou game reserve.

In 2020, the government carried out the classification of the hotels with 87 hotels classified as 5-star hotels, 4-star hotels, 3-star hotels, 2-star hotels, and 1-star hotels. However, the classification could not cover some hotels because of lack of funds to complete the exercise.

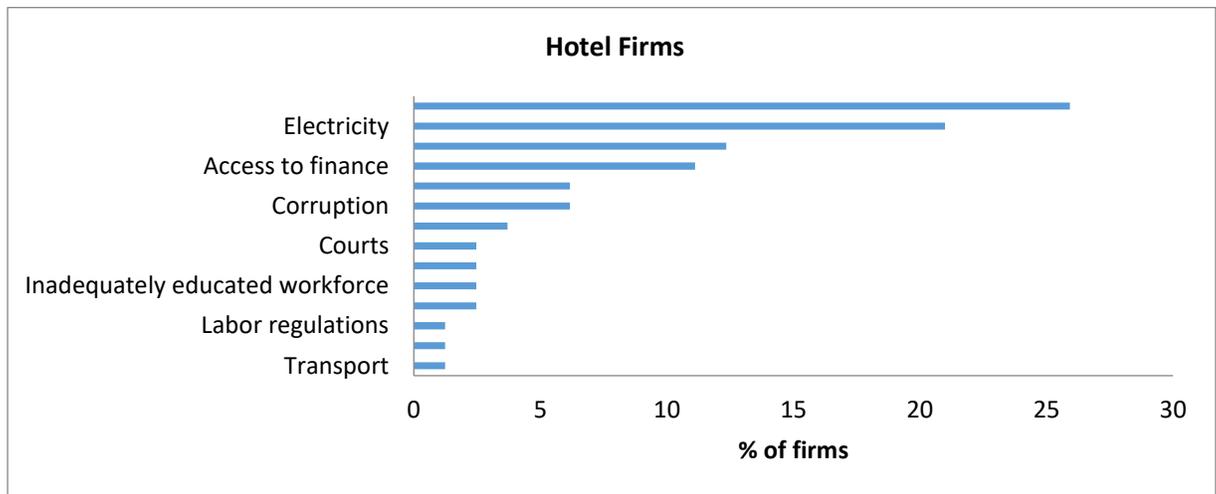
6.3.6.9.1 Tourism Policy and Institutional Framework

The draft Tourism Bill is in the Ministry of Justice since February 2021 and has not yet been enacted. The Tourism National Policy was developed in 2015 which was passed by the cabinet. The Directorate of Tourism also has also the Tourism National Strategic Plan. The other legal and policies include the Wildlife Conservation and National Parks Act, 2003 and South Sudan Wildlife Conservation and Protected Area Policy.

6.3.6.9.2 Challenges for the Tourism Sector including capacity needs

- Insecurity/conflict in the country: tourists are very risk averse and insecurity that dominates the South Sudan countryside scares them easily. Indeed, hospitality firms cite political instability and the resultant insecurity as the biggest constraint to their operations (Figure 74).

Figure 74: Biggest Obstacles Cited by Hotel Firms



- The tourism attractions are found in the rural areas where there has been a high insecurity, road blocks, and lack of tourism infrastructure comprising roads or means of access to the sites such as air strip, and lodges.
- Local communities do not understand the value of tourism and often are not welcoming to foreigners
- Lack of funding/budget limitation makes the directorate not able to carry out its activities as planned.
- The directorate has low capacity in tourism due to lack of vehicles for movements, lack of communication equipment, and lack of information centre for tourism. There is a need to establish an information centre in the country for tourists.
- There is an acute lack skills in tourism such as hospitality management and a language barrier
- The tourism potentials have not been marketed adequately locally and internationally. The lack of funds makes it not possible for attending international forums where South Sudan tourism would have been marketed.

- The country has not developed any tourism brand. The directorate of tourism has written to the council of ministers through the economic cluster to raise a memo to either select one name as a brand name or subject several names the directorate has provided for competition.
- Poaching is a major a problem in game parks affecting game in parks and game reserves
- Insecurity hampers private sector investment in game parks and reserves
- Roads to the protected areas are in bad shape and others have become inaccessible.
- Shortage of communication equipment e.g., VHF radio equipment and Motorola.
- Most of the wildlife personnel were SPLA soldiers and have less or no capacity in wildlife management.
- No in-service training is going on because of lack of funds and the training centre at the Boma national park is not operational anymore.

6.3.6.9.3 Value addition opportunities

South Sudan is still a virgin tourism market in all respects. Its tourists' sites are probably the least visited in Africa. There also opportunity to diversify tourism products into cultural activities and other non-natural based tourism products. There are opportunities for tourism forward and backward linkages into other value chains including housing and hotels, agriculture and others.

6.3.6.9.4 Status of youth and women participation

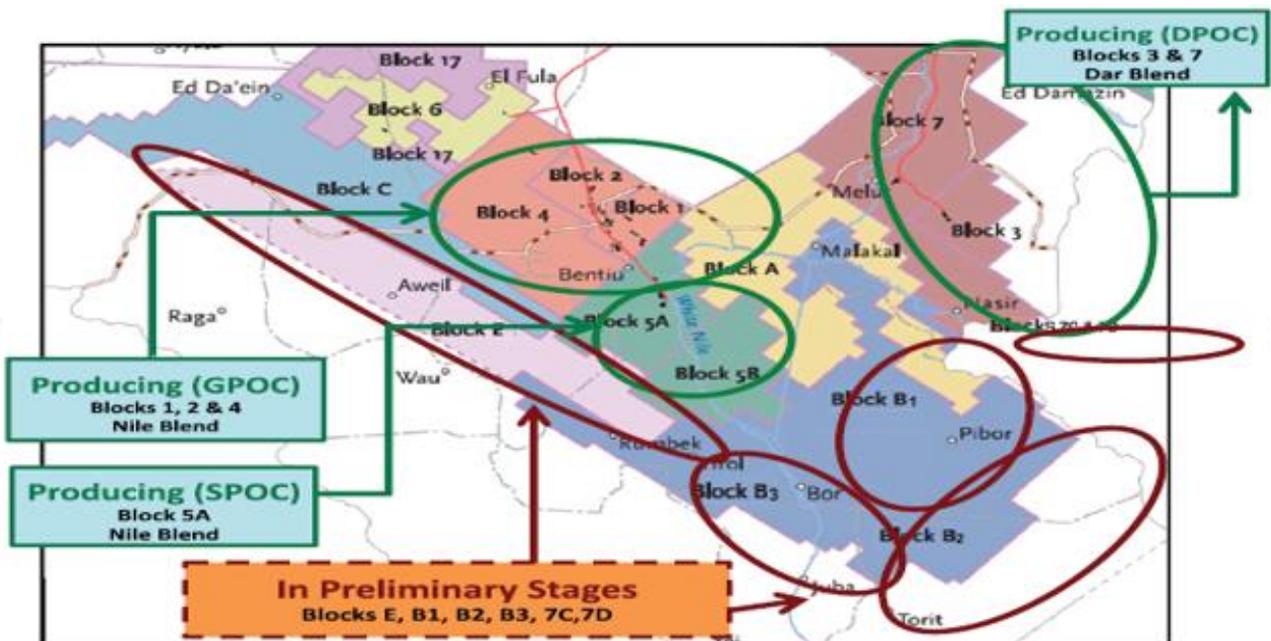
Women and youth especially young South Sudan women are almost absent in the tourism (hospitality) sector. In restaurants, hotels and other hospitality centres, most workers are foreigners. There is an opportunity for South Sudanese women and youth to more actively engage in the hospitality sector. Women and youth also have the opportunity to invest or supply the tourism sector. These is an unmet potential for women and youth in South Sudan.

6.3.6.10 The Oil Industry in South Sudan

The oil sector has been the most important in the country making up more than 90 percent of exports. The oil fields are in the northern parts of South Sudan in the states of Unity and Upper Nile. In 2020, South Sudan had entered into or was negotiating six agreements with foreign investors for the exploration of oil reserves in the country. The production of crude oil has been under three agreements and the other three agreements were different stages of negotiations phase.

Since 2014, no new oil exploration has been done. The production and potential areas for exploration have been: (1) Block 1a and Block 1b under Greater Pioneer Operating Company (GPOC) in Unity State where the Nile Blend Crude oil has been produced from 283 wells (2) Block 5A is being operated by Sudd Petroleum Operating Company (SPOC) which is in Unity State and has 55 producing oil wells (3) Blocks 3 & 7 are under Dar Petroleum Operating Company (DPOC) located in Upper Nile State with 618 oil wells producing a heavier and acid Dar Blend Crude oil (4) Block 2 – Nile-Orange and B3 – Oranto were already covered in signed agreements between Goss and Strategic Fuel Fund (SFF) of South Africa and Nilepet in May 2019, and between GOSS and Oranto Company Ltd and Nilepet, respectively (5) Blocks B1, E1 and E3 were still opened to any interested investors in 2020. Figure 75 explains the names of the blocks, the operating companies and their locations in the country. That is, the areas in which the oil fields in South Sudan are operated and for potential operations are distributed as shown in the map below:

Figure 75: The Map shows the areas of current petroleum activities in the Republic of South Sudan.



Source: Ministry of Petroleum website: www.mop.gov.ss

The sharing of the oil is as follows: 45 percent of the output/revenue is cost oil (i.e., is to meet the cost of production which the companies incurred). Remaining 55 percent is the profit oil which is divided into 11 percent for the company concerned and 44 percent for the government. However,

it is not known if the oil companies have been honest enough in reporting correct figures pertaining to the cost of production (the cost oil). The crude oil reserves for the years 2018 and 2019 and their changes are shown in the Table 38. Th reserves for the year 2018 as per the records of GPOC, SPOC and DPOC, are much higher than for the year 2019. This is shown by the negative changes in the reserves between the two periods. This means more exploration is vital at this stage to discover new oil reserves for future exploitation.

Table 38: The reserves and Net reserves for the years 2018-2019 as per GPOC, SPOC & DPOC

Crude type	Contractor	Block	2018 Reserves (MMbbl)	2019 reserves (MMbbl)	Net Change
Nile blend	GPOC	1a, 1b	205.00	203.50	-2.50
Nile blend	SPOC	5A	178.08	178.08	0
Sub Total			383.08	381.58	-2.50
Dar blend	DPOC	3, 7	619.60	566.80	-52.80
Total			1,012.68	948.38	-55.30

Source: Ministry of Petroleum website: www.mop.gov.ss

South Sudan exports her oil produce in crude form through Sudan to the international market. In 2012, however, the government of South Sudan closed its oil production due to disagreement over transit fees that became relatively high for the country to pay given the fall in the price of crude oil in the international market. The production was resumed in 2013, however, with the outbreak of civil war in the country, oil production in the country was terribly affected since the war was mostly concentrated in the oil production states of unity and Upper Nile. Table 39 shows the companies, the origin of the pipelines, the oil blend, the estimated lengths of the pipelines in miles, and the designed capacity of the wells in thousands of barrels per day.

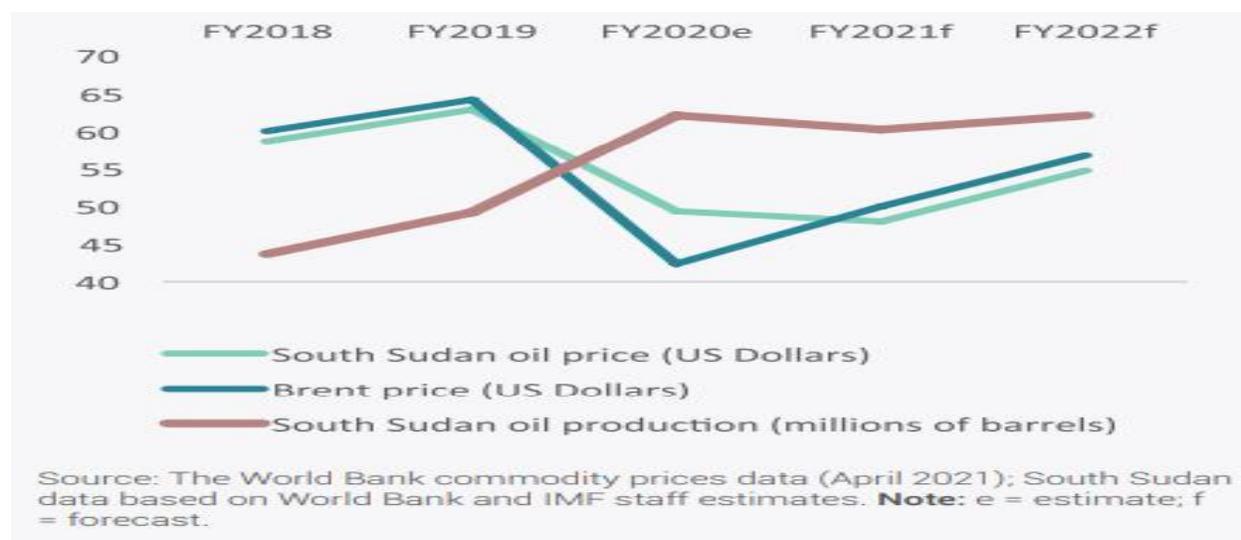
Table 39:Crude oil pipelines in Sudan and South Sudan

Operator/ Main crude Oil production	Start of pipeline	Destination	Crude oil blend type	Length (miles) approximated	Design Capacity (thousand b/d)
DPOC	Blocks 3 & 7	Bashayer terminal 2, Port Sudan	Dar	850 miles	500
GNPOC	Heglig facilities	Bashayer terminal 1, Port Sudan	Nile	1000 miles	450
SPOC	Block 5A	Connects to Heglig facilities	Nile	60 miles	200

Source: Akashraj & Maleith

Due to the unstable relations and tensions between South Sudan and Sudan then, the South Sudan Government opted for alternative routes for exporting her oil to the international market. One of the proposed routes was to connect South Sudan to port Lamu in Kenya, and the other one is to connect South Sudan to Port Djibouti through Ethiopia. However, none of these proposals has materialized and still exports oil through Sudan. The war was renewed in the year 2016 that ended in 2018 as a result of the R-CISS agreement. The outbreaks of the civil war and political instability damaged some oil infrastructure and shut-in fields due to the armed conflict. Attempt to repair and/or rehabilitate the infrastructure and the resumption of production in some oil fields has been delayed. Still oil production has recently been trending upwards (Figure 76).

Figure 76:South Sudan Oil Production



Since the production of oil was started by the then regime of Sudan in the 1990s, the oil infrastructure in South Sudan is likely to be affected by aging. Aging of oil facilities could result from material degradation, obsolescence, and issues of organization (Akashraj & Maleith, 2020). The oil pipelines have been in use for more than 20 years since South Sudan inherited these pipelines from the then Sudan. South Sudan lacks monitoring and auditing mechanism for the pipelines and therefore may breakdown any time which will disrupt the continuous production of the oil. Oil production could be increased by further reconnaissance, exploration, and discoveries resulting from more investments in the oil sector. In addition to discovery of new oil fields, higher oil production may also arise from increased recovery rates from existing fields. However, Cust and Harding (2013) have argued that South Sudan has lower recovery rate of the already existing oil fields but failed to offer the reason(s) behind this lower recovery rate.

As stated above, more exploration is needed to discover new oil fields in the country. However, oil exploration requires the following factors are in place.

- Geological factors such as the likelihood of discovering economically viable amounts of oil.
- Technology which consists of the ability to collect and analyze geological data and for undertake the drilling.
- Economic factors, like the price of inputs, transportation costs and the price of oil have to be determined optimally based on the international best practices to attract foreign investors.
- Political factors comprising stability and predictability, the allocation of licenses, the tax system and business regulation have to be well-planned to boost investments in the sectors.

6.3.6.10.1 The oil fiscal regime in South Sudan

The Petroleum Revenue Management ACT (PRMA) 2013 spells out the guiding principles on how the oil revenue is to be distributed. The ACT establishes a formalized structure for distribution of petroleum revenues to immediate budgetary needs, savings and revenue stabilization, and direct transfers to petroleum producing states and affected communities. Amendments to the Petroleum Act 2012 have been drafted to enable a regulatory regime for charging and collecting administrative penalties and are under review by stakeholders; the draft regulation putting the

regime into effect is also being prepared simultaneously with the draft statutory provisions. The fiscal oil regime allocates the oil into cost oil and profit oil. The cost oil amounts to 45 percent of the revenue. The profit oil is then shared between the government of South Sudan with 44 percent and the operating company receives 11 percent. The petroleum revenue Act 2013 states that any cost that goes beyond the maximum has to be carried forward to the next period. This means that what is to be checked and/or control is the cost oil in order for the operating companies not to inflate the figures for their gains.

6.3.6.10.2 Refinery of oil (petroleum) in South Sudan

South Sudan lacks any refinery facility in the country although there are plans to establish small one in Bentiu in Unity State and the other at Tanggrial in Upper Nile State for domestic consumption. Therefore, the country has been depending on imported fuel for domestic use. The development of the downstream infrastructure has been hampered by the political instability and/or insecurity in the country in general and in the concerned areas in particular.

6.3.6.10.3 Marketing of the oil and other liquid fuels for export

South Sudan exports the Nile and Dar blend of oil to the Asian markets through Sudan. South Sudan exports its oil in the form of crude oil via pipelines to Sudan either for refining or for exports through Port Sudan. Marketing of the oil (crude) has been carried out by a marketing team composed of officials from the Ministry of Petroleum (MOP), Bank of South Sudan (BOSS), and Ministry of Finance and Economic Planning (MFEP), and Ministry of Justice (MOJ). The team has been under the Chairmanship of the MOP and draws the membership from MOP itself, BOSS, MFEP, and MOJ. The crude oil marketing has been in USD and would be converted to SSP when the revenue has been received by the government of South Sudan when needed. The Ministry of Petroleum marketing group assumes total responsibility in marketing the South Sudan crude oil right after the independence of the country and has gained experience in this task.

6.3.6.10.4 Challenges facing the oil industry

- Insecurity in oil rich parts of the country hampers oil exploration and production. Yet a lot of work is needed to establish additional oil reserves, to improve recovery and increase production from the current oil fields and advertise new areas for oil exploration.
- The aging of oil and extraction facilities will in time lead to reduction in oil production
- Lack of monitoring mechanism to monitor the operation of the oil machinery in order to alert the authorities in the country and the oil companies about any eventual defects that may interrupt oil production to the intended capacity.
- Given uncertainties over oil flows there is no alternative to reviving non-oil economic activity in South Sudan; trade can be a driver.
- Land disputes between communities prompted by the 2 per cent allocation of the oil revenue destined for the owners of the land from which oil/petroleum has been extracted.

6.3.6.11 The Mineral Sector

The Government of South Sudan has identified the development of the mining sector as a priority in its efforts to diversify the economy away from the present dependence on oil. Since 2005, close to 30 companies have shown interest in exploring for minerals in South Sudan. None of these companies is large or otherwise well established by international standards. Further, real exploration activities are so far limited to a very small number of companies, which are undertaking, or have recently undertaken, exploration activities. Gold is attracting most of the interest, but there has also been some interest in uranium, manganese, iron and copper.

The potential for mine development is, however, favourable as the geology of South Sudan is similar to that of the neighbouring countries where several important mines are found. A large mining sector in South Sudan will only develop in the long term. There are proven marble deposits near Kapoeta. But the country is also endowed with different mineral resources comprising gold, copper, diamond, lead, limestone, marble, aluminum, iron, zinc, manganese, gemstone, and similar others in addition to oil (petroleum) resource. An advantage related to the industrial minerals sector is that the time it takes from discovery of a deposit (e.g. a limestone quarry) to the time when a local operation (e.g. a cement plant) may be established is usually considerably shorter than that for a metal mine.

The DTIS, 2014 classifies the mining sector into three categories: (i) metals and precious minerals (ii) coal mining (iii) industrial minerals mining. But at present, the sector is dominated by a sizeable artisanal and small mining sector for gold. It is estimated that several tens of thousands of miners are involved in gold digging in South Sudan. The gold mining activity is informal, and its contribution to national income is not documented. The sector is regulated by the Mining Act 2012, a rather sophisticated and complex system, both for charging for the use of land for exploration and mining purposes and for charging royalties, and for apportioning the proceeds of these royalties between stakeholders is proposed. There are also mining regulations 2015 that introduce elements of transparency and accountability and set up the Mining Cadastral Office which needs to be strengthened further to enhance information gathering, monitoring and audit responsibilities of the oil and mining sectors. The Mining ACT 2012 sets out types of licenses, the area covered, their duration of validity and renewals as in Table 40.

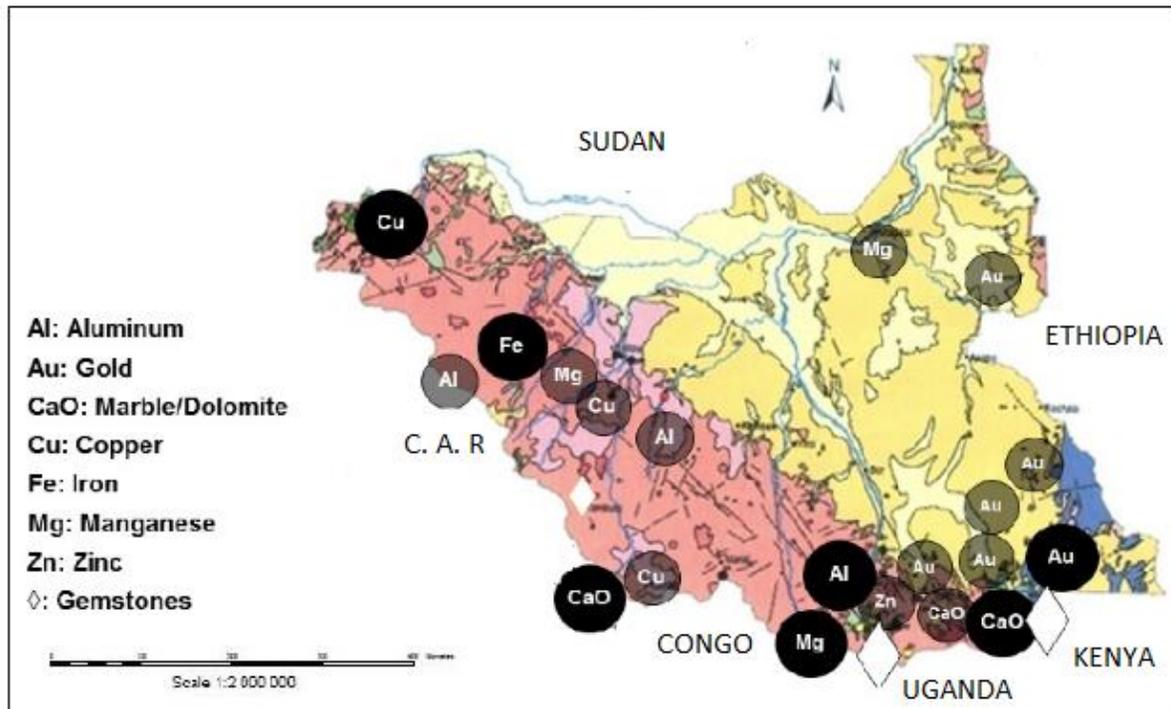
Table 40:South Sudan Mineral Licensing System

License	Duration	Area	Extension
Reconnaissance	2 years	Maximum of 25,000 sq. km and minimum of 10 sq. km	Not extendable
Exploration	5 years	Maximum of 2,500 sq. km and minimum of 10 sq. km	Renewable for 2 terms of 5 years each
Large Scale mining	25 years	As required by the mining operation	20 years each
Small scale mining	10 years	1 sq. km	Renewable for 10 years
Artisanal mining	1 year	1 sq. km	Must be renewed annually

Source: Ministry of Mining brochure, GOSS

In South Sudan, there are a number of mineral resources scattered across the country with most in the western and southern parts of the country (Figure 77). To date, the Ministry of Mining has issued licenses to 78 companies with 15 of them for small scale mining. The small-scale mining and the artisanal mining are under the jurisdiction of the states' authorities in the country. In the mining law, the sharing formula requires that any royalties from the mining under the national government are divided in such a way that 3 percent goes to the community in the area where the minerals are mined, and 2 percent to the state in which the mining takes place. For artisanal mining, 3 percent have to go to the communities just as in the above case but the 2 percent have to go the county authorities in which the mining takes place.

Figure 77:South Sudan Mineral Potential Map: Geoscientic Database of Mineral Development



Source: Ministry of Mining: <https://mom-goss.org/south-sudan-geological-map>

6.3.6.11.1 Challenges facing the mineral industry

- Political instability generates insecurity in the production areas of the minerals hampering exploration and production of the minerals to the required standard and/or level.
- The Land ACT (2009) states that government is to consult with the local communities and consider their views in decisions about community land. The ACT grants pastoralists special protection: No person shall without permission carry out any activity on the communal grazing land which may prevent or restrict the residents of the traditional communities concerned from exercising their grazing rights'. Project proponents must also conduct environmental and social impact assessments (ESIAs) before undertaking any activity that might affect people or the environment as per Chapter XI, 70(3). The ACT further requires that when an investment is complete, leased land 'shall revert back to the community' (Chapter VI, 27(7)). Is not clear how such a land will be in terms of quality and whether it would be fit for grazing or settlement and how the communities are compensated as part of corporate social responsibility. Disputes have been witnessed over ownership of lands between neighbouring communities especially

when minerals are identified in a given geographical area. These disputes are witnessed in cases of mineral extraction and in particular gold mining.

6.3.6.11.2 Recommendations

Economic diversification including general Agricultural development

- Ensure effective implementation of the investment priorities in the Comprehensive Agriculture Master Plan CAMP/IDMP 2015-2040 to increase domestic production, local and regional supply capacity, promote value addition and to strengthen national value chain.
- Identify and develop 2-3 growth hub areas focused on farming, value addition and agribusiness; market systems will be developed focusing on key priority sectors.
- Establish product development incubators/centres linked to export market potential to harness innovations and inventions geared towards production of value-added products for the regional and international markets.
- Develop and implement National Export Strategy targeting priority sectors and product in agriculture value chains
- Design policies to help integrate small farmers into the market economy (emphasis on the facilitation of contract farming, collective bargaining, farmer associations, food price stabilisation, and the success of high-value agriculture on small farms)

Restore peace and stability in South Sudan

South Sudan, need to establish peace and security to encourage private sector investments in tourism and to ensure tourists can feel secure to visit tourist sites. This call for robust security enforcement around tourists' sites.

Improving existing roads and constructing more roads to connect tourists' sites

Many tourists' sites would wish to visit cannot be accessed due to lack of infrastructures in the country. The travel and tourism infrastructure are virtually non-existent beyond the city making visits and stays at tourists' sites very difficult. The national and state ministries of Environmental and Wild life Conservation and Tourism should coordinate with the Ministry of Transport and

Roads to ensure that important road networks to protected areas of tourism industry are improved. The major access roads to Southern, Shambe, Badingilo, Boma and Nimule National Parks and the Sudd wetland should be given priority.

Landmines clearances

To ensure confidence and avoid fear of landmines after decades of civil war, South Sudan is required to be declared landmines free. This helps the tourists understand the associated risk involved in travel is reduced and it's safe to visit South Sudan. The Environmental Management Plan for South Sudan in particular need assurance of the wildlife sector and it requires promotions while taking into consideration its environmental conservation.

South Sudan government need to strengthen network with the private sectors

The private sector comprising of hotel business, tourism agencies, airlines, media tour operators and suppliers of tourism goods and services needs to be strengthened and developed. The government need to work closely with private sectors to set up or adapt policies which favours both the tourists and the government and the service delivery to ensure high standards and the rights of the all the parties. The government should also ensure conducive environment and climate for investment for both domestic and foreign entrepreneurs. The government need to maximize the socio-economic benefits of tourism, the revenues generated from the industry must remain in South Sudan. Leakage of tourism revenues should be avoided by encouraging local sourcing of supplies, employment of local labor and support of locally owned businesses.

Improving service standards by educating and training civil servants

South Sudan needs to improve its literacy and hospitality skills to attain quality of the staff of the service sector needed for the industry to bring them to acceptable standard. South Sudan should

conduct training needs assessment to carry on job training and select already skilled professionals in the various sectors of the industry, train them on how to pass their skills to others on the jobs.

Economically creating greater market awareness

South Sudan is not known in the international tourists' market, creating awareness of the regions wildlife tourism potentials is key to its economic development for both domestic and foreign tourists. The image of South Sudan as a wildlife tourism destination can be marketed by development of promotional materials such as brochures, maps, documentaries and general tourists' information materials. There is also need for market research to understand potential customers' perceptions, attitudes and holiday requirements. South Sudan needs to set up overseas representation of the business to identify main sources of markets and not to rely on diplomatic and trade missions.

6.3.6.12 The Fisheries subsector

- Invest in cold fish storage and drying facilities and reduce reliance on sun-drying. The use of solar dryer modern equipment would be useful in reducing post-harvest losses and ensure economic sustainable especially at the community level.
- Develop marketing systems for South Sudan fish nationally and regional to expand the market for fish.
- Improve the personnel and equipment across the fish value chain to increase capacity nationally and regionally
- Support women to form fishing groups/cooperatives and to access finances to increase capacity for fishing and fish trade
- Support investments in fish value addition to produce a variety of products to be marketed nationally, regionally and internationally

6.3.6.13 The Timber subsector

- Stem deforestation and forest degradation by implementing sustainable forest management
- Streamline forest governance especially ownership rights between levels of government and the communities
- Equip the forestry department to fight forest fires

- Enhance the legal and regulatory formwork against charcoal burning and indiscriminate deforestation for fuel wood
- Public and private sector investment in technology to commercialize forest resources
- Review and streamline the land legal framework to support sustainable forest management
- Improve the participation of women in forest product commercialization
- Improve the capacity of the private sector with personal and machinery to commercialize forestry
- Enhance value addition opportunities in forestry expanding the ones already being produced such as gum Arabic, teak and shea nut but also expand into other products with national, regional and international market

6.3.6.14 Livestock subsector

- Develop the policy, institutional, legal and strategic framework to grow the livestock sector
- Enhance production and productivity by improving technologies for production and value addition
- Enhance investments in animal health and food safety to increase marketability of livestock and products
- Develop market for domestic livestock to beat the stiff competition from regional and global actors
- Streamline taxation in the livestock value chain by streamlining the multiple taxes being charged on livestock
- Enhance public investment in the livestock subsector across various value chains
- Enhance research and trainings in livestock production and processing and marketing
- Solve the insecurity including cattle raiding and rustling, disrupting livestock activities and commercialization.

6.3.6.15 Honey subsector

- Stem deforestation, land degradation and cattle keepers attacks that are destroying the beekeeping ecosystem
- Support the private sector to invest in storage facilities and honey aggregation and packaging facilities
- Support the honey harvesting and marketing cooperatives with training and processing which will enable them to meet the national, regional and international honey and honey products demand. This has the capacity to enhance youth and women participation

6.3.6.16 Sesame subsector

- Support farmers with land preparation technologies including tractors and other equipment, and inputs like pesticides by developing private markets
- National development of extension services and other advisory services
- Work on proper national policy regarding sesame including on standards
- Support cooperatives to procure equipment and machinery for processing sesame especially those of women and the youth
- Work with research and academic institutions to diversify sesame products
- Develop the sesame and simsim export market potential by linking players to regional and international networks

6.3.6.17 Gum Arabic subsector

- For the success of production and commercialization of gum Arabic in South Sudan, there is a need to consider the following:
- The government has to provide and enforce laws governing the use of forest, and prohibit the burning of the forest so as to save the forest and gum Arabic from unnecessary destruction.
- Funding of Forestry department is necessary to ensure improved commercialization and value chain of the forest product including but not limited to timber, mahogany, and gum Arabic.
- It is necessary to set up laboratories for analyzing the chemical properties of the gum Arabic as a way for determining the quality of the gum Arabic in the country and thereby for determining the price of the gum.
- Orientation and/or advisory for the public through the media -radio, television, newspapers, and extension services on the importance of the gum Arabic trees and the gum Arabic to the economy to stem cutting of gum Arabic trees.
- Train the producers on tapping, drying, cleaning, sorting, packaging and storing as well as business management skills.
- To make necessary equipment available for tapping, harvesting and handling as well as gum boots and eye glasses.
- To establish marketing centres managed by the producers to enable them negotiate for better gum prices.

- There has to be a strong linkage between the producers and the exporters of gum Arabic as a way to improve market efficiency of gum in the country.

6.3.6.18 The Oil Industry

- Create political stability and security to enable investment in the oil sector and this will in turn avert quick aging of the oil infrastructure.
- Funds be set aside from the oil money for the development of the oil sector and for repairs of the equipment in case of any breakdown.
- The government of South Sudan should market its oil resource internationally to attract FDI to the sector.
- The MOP and the contractors should apply improved Oil Recovery (IOR)/Enhanced Oil Recovery (EOR) technology so as to increase the potential oil output thereby leading to an increase in oil revenue for both the Government of South Sudan and the oil companies.
- The Ministry of Petroleum has come up with a strategy of establishing a Petroleum Training Centre (PTC) although at the time of writing this report, the centre has not commenced yet. This centre should be fast-tracked to build the knowledge base in the oil sector
- The petroleum audit being carried out by Earnest and Young should be finalized and the results put into practice

6.3.6.19 Mineral Sector

- Political stability and stable security in the country to enable mineral exploration and production.
- More funding be attracted to the sector and this could be through investment promotion strategies of the investment agencies of the government. Marketing of the mining sector in the country by providing information through brochures, newspapers, workshops, television, and similar others will attract FDI into the country thereby promoting reconnaissance, exploration, discoveries, and production.
- There is a need to review the mining ACT 2012 in order to update the monetary values for fines to reflect the current exchange rate of the national currency (SSP) relative to other currencies and the purchasing power of the national currency. Without reviewing the ACT 2012, the fines appear simple to pay and may undermine the threat of those fines and hence no respect of the laws and/or rules.

- There is a need for the government to create an enabling environment for investments especially the FDI by making rules and regulations, and the procedures required of investors and businesses in general easy to navigate.

PILLAR 5: CROSS CUTTING ISSUES

CHAPTER 7: DIGITAL TRADE AND E-COMMERCE

7.1 Introduction

E-commerce entails commercial transactions conducted electronically on the internet. According to the WTO, E-commerce is defined as ‘the production, distribution, marketing, sale or delivery of goods and services by electronic means. E-commerce is one of the fastest growing retail sector in the global economy, forcing traditional brick-and-mortar businesses/firms to adopt new online strategies. South Sudan as an LDC and a land locked country should benefit most from E-commerce in comparative terms, since its geography creates higher trade barriers. Development of E-Commerce has the potential to enable South Sudan to leap frog certain technological barriers and create opportunities for the SMEs to participate in new markets. E-commerce can help South Sudan to integrate into the global economy and access a large market base for traditional offline goods that are listed online. The e-transactions can serve to minimize corruption among import-export stakeholders and facilitate e-transactions at the port in line with the development towards cross border paperless trade. Developing an enabling environment for e-trade is critical for South Sudan as it works towards integration of the business community - especially the SMEs - into the global economy through improved business procedures and systems. Acceptance of electronic signatures for service contracts and enforcement of documents that arise from electronic transactions, can encourage the uptake of E-commerce and increase competitiveness. This chapter seeks to create an understanding on the status of e-commerce ecosystem and to develop policy options to support national digital trade and the e-commerce agenda. This chapter, therefore assesses and identifies key policy and regulatory gaps to be addressed to foster digital trade and E-Commerce development drawing from e-trade readiness assessment framework.

7.2 Policy and Regulatory Framework for Digital trade and E-commerce

Government has put in place some legal framework that may support the utilisation of E-commerce opportunities. the President on the 7th May 2021, signed into law cybercrimes and computer misuse Provisional Order, 2021 pending final enactment stage in parliament. This provisional Order is currently operational and sufficient for trial and execution of cyber security criminals. Consumer protection Act was enacted in the year 2012, is in existence and operational, widely used by most

public and private institutions. While the objectives of the existing laws and regulations is to provide for the safety of electronic transactions and 3 information systems; South Sudan does not have other legislative framework, which should facilitate effective utilisation of E-commerce opportunities. There are E-transactions legislation, Data Protection and Privacy Act to ensure secure online presence in E-Commerce. There is need to guarantee security of e-transactions .Parties to e-transactions need to feel secure that the sender and the receiver in the electronic transactions are those whom they purport to be and that the electronic records can be authenticated and not forged in transit .Legislations with provisions regarding secure technologies ,such as digital signatures and digital certificates Should be put into place .There is need to have legislation that protect citizens rights when their personal data is stored in private and /or government databases.

However, South Sudan does not have other legislative framework, which facilitates effective utilization of E-commerce opportunities. There is no E-transactions legislation, Data Protection and Privacy Act to ensure secure online presence in E-Commerce. Other challenges include lack of E-commerce strategy and limited capacity and understanding of E-commerce E-ecosystem and related opportunities, which call for the need to undertake e-trade readiness assessment. hat given the technical nature of the bills and legal frameworks, even the implementers themselves require capacity building to fully understand these issues. Some of these laws need to be reviewed in light of recent technological developments related to e-commerce to ensure conformity. Moreover, the lack of awareness about E-commerce and the associated legal frameworks in place creates a trust deficit with the broader population, particularly in cases of fraudulent online transactions.

Objectives of E-trade Readiness Assessment

- ❖ Assess critical gaps in policy areas preventing South Sudan to fully leverage digital trade revolution for sustainable development and economic diversification
- ❖ Identify specific areas and policy actions required to support the development of digital trade and E-commerce
- ❖ Raise awareness of opportunities and challenges related to leveraging E-commerce in South Sudan;
- ❖ Increase and accelerate national actions (policies and programmes) aimed at raising the readiness and capacity of South Sudan to engage and benefit from E-commerce

The evolution of Digital trade implies that. Some of these laws need to be reviewed in light of recent technological developments related to e-commerce to ensure conformity with E-commerce related conventions and provisions in the regional trade agreements like the Africa Continental Free Trade Area (AfCFTA) . . In the broader context, South Sudan has not made any progress in the Harmonization of national, laws with United Nations Commission on International Trade Law (UNCITRAL) model law and conventions to make the law compatible with international standards. South Sudan is yet to accede to key conventions like the United Nations Convention on the Use of Electronic Communications in International Contracts (ECC), United Nations Convention on the use of electronic communications in international contracts.

The global nature of the internet and E-commerce means that harmonisation is essential to the development of electronic transactions and the establishment of a predictable legal environment. In their reform efforts ,countries worldwide have been giving due consideration to the United Nations Commission on International Trade Law legislative texts since the 1990s.Many developing countries have enacted laws to this end since 2000.Over the years ,provisions in the UNCITRAL have been expanded ,refined and proven to be fit for all legal systems including common law .South Sudan therefore should not “re-invent the wheel” but instead can look at the provisions that have already been developed and refined in different jurisdictions and have withstand the test of time to ensure its laws are harmonised with international standards.

7.3 Challenges and Opportunities to Digitization in South Sudan

7.3.1 Barriers to digitalization and adoption of E-commerce initiatives in South Sudan

7.3.1.1 ICT Infrastructure and services

There is an acute lack of ICT reliable backbone (fiber optic), infrastructure roll out, and equipment of international standards which is aggravated by insecurity almost in the whole country constraining investment in the ICT sector. Only 4 percent of South Sudan’s population lives within 25km of a fibre node, and only 7 percent within 50km. The only optic fibre coverage is a small part of Juba and near the border points of Uganda and Sudan. Lack of fibre backhaul is likely to be the key constraint. Compared to its neighbours, Kenya and Uganda lead with 41percent and 31percent of their populations living within 25km of a fibre node (Table 41). According to the World Bank, South Sudan is ranked poorly in terms of first mile, middle mile and last mile

connectivity - infrastructure investment is urgently needed but is hampered by bureaucracy and over taxation.

Table 41: Population access and proximity to ICT infrastructure in selected countries

Country	Population (Millions)	Operational Fibre routes		Population within reach of fibre node		
		Per 1,000 SqKm	Per million inhabitants	percent Within 10-Km	percent within 25-Km	percent within 50-Km
Kenya	53	51	557	41percent	81percent	96percent
Uganda	44	75	341	31percent	65percent	93percent
Sudan	43	13	553	20percent	38percent	62percent
Ethiopia	112	19	189	18percent	53percent	88percent
South Sudan	11.2	0.5	27	4percent	4percent	7percent

Data sources: WDI 2021 (2019 data) & Hamilton Research (2020)⁴²; UNCTAD (2021)⁴³

The Government has not invested any significant resources in implementing ICT infrastructure throughout the country, leaving the role to the private sector which is itself constrained by resources but also other challenges like insecurity outside urban centres.

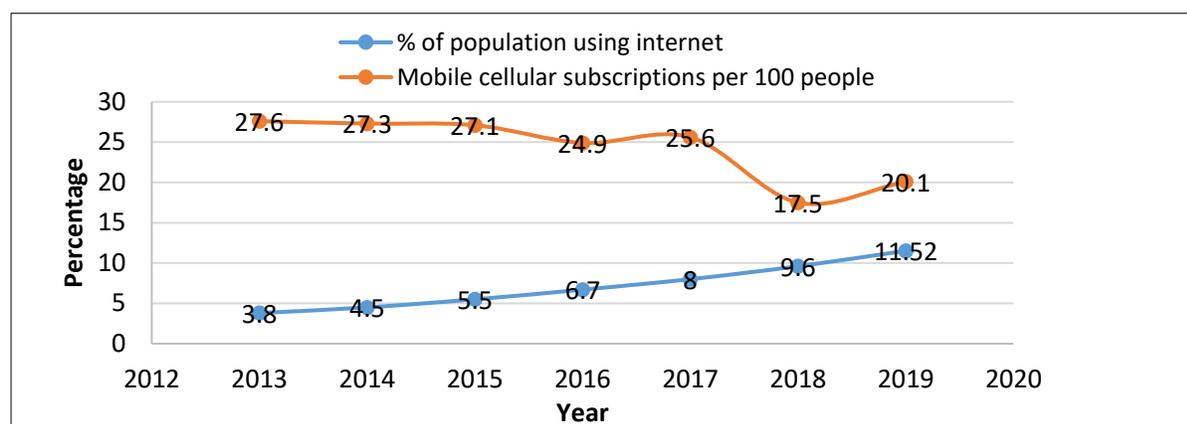
7.3.1.2 Network, computer and internet coverage

Network coverage is limited in the whole country. Only major cities are connected. Players in the market do not have access to the countryside. Although, the percentage of the population that use internet is increasing, it is still low and starting from a low base. Concerning is the mobile cellular subscription per 100 people, which has recently been declining, although it is beginning to go up (Figure 78).

⁴² <https://www.akamai.com/visualizations/media-delivery-network-map>

⁴³ UNCTAD (2021). <http://unctadstat.unctad.org/countryprofile/generalprofile/en-gb/728/index.html>

Figure 78: Use of internet and mobile cellular subscription in South Sudan



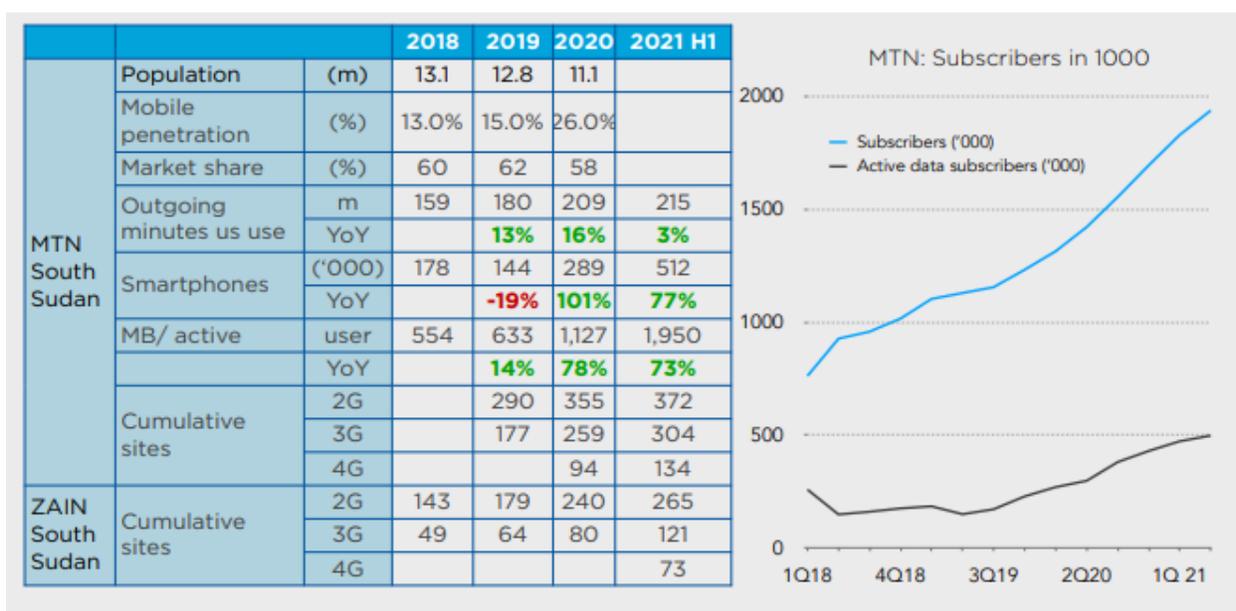
Source: World Bank, 2021.

For South Sudan, Internet users were captured as individuals who have used the internet (from any location) in the last 3 months. The Internet can be used via a computer, mobile phone, personal digital assistant, games machine, digital TV etc⁴⁴.

MTN still controls over 55 percent of the market share in the South Sudan telecom ecosystem with subscriber numbers increasing rapidly in the recent years. MTN figures show that there has been a massive unmet demand. Although there was a drop in smartphones under MTN in 2019, there has been a surge in 2020 and 2021 prompting MTN to invest heavily in South Sudan, sign of confidence in the South Sudanese economy (Table 42). MTN and ZAIN are increasing their network size and upgrading the network to 4G. Subscribers numbers increase rapidly also. A sign of confidence in the South Sudanese economy.

⁴⁴ <https://data.worldbank.org/indicator/IT.NET.USER.ZS?locations=SS>

Table 42: Telecom firms' performance in the South Sudan Telecom ecosystem



Source: World Bank ICT Project Scoping Study, 2022

South Sudan is one of the most expensive countries in Africa for mobile broadband of 1GB per month or higher, in absolute and nominal terms. 49 countries in Africa are cheaper for 1GB and 52 countries are cheaper for 20GB per month (Table 43). At the same time, large segments of the rural populations remain excluded from not only the Internet but also electricity (a key enabler of ICT services and e-commerce).

Table 43: Last Mile Internet Cost compared to Africa Average

Last Mile Indicators			South Sudan	African Rank	Source
Affordability	Price of 300MB data use per month*	USD	3.30	36	RIS Q4 2021
		% GNI per capita per month	3.6%	44	
	Price of 1GB data use per month*	USD	13.47	50	
		% GNI per capita per month	14.8%	51	
Price of 20GB data use per month*	USD	171.28	53		
	% GNI per capita per month	189%	53		
Adoption	SIM per 100 inhabitants		12.0%	53	ITU Feb 2022
	Mobile broadband SIM		9.0%	48	
Infrastructure	4G Population Coverage		15%	43	Cable.co.uk Oct 2021
	Average Mobile download speed (Mbps)****		1.40	49	

Source: World Bank ICT Project Scoping Study, 2022

7.3.1.3 Trade logistics and trade facilitation

As a landlocked country, South Sudan faces inherent geographical constraints and depends on the efficiency of transport networks in neighbouring countries for its access to the major ports in East Africa. To compound this, the postal network or any courier services is non-existent in the country making expedited shipments and improving last-mile delivery for e-commerce parcels almost impossible. As just an observer, South Sudan has not yet ratified the WTO Trade Facilitation Agreement (TFA), which makes simplification, standardization and harmonization of trade procedures and documentation related to import, export and transit very improbable. In addition, South Sudan is not a member of revised Kyoto Convention which is aligned to the TFA. Adoption and implementation of the Revised Kyoto Convention protocol could be a catalytic in introducing trade facilitation reforms such electronic payments which support E-commerce development. There are some private transport companies and logistics couriers also provide important e-commerce delivery services but these are done informally.

7.3.1.4 Low Reach for Payment solutions

South Sudan is just beginning to adopt mobile payments, and the very few e-commerce transactions are actually m-commerce transactions. Presently, the active private sector players in the digital payment solutions market are Nile Pay, M-Ghurush and MTN Mobile Money offering phone-based money transfers but not online payment platforms. The government is seeking to licensing new players in the market to ensure competition and Innovation.

7.3.1.5 Low ICT and E-Commerce Skills capacity

South Sudan firms are not yet fully-equipped with the skills necessary to take advantage of e-commerce. This includes business management skills that are essential to e-commerce, such as online content management and digital marketing, compliance with payment provider and e-commerce platform requirements, and the ability to package and ship large volumes of small parcels. As a result, the country has no national or foreign e-commerce firms to talk about with local companies struggling to develop their own digital content and online services. Public efforts at skills development in ICT and E-commerce are dismal and there are no ICT/Digital

infrastructure and equipment in schools and other learning institutions to support skilling. The use of computers is still almost inexistent at school, the government has no immediate plans to provide broadband connectivity to school. At the vocational level, there are innovation hubs and skills projects funded by UNDP to boost the skills of IT experts or the general population, even though their effectiveness is yet to be established

7.3.1.6 Inadequate Access to financing

The banking and non-banking systems are still undeveloped in South Sudan and therefore access to financing is one of the main bottlenecks for e-commerce development. Participating in e-commerce requires access to capital, which is not always available for existing businesses, let alone new business start-ups. Start-ups and Micro, Small and Medium Enterprises (MSMEs) face financing constraints as formal institutions require conditions that are often difficult to meet. Generally, both the banking and non-banking sector in South Sudan do not provide credit to the private sector for almost anything let alone E-commerce. There is significant potential for continued e-commerce growth in the country but will only happen with adequate and sustainable financing.

7.4 Recommendations to expand ICT and E-Commerce in South Sudan

7.4.1 E-Commerce Readiness Assessment and Strategies Formulation

Undertake e-trade readiness assessment to identify gaps and opportunities for E-commerce development as well as roadmap for policy actions to increase overall competitiveness and awareness on E-commerce opportunities. The development of a national e-commerce strategy, aligned with government frameworks, should be prioritized. The strategy should emphasize the importance of boosting domestic productive capacities, integrating local firms into regional and global value chains, developing local digital content and upgrading digital entrepreneurship and e-business skills. A national multi-sectoral task force on e-commerce should be established, to drive ICT and e-commerce growth in the country. This would help improve coordination between public and private sector actors. Private sector associations should also increase their involvement in the policymaking process. There is also need to increase the capacity of the relevant non state actors like Chamber of Commerce and women organisations to undertake training and awareness to promote e-commerce adoption and use of ICT services to the business community and community

7.4.2 ICT Infrastructure and Services

The National Backbone Infrastructure should be expanded into most towns and rural areas to provide affordable and reliable broadband Internet to all segment of the population. Investment policy should be aimed at supporting the growth of the digital economy to help reduce social and economic inequalities. A study of the cost structure of Internet connectivity and data affordability could be undertaken to identify concrete steps to reduce current costs. Specific policies and regulations should be put in place to ensure fair competition in the telecommunications sector. Post-investment support to new Mobile Network Operator (MNO) investors, in the form of advisory services and technical support, should be strengthened. Access to electricity should be expanded across the country, especially in rural areas.

7.4.3 Payment Solutions

Enhance the legal and regulatory framework to facilitate the development of fintech such as payment systems. Organize awareness and sensitization campaigns for both public and private sector stakeholders to reduce fears and lack of trust in e-payment solutions.

7.4.4 Legal and Regulatory Framework

Implement information and awareness-raising programmes on ICT and e-commerce laws and regulations across all levels of society, including those who do not read and write. Enact E-transactions legislation, Data Protection and Privacy Act and Cybercrime Act in line with international conventional and standard to ensure secure online. Ensure the E-commerce related laws are Harmonised with United Nations Commission on International Trade Law (UNCITRAL) model law and conventions to make the laws compatible with international standards. Raise awareness on E-commerce related Conventions to facilitate accession and harmonisation with national E-commerce related laws.

7.3.5 e-Commerce Skills Development

Increase the availability of courses and training dedicated to digital business entrepreneurship (formalization of a digital business; distance-selling; managing online content; managing online orders; packaging for e-commerce; logistics; digital marketing; and compliance with e-commerce platform and payment provider requirements). Increase access to ICT and e-commerce skills at an earlier age through revised national curriculum. Promote ICT research and innovation through financial support and technical assistance to the University of Juba, ICT Faculty. Assess current

e-commerce and ICT skills gaps to accelerate the development of the ICT related curricula in line with the private sector needs. Based on this, develop a package of support provided by the Chamber of Commerce and SSBF, which could include trainings and ongoing mentorship, for MSMEs and start-ups in e-commerce.

7.3.6 Access to Financing

Improve funding opportunities for e-commerce firms by sensitizing banks and non-financial institutions to the unique operating models of such firms. This should be coordinated by the private sector associations and networks along with advocacy for better access to financing. Launch innovative fintech and financial-insurance products for use by MSMEs interested in e-commerce. Using the agency banking model, banks and insurance companies should extend their network outside of the main cities to sell their products to entrepreneurs and MSMEs. Promote crowdfunding and venture capital as alternative sources of funding for e-commerce ventures. A network of women in e-commerce and digital business could also be established to help women employees and entrepreneurs in this sector.

PILLAR 6: INSTITUTIONAL STRENGTHENING AND POLICY COORDINATION

CHAPTER 8: TRADE POLICY COORDINATION AND IMPLEMENTATION IN SOUTH SUDAN

8.1 Introduction

The impact of trade policy is felt by diverse stakeholder groups such as businesses, consumers, farmers, industrialists, innovators, youth, and women. Hence the need for multi-stakeholder consultations and inclusive trade policy-making and implementation processes. Inclusive trade policy-making processes can significantly contribute to empowering of people and persuade governments to develop and implement policies that use trade as a means to pursue inclusive growth where the benefits of trade are spread to all including the women and the youth. Close coordination between Government, private sector and Civil Society organisations requires effective institutional and coordination mechanism to ensure regular information flow on trade issues to key stakeholders. Inclusive engagement of stakeholders enhances effective trade mainstreaming into national development strategy and sector policies. It also enhances national ownership, sustainability and sound trade outcomes. This chapter evaluates the experience in stakeholder engagement in trade policy issues, identify t gaps and recommend policy actions. It also assesses institutional capacity to effectively coordinate and implement trade policy through an inclusive consultative process for ownership and sustainability of trade policy outcomes.

8.2 Institutional Capacity of the Ministry of Trade and Industry

8.2.1 Recent Institutional changes and effectiveness in supporting Trade policy formulation and implementation

Most of the trade policy formulation Actions are undertaken through the Enhanced Integrated Framework (EIF), a Trade related Technical Assistance in Least Developed Countries, that works towards promoting economic growth and sustainable development and helping to lift more people out of poverty. The EIF approved a Tier 1 ‘Enhancing Institutional Capacities for Trade Integration and Economic Diversification Project’ in South Sudan which commenced in July 2018. The objective of the project is to strengthen capacity of institutions and stakeholders in South Sudan for effective formulation and implementation of trade policies that support poverty reduction, inclusive economic growth and equitable sustainable development. The project aims to support operations and activities of the National Implementation Unit (NIU) as lead agency responsible

for the formulation and implementation of trade policy in South Sudan, aligned to national development objectives. It also helps to improve donor coordination and Aid-for-Trade (AfT) delivery in line with the Paris Declaration on Aid Effectiveness. As of today, this is the most developed framework for supporting trade facilitation in the country.

8.2.2 Institutional Capacity and effectiveness to support coordination of:

8.2.2.1 WTO accession

Institutional Capacity

There is an ad hoc committee in charge of WTO accession and a focal point but there is need for more capacity to enable the country understand the implication of accession. While the WTO accession is under the directorate of External trade, Ministry of Trade and Industry, the focal point of WTO accession is under the planning and Research Directorate which affects, coordination and harmonisation of WTO Accession and external trade issues. A key challenge is lack of WTO Secretariat within MTI to coordinate Action within the government on WTO accession matters. It is recommended that a WTO Division, be established within the Directorate of External Trade to support the WTO Accession Process. It is evident that the Ministry of trade and Industry does not have adequate in-house technical capacity to support the WTO Accession process. The WTO Division should be well technically resourced to ensure WTO Division have the requisite capacity to coordinate and technically support the WTO accession.

8.2.2.2 Regional integration initiatives

The EAC integration initiatives are coordinated by the Ministry of East African Affairs with the undersecretary as the focal point. The Ministry of Trade and Industry coordinates the AfCFTAs affairs. The South Sudan EAC Integration Strategy proposes the formation of a High-Level Committee for EAC Implementation as the top body leading the implementation of EAC Agenda Reforms. The Committee is envisaged to comprise of Ministers (or Deputy Ministers) of key Economic and Governance Ministries related to EAC Integration and Heads of key Institutions such as the National Revenue Authority and South Sudan Bureau of Standards. The Committee would oversee progress with EAC Implementation and commission update Report to be presented to Cabinet. The Committee shall guide, direct and oversee the work of three special task-forces, namely, the (1) Special Task-Force for Customs Union Implementation; (2) Special Task-Force

for Common Market Implementation; (3) Special Task-Force for Monetary Union Implementation. The Chair of the Committee shall be the Minister of EAC Affairs. The Task-Forces would comprise of Undersecretaries and High-Level Civil Servants as well as representatives of the organized forces. The main aim of the task forces would be to implement directives from the High-Level Committee and carry out the technical, administrative and logistical tasks entailed by the directives from High-Level Committee. In essence, the special task forces shall be the key implementers of the Common Market, Custom Union and Monetary Union.

8.3 The National Consultation Mechanism on Trade

The National Steering Committee for the EIF project plays the role of the National Consultative mechanism on trade matters. This consultative mechanism is not legally constituted and its decision may not be legally binding. The current Draft Trade Framework policy has provided for setting up of a national multi-sector consultative mechanism to play a coordination role between the government, private sector and civil society organisations. However, this mechanism is yet to be set up partly because the trade policy is not yet approved. It is recommended that South Sudan Trade Development Committee be legally constituted as a multistakeholder consultative mechanism for trade related issues (EAC trade issues, WTO Accession and AfCFTA). The committee **should be** the body through which the government consults with the private sector and Civil Society on Trade development issues matters. The Membership should be drawn from trade related government Ministries, Private Sector and Civil Society.

8.3.1 Negotiation coordination mechanism and institutional capacity

Currently there is no dedicated established negotiation team supporting the accession and negotiation of different trade agreement. South Sudan does not have a Chief Negotiator. The participation in regional and multilateral trade agreements like WTO accession is guided by ad hoc negotiation team that is established from time to time. This affects consistency and effectiveness of the negotiation machinery in response to emerging dynamic and complex trade policy regime. This has also constraint the ability of South Sudan to develop a technically sound and stakeholder driven negotiation position. The establishment of a dedicated team should be complemented by capacity building on trade negotiation.

8.4 Key trade related support institutions and their Mandates

Other key institutions were crucial roles in the trade and trade facilitation include the following:

8.4.1 The South Sudan National Bureau of Standards (SSNBS)

South Sudan National Bureau of Standards (SSNBS) is the sole statutory body that is vested with the responsibility of standardising and regulating the quality of all products in South Sudan. The Act of Parliament, SSNBS ACT 2012 established the SSNBS. Following the establishment of the SSNBS, three more Acts were enacted and include the Weights and Measures Act 2012, the Imports and Exports Act 2012 and the Consumer Protection Act 2011 with the aim to provide other legal frameworks governing the conduct of the SSNBS. SSNBS's mandates includes the preparation of standards related to products, measurements, materials, processes and services, amongst others; their promotion at national, regional and international levels; the certification of products; testing; inspection; market surveillance among others and the circulation of information related to standards. This comprises services both in voluntary and regulatory regimes being performed throughout the country at States capitals, border posts and trading Report of an Assessment of the National Quality and SPS Infrastructure of South Sudan 5 centres. The agency functions as an independent authority, currently supervised by the Minister of Trade and Industry of the Revitalised Transitional Government of the Republic of South Sudan. As stipulated in SSNBS Act 2012, Chapter 2, Article 10, SSNBS is governed by a Board, constituted of representatives from various ministries and private sector organisations, called the Bureau of Standards Council. The SSNBS has its headquarters and central laboratories in Juba. To cover the whole country several State offices, local stations and conformity assessment laboratories, located at strategic points at border posts and along main transport routes. Some of the SSNBS State offices include Wau/Awiel, Malakal/Renk, Nimule, Kaya and Nadapal among others. Made up of five directorates namely: However, SSNBS is beset by major challenges that makes it less effective in delivering on its mandate including:

- Lack of enough funding (or resources) to buy reagents, setting up of standard committees, testing equipment, incentives, metrological equipment and to reach out beyond the capital
- Inadequate labs especially for the metrological department.

- The bureau has been affected by the delay in passing laws and policies. The ACT 2012 has been reviewed but is being delayed in the Ministry of justice since 2019. National policy for standards for the period 2018-2021 is now expiring before it is passed.
- SSNBS lacks the funds to support membership of bodies such as IOML, BLMP, and others
- The equipment in the metrology department require calibration which is done after every five years but this is not possible because of SSNBS not being members of those bodies that are supposed to the checking/calibration.

8.5 Trade Policy Making

Trade policy making in the country is spearheaded by the MTI with the involvement of trade related agencies and private sector association such as the South Sudan Business Forum, the South Sudan Business Council and the South Sudan Chamber of Commerce. At the moment these consultations are ad hoc and the institutional framework for trade policy making and implementation is undertaken through the established EIF National Steering Committee

8.5.1 Stakeholder engagement

The private sector and the academia, and civil society are involved in the trade policy making policy but these public-private dialogue mechanisms need a legal and regulatory framework to set them up rather than being used on an ad hoc basis. The trade policy making and implementation process involve the government, the private sector, civil society organisations and Research Institutions. The process should ensure inclusive engagement and participation of stakeholders to support wider buy-in and support from all key relevant stakeholders. The key challenge for the government is to provide a consultative platform where the private sector can present common private sector views /positions trade development matters. These stakeholders have varying interests on Trade related Matters as discussed below;

a) The Government

The government is one of the main stakeholders in trade matters. Overall responsibility for trade matters lies with the Ministry of Trade and Industry, although other ministries handle some trade related matters.

a) Private Sector

The role of the Private Sector in the Trade Policy and Implementation process is to represent the interest of their members especially when there are policy changes that affect them. Effective participation of the Private Sector in the Trade Policy making process is important in boosting national ownership and to ensure their commercial interest are considered during the negotiation and accession process. The Private sector should have the analytical capacity to comprehend the implication of the South Sudan participation in WTO accession and regional trade agreements. South Sudan Trade Development Committee should be established to provide a platform where the private sector can present common private sector views /positions on WTO accession and regional integration process.

b) Academics, Civil Society and Academic Institutions

The Academic, CSOs and Research institutions are expected to perform general or analytical research on South Sudan WTO accession and participation in regional trade agreements to evaluate the impacts of South Sudan Accession Process in terms of potential winners and losers, monitor these impacts and to lobby. These stakeholders are expected to use evidenced based advocacy to influence the WTO accession and regional trade negotiation outcomes.

8.5.2 Status of/Existence Trade related sub-Committees

As noted earlier, the institutional framework for trade is still being established and most trade related committees and sub-committees are yet to be set up. In addition to establishing South Sudan Trade Development Committee (STDC) as a multistakeholder consultative mechanism, the following sub committees should be established to provide technical guidance to STDC

- ❖ Agriculture Sub Committee, chaired by Ministry of Agriculture
- ❖ Service Sub Committee
- ❖ Market access Subcommittee –chaired by Industry
- ❖ Trade and Environment Sub committee
- ❖ SPS/TBT Sub committee
- ❖ Trade Facilitation Sub Committee
- ❖ Trade and Competition Sub Committee
- ❖ Trade and Investment Sub Committee

- ❖ E-Commerce Sub Committee
- ❖ Trade related Intellectual Property Rights Sub Committee

8.5.3 Trade policy implementation

Implementation of the National Trade Policy is the responsibility of the Ministry responsible for Trade. The Ministry of Trade collaborate with relevant trade related Ministries. EIF National Steering Committee currently provides a consultative platform to facilitate implementation of trade policy related measures

8.5.4 Human Resource Development for Trade policy implementation

In the draft trade policy, the government commits to allocation of adequate allocation of resources for skills development for trade officials in order to create and widen the cadre of experts in trade policy formulation and negotiations including in trade policy development, trade negotiation skills, WTO Agreements and negotiations, FTAs, dispute settlement. The government also commits to establish stronger links with universities, businesses and other stakeholders to help reshape course offerings to stay closely in line with evolving demands for specific skills. The training institutions will be encouraged to mainstream Trade policy issues in Education Curriculum

8.5.5 Timeframe for Implementation

The current draft Trade Policy Framework is envisaged to be implemented over a 10-year period from 2020 to 2030. The Policy will have a mid-term review in 2025 to monitor progress and possible adjustments in the strategies to ensure the set objectives and goals are achieved during the implementation period. The Government will align the implementation of this policy with national development plans, other Government initiatives and programmes. The Government will also ensure that programmes supported by the development partners are coherent with the Trade Policy Framework to ensure consistency with policy objectives and overall vision.

8.5.6 Resource mobilisation

According to the trade policy, mainstreaming trade into development strategy and sector plan is expected to influence Government resource allocation towards the implementation of the TPF. Additional donor funding will be secured from Aid for Trade facilities /programmes to support the implementation of the policy priorities outlined in the TPF. The potential development partners envisaged in the policy include USAID, Trade mark East Africa, AfDB, Trade and Investment

Advocacy Fund, Standard Trade Development Facility; Tradecom II, UNDP, World Bank, WIPO, WCO, GIZ etc.

8.5.7 Monitoring and Evaluation

The Ministry responsible for trade will serve as the principal institution responsible for the implementation, monitoring and evaluation of the Trade Policy Framework on behalf of the Government of the Republic of South Sudan. The Implementation Plan will inform monitoring and evaluation of the TPF. A Third Party will be engaged to undertake a mid-term review in the 5th year of TPF implementation. The respective ministry or agency will take the lead role in implementing specific areas of intervention as indicated in the Implementation Matrix. The Government through the Ministry of Trade and Industry will collaborate with the respective responsible ministries/ agencies through the National Consultative Mechanism.

8.5.8 Communication Strategy

The ministry of trade has not developed a comprehensive communication strategy to popularize its policies but with the adoption of a trade policy this needs to be prioritized.

8.5.9 Trade-Related Technical Assistance

Aid for Trade helps developing countries, and particularly least developed countries, trade. Many developing countries face a range of supply-side and trade-related infrastructure obstacles which constrains their ability to engage in international trade (WTO, 2022). South Sudan has been receiving close to 2 billion Dollars of ODA per year (Table 53). Most of the ODA that flows to South Sudan is dedicated to Humanitarian services (Figure 79). The humanitarian needs are mostly met by donors. For example, in the proposed national budget for 2021 to 2022 allocated 1 percent approximately \$8 million to humanitarian affairs, excluding health, compared with 15 percent approximately \$108 million. This means that very little aid gets dedicated to development including trade support. Most of the aid coming to the country is from the USA which provides about 60 percent, again most for humanitarian purposes (Figure 80).

Figure 79:Aid Receipts for South Sudan

	2017	2018	2019
Net ODA (USD million)	2,183.2	1,577.5	1,885.3
Gross ODA (USD million)	2,187.7	1,601.7	1,889.4
Bilateral share (gross ODA) (%)	77.7	87.1	70.0
Total net receipts (USD million)	2,176.3	1,569.9	1,893.5

For reference

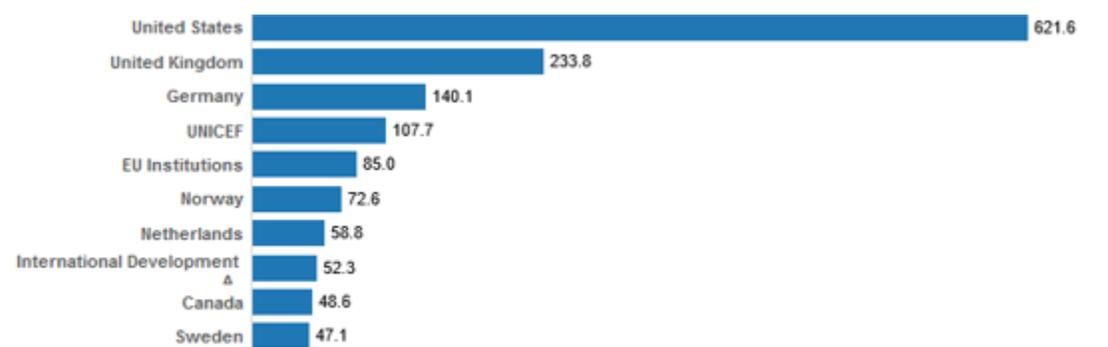
	2017	2018	2019
Population (million)	10.9108	10.9759	11.0621

Figure 80:Bilateral ODA by Sector for South Sudan, 2018-19 Average



Source: OECD, DAC
<https://www.oecd.org/dac/financing-sustainable-development/development-finance-data/aid-at-a-glance.htm>

Figure 81:Top Ten Donors of ODA for South Sudan, 2018-19 Average, USD Millions



8.5.10 Existing trade-related technical assistance programmes

Currently, the most prominent AfT programme is the Enhanced Integrated Framework (EIF), a Trade related Technical Assistance in Least Developed Countries, that works towards promoting economic growth and sustainable development and helping to lift more people out of poverty. The EIF approved a Tier 1 ‘Enhancing Institutional Capacities for Trade Integration and Economic Diversification Project’ in South Sudan which commenced in July 2018 to strengthen the capacity of institutions and stakeholders in South Sudan to formulate and implement trade policies that support poverty reduction, inclusive economic growth and equitable sustainable development. The project aims to support the operations and activities of the National Implementation Unit (NIU) as lead agency responsible for the formulation and implementation of trade policy in South Sudan, aligned to national development objectives. It also helps to improve donor coordination and Aid-for-Trade (AfT) delivery in line with the Paris Declaration on Aid Effectiveness. As of today, this

is the most developed framework for supporting trade facilitation in the country. Other agencies such the Trademark East Africa, USAID, JICA, African Development Bank etc, that had AfT projects had closed them after the outbreak of the conflict but are now planning new ones.

Trade Related Private Sector Development Programmes

Existing trade-related private sector development programmes

As noted earlier, South Sudan has an active private sector associations terrain with some apex and industry association. However, most are constrained by resources and are only going to begin active AfT projects as the development partners finalize their plan of launching their new programs in the country.

Recommendations

- Enhance the institutional capacity of the Ministry of Trade and Industry through training and equipment and other support to enable Trade policy formulation and implementation
- Enhance institutional capacity and effectiveness of public institutional especially MTTI for effective coordination on WTO accession and *regional* integration initiatives
- Undertake technical support for the National Consultation Mechanism on Trade
- Support trade support institutions for negotiation coordination
- Provide human resource development support for Trade policy implementation
- Support resource mobilisation efforts especially AfT to support trade policy formulation and implementation
- Support monitoring and evaluation for trade policy
- Support the development of communication strategy for the trade related institutions
- Support trade Related Private Sector Development Programmes and Public-Private Dialogue mechanism in trade

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9 CONSOLIDATED ACTION MATRIX AND POTENTIAL SOURCES OF FUNDING

9.1 Introduction

This diagnostic study sought to assess the new status of trade and integration in South Sudan since the DTIS 2014 was produced. This entailed the review of the implementation status of the DTIS 2014 Action Matrix. The study entailed the update of that matrix and in affect the production of the new matrix for the Diagnostic Trade Integration Study Update (DTISU) 2022. Therefore, this study produces the Consolidated Action Matrix (CAM) for DTISU 2022 that merges the update of the reviewed and updated DTIS 2014 Matrix and the new DTIS 2022 Matrix. Therefore section 9.2 of this chapter reviews the progress of implementation of the Diagnostic Trade Integration Study (DTIS) 2014, highlights any progress in implementing any activities and explains the lagging ones. Section 9.3 details the action matrix for the DTIS, 2022 as well as the financing requirements for implementing the measures, highlighting major priorities. In Section 9.4, the financing plan for the action plan is presented highting the efforts the government might need to take to mobile non-oil revenues for the implementation of the prioritized activities. Section 9.5 presents the Monitoring and Evaluation Framework for the Action Plan. And section 9.6 ends general conclusions.

9.2 Status of DTIS 2014 implementation

For the country that had just got its independence and come out of a way, the production of the DTIS 2014 was a landmark achievement, the or the first comprehensive framework for trade promotion and development. The production of the DTIS 2014 coincided with the production of the Enhanced Integrated Framework (EIF) financing under Tier 1: Capacity-building activities and sought to prepare the country for the Tier 2: Investment-related projects, aimed at export diversification and growth. The DTIS, 2014 also coincided with the formulation of the first draft Private Sector Development Strategy that sought to support the development of the private sector to take advantage of the actions envisaged in the DTIS. However, the outbreak of another war in 2016 scuttled most of these plans. The only notable achievements include:

- Setting up of the EIF Tier 1 Coordination office and capacity and institutional development of the EIF focal point and the NIA.
- Appointment of the WTO Focal point and the Accession Negotiation Committee

- Appointment of the EAC integration Focal point and the Integration Negotiation Committee that enabled the country joining the EAC
- Procurement of ICT equipment for the EIF Coordination Office
- Setting up of a trade facilitation training centre

9.3 Implemented activities

As noted in the previous chapters, the environment for business and private sector development is challenging and actions envisaged in the DTIS, 2014 already seemed ambitious. Therefore, the outbreak of the second war just two years after the launch of the DTIS, 2014 dashed the little optimism there was for the implementation of the planned activities. It is important to note that there has not been any evaluation made to assess the delivery on the activities planned in the DTIS, 2014. None was also done in preparation for the production of this DTIS Update report. However, this study will attempt to do a modest assessment or tracking the progress of the implementation of the activities planned in the DTIS, 2014. A brief account on the status of implementation of DTIS 2014 is provided in this section. There were 122 measures proposed for the DTIS, 2014 under eight headings: (1) Business Environment (2) Trade Facilitation and Customs (3) Trade Policy (4) Institutional Capacity Development (5) Agriculture (6) Oil and Electricity (7) Mining and (8) Inclusive Tourism. These measures, associated priority ranking (very high, high, medium and low) and assessed percentage scores vis-a-vis overall implementation are detailed in the Annex. Given the scale of the need, all the measures were considered either very high priority (83 measures) or high priority (40 measures). There was no measure considered either medium or low priority.

Due to the difficulty in gauging progress in an environment as complex as South Sudan, this study estimated the progress on available information in government and other stakeholders reports and sometimes from intuitive experience. A brief description of the progress follows, focusing on some of activities. The assessment follows the objectives and recommended actions in the DTIS 2014 Action Matrix.

(i) Business Environment: in the strategy to reduce the cost of doing business, working with Trinity Technologies, the government is attempting to set up an automated land registry. Though this is not yet finished. Officials were also taken on working visits to regional countries like

Uganda and Kenya to learn about business reform. Also, in order to enhance transparency and reduce the tax burden on enterprises, nothing was done out of the planned three activities so transparency and tax overlap is still a problem as it was in 2014. On the plan to promote investment and facilitate enterprise processes, some work was done on work permit was done but the rest of the six actions remained unfulfilled. With regards to promoting enterprise development, there is only some work by SSNBS to enforce standards.

(i) **Trade Facilitation and Customs:** On the implementation of the new Customs Act (2014), only the launch a media campaign targeted at economic operators and training of border agencies in integrated border management were attempted. On the plan to transform customs into a modern and efficient instrument for development, as a requirement for the EAC CET there have been attempts to gazette existing tariff schedule and to eliminate “nuisance tariffs” but these are still half done. To reduce transport cost, there have been some work to formulate and implement road development programme and some upgrading inter-state roads to all weather roads, including definition of priority road network. On plans to enhance quality infrastructure and inspection procedures, only a little work has been done on carrying out conformity assessment of products and services based on quality and standards requirements” but still half done.

(ii) **Trade Policy:** In order to address tariff distortion and enhance transparency, there have only been some work on supporting the EAC technical committee which will define trade negotiation positions. There was also some attempt to enhance capacities to analyse trade policy issues and to develop policies which are in line with the objectives of the Government. The setting up of a small Unit within the MTII which to develop analytical skills and preparing an impact assessment of joining the EAC or COMESA have been started but not finalized .

(iii) **Institutional Capacity Development:** On plans to adopt institutional arrangements for promoting the trade and development agenda, with the signing of the Revitalized Peace agreement and the new institutional set up that came with it, one can say there was some work on “Adapt institutional set up to South Sudan’s context, seek endorsement at ministerial level and proceed to implementation”. On plans to sharpen the institutional structure to facilitate coordination and collaboration between services, there has been some little action on the using the NIU and EIF National Steering Committee to drive the institutional reform process and updating the Ministry 2012 strategic plan, taking into account current context and needs. Also, establishing formal coordination arrangements for trade negotiations has somehow been done.

(v) **Agriculture:** On preparing development programme based on in-depth understanding of bottlenecks, potential demand and linkage with other sectors, there were some baby steps on undertaking field studies involving farmers to assess supply and demand and identify potential backward and forward linkages and upgrading production, processing and distribution. On plans to promote farmers' organizations to more effectively address market entry barriers, the draft cooperatives' regulations were produced. On the attempt to increase production and exports of gum Arabic, there were some engagements and training to enhance the capacities of the gum Arabic producers' cooperatives, including for negotiating prices. In order to introduce community forest management, the Forestry Department managed to do some work with communities to develop capacities to manage forest exploitation in a sustainable manner.

(Vi) **Oil and Electricity: On the plans to attract** new investors in the oil sector, some work has been done on each of the two actions namely, "Conduct research and surveys" and Make data available online.

(Vii) **Mining: On mining and plans to conduct** geological surveys and research, there was some little work on conduct geological surveys of prospective areas and geological/ mineralogical research (applied and practical). Additionally, on plans to market South Sudan as a mining country, there was some work on making available online existing data related to geological prospective on a map-based information system.

9.4 Remaining activities

As noted earlier, most of the activities remain unimplemented. Under "Business Environment" and "Reduce the cost of doing business", these include: "Set up a working group to review the poor ratings in Doing Business 2014, identify causes and prepare a comprehensive work plan to implement policy reforms"; "Progressively introduce automation in government services such as business registration, customs management and tax filing, as ICT infrastructure is developed"; and Discontinue mandatory SSCCIA membership for newly registered companies". On "Enhance transparency and reduce the tax burden on enterprises" these activities remain undone: "Expedite development of policy and strategy supporting micro, small and medium enterprises"; "Apply the standard 12 months' work permit for expatriates as per the terms of the Investment Certificate instead of issuing one or three months' work permits as per current practice"; "Open Business Registry branches in under - served States"; "Promote lending to SMEs by commercial banks

including through training of banks' loan officers on the needs of SMEs, introducing tools to evaluate SME creditworthiness and opening dedicated bureaus for SMEs in banks "Define scope and arrangements for Special Economic Zones" and Promote PPP to attract investment in infrastructure projects, including in ICT.

The following activities in the "Promote enterprise development" were not done including: "Support development of SME clusters"; "Encourage SMEs to enhance their technical and managerial competencies;" Support subcontracting arrangements between SMEs and transnational companies (linkages or value chain development); "Set up incubators, guarantee funds and business and technical support services" and "Improve standards compliance". Under "Trade Facilitation and Customs" in the "Support implementation of the new Customs Act (2014)" many planned activities remained undone including "Launch a media campaign targeted at economic operators": "Introduce non-intrusive inspections and risk management procedures"; "Acquire scanners and related equipment"; "Introduce measures to improve compliance of informal cross-border traders with customs formalities"; and "Introduce reforms promoting electronic data interchange."

On "Transform customs into a modern and efficient instrument for development", the following activities remained undone including "Remove requirement for import licences not based on clear public policy objectives (e.g. health, safety, etc.)"; "Limit scope of exemptions to that set out in the Investment Act"; "Implement automation for data management"; "Assess possibilities of electronic payments"; and "Establish a one stop border post at the Nadapal-Lokichogio border with Kenya". On "Reduce transport costs", the following activities were not implemented "Undertake a study to quantify disaggregated transport costs between sea ports to the South Sudan border and the cost of transport inside South Sudan. Based on findings, design a plan of action"; "Analyse the costs and benefits of alternative roads to international seaports (option Juba-Ethiopia-Djibouti)"; "Promote joint venture with private investors to modernise river transport services between the northern and southern states and with Sudan"; and "Formulate and implement a programme for up-grading logistics to foster connectivity within the South Sudan". On "Enhance quality infrastructure and inspection procedures", the following activities were not done including "Carry out conformity assessment of products and services based on quality and standards

requirements”; “Protect consumers from substandard, shoddy and hazardous products”; “ Ensure delivery of quality services to the public”; “Study how East African Standards can be adopted in, or adapted to, South Sudan”; and “Strengthen integration with customs administration and streamline inspection”.

In the “Trade Policy” area under “Address tariff distortion and enhance transparency” the plan to “Reduce tariffs on agricultural products to eliminate negative escalation” was not done. On “Enhance capacities to analyse trade policy issues and to develop policies which are in line with the objectives of the Government”, the following activities were not done including “Set up a small Unit within the MTII which will develop analytical skills” and “Prepare an impact assessment of joining EAC or COMESA”. In the “Institutional Capacity Development” area and on “Adopt institutional arrangements for promoting the trade and development agenda”, the following activities were not done including the Analyse the best institutional set up to promote the trade and development agenda, including the following “Establishment of a Development Board”; and “Outsourcing services to private sector organizations”. On “Sharpen the institutional structure to facilitate coordination and collaboration between services”, the following activities remain undone including “Update as needed and validate job description manual”; “Consider, in the medium term, undertaking a full-fledged functional review of the Ministry”; and “Complete the regulatory framework”.

In the area of “Improve the cohesion of staff, introduce systematic computerisation and support leadership by improving skill sets”, the following activities are undone including “Provide training opportunities for improving English language and reduce skill gaps”; Expand internet bandwidth and wider availability of internet connection for staff”; Provide targeted training in use of computers and introduce standardisation and mechanisation of tasks”; Create a new website for trade within MTII”; Organize executive training and introduce change management practices for Directors General and above”; “Introduce a performance management system for directors and deputy directors”; and “Enhance capacity of MTII Directorate to develop policies and regulatory framework and training of staff”.

In the areere of “Agriculture” and on “Prepare development programme based on in-depth understanding of bottlenecks, potential demand and linkage with other sectors”, the following activities were not done including “Promote the development of value chains in the maize, cassava,

groundnuts and livestock sectors”; “Undertake field studies involving farmers to assess supply and demand and identify potential backward and forward linkages”; “Upgrade production, processing and distribution by providing producers with the necessary inputs and advisory services, infrastructure for storage, transportation and financing”; and “Promote increased demand by encouraging long-term arrangements with large buyers such as government programmes (schools, hospitals), supermarkets, hotels and exporters”. On “Promote farmers’ organizations to more effectively address market entry barriers”, the following activities remain undone including “Review the cooperatives’ fee structure with a view to encouraging the creation of cooperatives”; and “Cut down registration fees for incorporating cooperatives”. On “Develop agribusiness”, the following activities were undone including “Promote selective contract farming”; and “Launch an incubator programme”. On “Increase production and exports of gum Arabic”, the following activities remain undone including “Undertake applied agronomic research on high yield and high-quality gum arabic varieties”; “Strengthen extension services”; “Identify and remove bottlenecks in the value chain with a focus on commercialisation and export”; and “Enhance the capacities of the gum arabic producers’ cooperatives, including for negotiating prices”. On “Introduce community forest management”, the following activities remained undone including “Undertake a study on international markets for teak”; “Work with communities to develop capacities to manage forest exploitation in a sustainable way”; and “Develop a code of conduct for enterprises and local community”. On “Increase exports of livestock”, the following activities remain undone including “Restart export of livestock to neighbouring countries, including Sudan”; “Upgrade quality”; and “Study market potential of by-products, including in Arab countries”.

In the area of “Oil and Electricity” and on “Build quality control for oil and petroleum derivatives”, the following activities remain undone including “Formulate national standards and certification of petroleum derivatives aligned to international standards”; and “Build capacity in MPM, ME and the standards authority for performing effective quality control and certification of petroleum derivatives. On “Reduce the cost of electricity by firing the power grid with LPG rather than heavy oil (which is expensive and pollutes)”, the following activities remained undone including “Use LPG as a substitute of fuelwood and charcoal”; and “Initiate a pilot project for use of LPG for a small -scale refrigeration unit used in the fisheries sector (possibly in conjunction with solar energy)”.

In the “Mining” area and on “Maximise profits for South Sudan while keeping a competitive profile”, the following activities remain undone including “Review the mining regulations and benchmark them against regional and international experience”; “Align royalties and exploration cost to mines operating in East Africa”; and “Seek workable arrangements in regulations, taking into account the scarcity of specialised local human resources (e.g. accountants, lawyers, etc.)”. On “Market South Sudan as a mining country”, the following activities remain undone including “For the proven marble resource in Kapoeta, and associated cement production, target mainly regional based companies involved in cement production”; and “Prepare a road map for investors in the mining sector”. On “Improve understanding of the Artisanal and Small Mining (ASM) sector in South Sudan”, the “Initiate a field-based study to map out the current situation and estimate potential of ASM (estimation of number of miners, full time or part-time; income generated; organization of the work; value chain of gold mining from extraction to commercialisation)” still not done.

In the area of “Inclusive Tourism”, on “Enhance institutional policy and regulatory framework for tourism development”, the following activities remain undone including “Establish a Tourism Development Authority (TDA)”; “Prepare a detailed business plan, legal registration, funding of office and equipment, training and organization development, 3-year running cost budget”; and “Provide adequate financial, human and material resources to the Tourism Directorate and Wildlife Service to discharge their mandates”. On “Enhance the participation of local communities in tourism activities”, the following activities remain undone including Establish concession areas and operating modalities for benefit sharing at state and community level; create awareness among communities; ”Support employment opportunities and income generating activities through the diversification of tourism products and services to hotels (e.g. tourist guides, accommodation, meals, transport, souvenirs, etc.)” ; and “ Create feeder roads in Protected Areas (PA) and tourism node”. On “Tourism product development”, the following remains undone: “Create an investment portfolio for two parks”; “Start up support for South Sudan tourism enterprises outside of Juba”; and Introduce tour operator licencing and airport licence. On “Make South Sudan known in tourism generating markets and facilitate access to the country” these remain undone: “Support implementation of the tourism communication strategy”; “Simplify visa requirement and allow visa on arrival for EU and US passport holders”; “Fast track access facility at Juba airport for tourists with registered tour operators”; and “Customs to simplify procedures for clearance of

vehicles and other items for personal use of people under temporary stay”. This update estimates the implementation rate for the DTIS, 2014 at 16 percent (Annex to Chapter 9).

9.5 Factors hindering implementation

The major factor that hindered successful implementation of the DTIS 2014 was the political instability and insecurity that followed the 2013 and 2016 conflicts. Due to the disruptions in institutions and lack of resources, all the recommendations in the DTIS remained on paper and were never incorporated into the national and sectoral workplans and budgets. This means that there were no resources allocated to them. Moreover, most of the activities required first developing the capacities of the public and private sector to deliver of them, which was not done. The other issue is that insecurity meant that some places where some of these activities were going to be implemented, were inaccessible and so no work could go forward. The other main issue is that with the resultant humanitarian situation from the wars and later floods, development partners from which most funding was to come from, shifted their attention to cater for the unfolding catastrophe, drawing resources from the DTIS priorities. Due to these constraints, the DTIS 2014 was not implemented in any meaningful way. The efforts at implementation and the accomplishments can be rated as dismal.

Other factors that hampered implementation are (1) very low institutional capacities for implementation, (2) the absence of a clear monitoring and follow-up mechanism, and (3) inadequate intra-agency and interagency coordination. The DTIS 2022 update attempts to tackle some of these constraints to give implementation a better chance.

9.6 Plan of action for DTISU 2022.

The DTIS 2022 is planned to be implemented for about 8 years up to 2030. There are projects that can be implemented in the short term (2022-2023). These include many of the activities that were urgent in the DTIS 2014 which still remain undone. These activities are in all the eight chapters. Other projects will be implemented in the medium (204-2025) and long term (up to 2030). Table 44 below provides a summary including the cost estimates of projects under each chapter, while the list of projects that have been recommended for implementation under DTISU 2020 are appended at the end of this chapter.

Table 44: Summary of recommended projects, DTISU 2022

Chapter	No. of projects	Est. project cost (USD mil)	Est. project cost (SSP mil)	Short-term or medium/long-term
1	3	515	216,300	2 ST, 1 MT
2	10	4.3	1806	1 ST, 9 MT
3	16	14.8	6216	7 ST, 4 MT, 5 LT
4	16	3.2	1344	5 ST, 8MT, 3LT
5	18	10,616.7	4,459,014	2 ST, 11MT, 5 LT
6	10	1170	491,400	4MT, 6LT
7	6	253.5	106470	1 ST, 2 MT, 3 LT
8	9	4.3	1806	4 ST, 5 MT
Total	88	12,581.8 (12.6 billion USD)	5,284,356	26 ST, 46 MT, 16LT

Table 54 above shows the total number of projects, broken down for short-, medium- and long-term implementation. The estimated budget in US dollars and is also indicated. The projects and themes are briefly discussed below while the budget and time-frame will be covered subsequently in the relevant sections.

There are 88 projects, of which 26 may be implemented in the short-term and 62 initiatives for the medium to long-term, translating to an average of 11 projects per chapter. About eighty two percent of the projects are planned for implementation for the period 2022–2025, while the rest (12 percent) are to be taken up in subsequent years. Given the great need in the country, it would have been expected that most of the projects would be implemented in the short term but this is tempered by the reality of the political uncertainty and inadequate resources. However, these

projects cannot be pushed too far given the need to meet the priorities of the Revitalized Peace Agreement and the effects of the COVID-19 pandemic on multiple economic sectors, that is why the majority of the projects are meant for implementation in the medium term.

The number of projects range from 3 in Chapter 1 on Ensuring Macro-Economic Stability for Inclusive Trade and Sustainable Development to 18 in Chapter 5 on Business Environment and Entrepreneurship. This is not by accident because the country faces its most need in providing a conducive business environment and building an entrepreneurship spirit. Chapter 2 with 10 projects focuses on Regional Integration and WTO Accession given that the country has recently integrated into the EAC and seeks to accession to WTO and other organisations. Chapter 3 with 16 projects takes a close look at the state of the country's Standards and Quality Infrastructure which is very important for trade and competitiveness. Chapter 4 also with 16 projects deals with trade facilitation, an important issue for South Sudan due to the country's great need for improving its competitiveness through logistics and ease of trade. Chapter 6, with 10 projects, on Sectoral Trade, Economic Diversification and Competitiveness looks at the sectors with the highest export potential and ability to diversify the economy including agriculture, tourism, minerals, forestry and the dominate oil and gas. Chapter 7 with 6 projects delves into digitalization and e-Commerce that can facilitate trade and a range of other IT services in improving efficiency in communication and adding value to business enterprises. Finally, Chapter 8 with 9 projects considers the institutional and regulatory capacity for policy making and implementation, which is vital for country as fragile as South Sudan

9.7 Approach to resource mobilization

The total estimated cost of all projects is enormous at close to 12 billion USD (5,040 billion SSP) mainly due to the considerable amounts needed for infrastructure. The infrastructure costs including transport, energy and ICT is about 10.9 billion USD (4578 Billion SSP) meaning that without this huge cost, the implementation of this action matrix would be about 1.1 Billion USD (462 Billion SSP) over 8 years, an annual average of about 138 million USD or 58 Billion SSP. Considering that in the draft FY2021/22 National Budget, gross government revenue is estimated at 647.4 billion SSP, the expenditure on the DTIS 2022 Matrix can be afforded (Table 55). Whereas, according to the resource envelope the government can theoretically afford the large financing that includes the infrastructure expenditure, given that as noted earlier, currently the

country spends more than 70 percent of its resources on the security sector, this might not be possible.

But as noted earlier, these amounts are modest given that the fiscal position of the country is expected to stabilize because of the increased price of oil and the recent reduction in political tensions that will increase business and taxes. It is likely that this resource envelope might enlarge considerably in the medium to long term and be able to cover the financing gap easily. Apart from the infrastructure heavy chapters, others need quite modest resources that government with the help of the development partners that are already involved on some of these issues can be able to fund them. For the infrastructure, in the GOSS financing plan, as noted in chapter 4, the government already indicates that it faces a financing gap of close to 10 Billion USD (4200 billion SSP) on the roads development strategy alone. Therefore, the country should use the already established resource mobilization strategies to fill the infrastructure financing gap to fund the related activities in this action plan. This is need for the DTIS 2022 to be embraced by all the government agencies so that needed resources can be prioritized in their sectoral plans.

Table 55: Resource position, FY2021/22 (SSP billion)

	SSP Billions (budget)	% Total revenue	% of GDP
Total Revenue	647.4	100.00	28.9
Gross oil revenue	589.1	91.0	26.3
Non-oil revenue	58.2	9.0	2.6
Less Direct/Mandatory Transfers			
Financial transfer to Sudan	63.8	9.9	2.8
Transfer to Ministry of Petroleum (3%)	15.8	2.4	0.7
Oil for Roads	184.0	28.4	8.2
Debt service (including repayment of oil advances)	143.2	22.1	6.4
Net revenue to GoSS Treasury	240.6	37.2	8.1

Source: South Sudan Authorities, World Bank estimates

The country will also need to ramp up non-oil revenue especially domestic resource mobilization in form of taxes away from oil which currently dominated revenue sources. The increase in domestic resources will move in tandem with growth in the economic sectors, creating a self-

serving loop (Figure 82). For the country to be able to cover the considerable cost of implementing this DTIS 2022 Matrix, as the government stabilizes, the authorities will need to make a conscious decision to shift resources to productive sectors of the economy away from security and administration. This would make a big departure considering that as noted earlier, sectors are currently receiving a small proportion of resources and more so the economic services sector (Figure 83).

Figure 82: Distribution of government revenues, percent

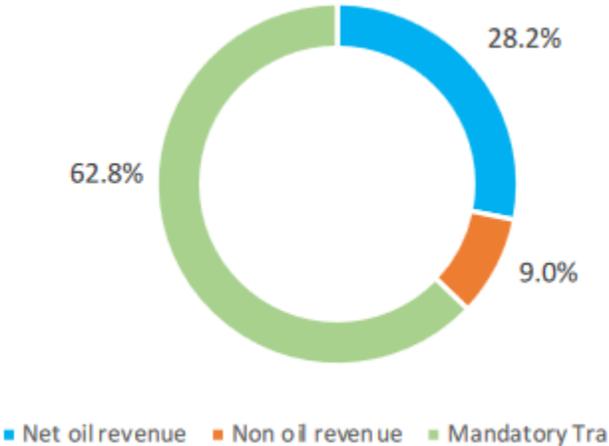
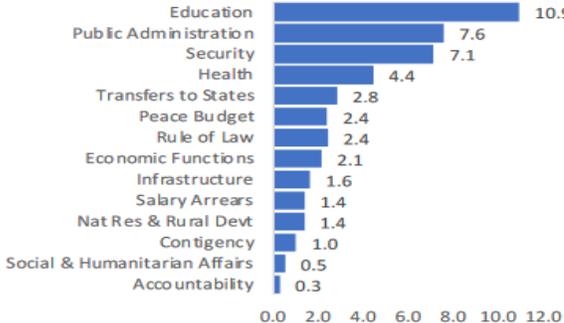


Figure 83: Sector expenditure shares, percent of total



Source: South Sudan Authorities

9.8 Internal sources

There is a big scope for improvement in domestic resources considering non-oil revenues makes only 9 percent (Table 56). Revenue as a percentage of GDP has been improving since 2009 but there is still a big scope especially for more domestic resource mobilization to be able to meet the huge resources needed to fund the priorities outlined in the DTIS 2022 Matrix (Table 45).

Table 45: Selected Fiscal Indicators for South Sudan 2009-2022

SELECTED INDICATORS*	Avg. '00-15	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
FISCAL												
Revenue (% of GDP)	23.2	..	..	29.7	34.4	7.7	27.9	16.2	45.7	34.8	34.1	31
Expenditure (% of GDP)	26.8	..	..	24.4	34.7	16.9	31.1	27.1	50.6	35.2	37.5	32
Interest Payments (% of GDP)	0.2	..	0.0	0.0	0.0	0.0	0.7	0.5	0.9	0.1	0.3	0
Non-Interest Expenditure (% of GDP)	26.6	..	..	24.4	34.7	16.9	30.3	26.6	49.6	35.0	37.2	32
Overall Fiscal Balance (% of GDP)	-3.6	..	..	5.3	-0.3	-9.2	-3.2	-10.9	-4.9	-0.3	-3.4	-1
Primary Fiscal Balance (% of GDP)	-3.4	..	..	5.3	-0.3	-9.2	-2.4	-10.4	-4.0	-0.2	-3.1	-0
General Government Debt (% of GDP)	20.1	..	..	..	8.4	10.2	22.4	39.6	62.1	57.9	46.1	32
External Public Debt (% of GDP) [†]

9.9 External sources

As an LDC and World Bank IDA recipient, South Sudan is eligible to receive considerable external resources on concessional terms. Development partners and in particular the World Bank is building the Financial Management capacities of the country to manage these resources and put in place credible accountability frameworks to engender confidence in the donor community⁴⁵. However, the country has to keep a keen eye on the country total public debt stock which was estimated to stand at US\$ 2,958 million (59.5 percent of GDP) at the end of June 2021, according to Joint IMF-World Bank Debt Sustainability Analysis update (October 2021).

9.10 Monitoring and evaluation framework

Monitoring and evaluation (M&E) is a major weakness in South Sudan development architecture. Many good programs and strategies are designed either with no comprehensive monitoring and evaluation frameworks or even when they are included, there is often no action taken. Consequently, even with a multiplicity of strategies in the country, it is often to see their impact on the welfare of the population. It is important that the M&E of the DTIS 2022 is robust and that it is followed up very critically. This is tall order but one which must be met if the DTIS, 2022 is to be of any importance. The main problem for M&E in South Sudan is the low capacity both in government and outside such as in the civil society. Considering that the National Monitoring and Evaluation mechanism is not well developed, the Ministry of Trade and Industry through the National Implementation Unit (NIU) establishes separate M&E mechanisms but feeding into sectoral ones. In the 8 years of the DTIS, 2022, there should be planned Mid-term evaluations, annual assessments.

⁴⁵ The World Bank recently granted the country with 100M USD to improve its PFM

Endline assessment and impact assessment. This is important because the DTIS, 2014 ended without being evaluated and the DTISU, 2022 is happening on backdrop of lack of information of the effectiveness of the past efforts.

9.11 National M&E structure

Revised National Development Strategy 2021 – 2024 (R-NDS) states that it will “rely on one integrated monitoring and evaluation system coordinated at the Ministry of Finance and Planning with support from the National Bureau of Statistics and sector working groups. It is planned that the monitoring and evaluation framework for the R-NDS will track and assess progress on activities, outputs and outcomes, and how these are contributing to achieving South Sudan’s Vision 2040 and assess the GRSS’s budget allocation and expenditure on R-NDS activities. The NDS also states that the results framework is articulated at the national level by cluster, strategic objectives, outcomes and outputs. However, the NDS goes on to state that the next stage of the operationalization of the results framework will be at sectoral, state and local levels and will be designed as part of the R-NDS implementation and that the capacity of state and local authorities will be strengthened to conduct routine monitoring and coordinate delivery of projects and activities.

The sector working groups are also meant to develop monitoring and evaluation plans that set out the objectives and targets for each agency along with well-defined and quantifiable indicators and meet on a quarterly basis and tasked with providing a short progress report that uses as its basis the indicators and targets specified in the sector matrices. The NDS mandates the sector working groups to carry out regular, in-depth and independent assessments of member agencies to evaluate progress against stated indicators and to ensure that activities are being undertaken as planned. It is planned that after the first 18 months of the R-NDS implementation, the Ministry of Finance and Planning will organize a mid-term review to assess progress, note implementation bottlenecks and recommend to the GRSS and its development partners ways to address the bottlenecks. And at the end of the three-year lifespan of the R-NDS, a summative evaluation will be conducted which will recommend a roadmap for the next medium-term National Development Plan, drawing lessons from the R-NDS implementation. However, even with these elaborate plans to monitor and evaluate the R-NDS, it will be suboptimum for the DTIS, 2022 to seek to rely on these

mechanisms. This is mainly the history of the government record on meeting these noble plans is modest at best. It is therefore important for the MTTI working with development partners involved in AfT to set up aligned mechanisms for the M&E of the DTIS, 2022. Based on the Country Programme Action Plan (CPAP). UNDP which is supporting the formulation of the update of the DTIS, through the EIF Tier 1 project, has set out mechanism for the carrying out of regular M&Es. Therefore, a National Implementation Unit (NIU) working with UNDP through EIF sets clearly M&E timelines that should be followed strictly. The evaluation of the EIF Tier 1 project which is underway needs to come up with recommendations on these M&E plans. The NIU should also work with National Steering Committee on trade to trade is mainstreamed in development programmes and that the M&E envisaged in the R-NDS is coordinated well technically and institutionally with EIF mandated M&E mechanisms.

9.12 M&E of DTISU 2020

The DTIS, 2014 did not include a clear M&E and that was partly responsible for failure to assess its effectiveness. Based on the above discussion, this DTS, 2022 proposes a rigorous monitoring and evaluation, SEE figure 84. As noted earlier, trade policy coordination is being done by a very under-resourced NIU which will need serious revamp if it is meet the task of monitoring and evaluating the DTIS, 2022. As noted, earlier the DTISU, 2022 recommends the Programme National Steering Committee (PNSC) chaired by the Undersecretary of Trade and Industry that will coordinate and oversee all trade related activities now to include the DTIS, 2022. This NSC would be linked to the M&E framework proposed in the R-NDS including the evaluations milestones proposed in the NDS. The PNSC will have focal points in all the trade related agencies and institutions. The PNSC will not replace the current EIF NIU but will superintend over it.

Figure 84:Implementation arrangements for the DTISU 2020 Consolidated Action Matrix



Components of the DTSU, 2022 Implementation and M&E Arrangements (Figure 84)

1. **Ministry of Trade and Industry**- National Lead Agency (NLA)/DTISU 2020 and programme owner.

2. **Collaborators**-These are the 11 major organizations that are involved in the implementation of the DTISU 2022 Programme: Bank of South Sudan, South Sudan Bureau of Statistics, Ministry of EAC, SSRA-Customs, Ministry of Justice, Ministry of Agriculture, Ministry of Finance, Ministry of Interior, Ministry of Security, Ministry of Transport, Ministry of Gender, Ministry of Energy, Ministry of Tourism, Ministry of ICT, Ministry of Higher Education, Ministry of Lands, Ministry of Livestock and Fisheries, Ministry of Forestry, and Ministry of Petroleum. The head of the organizations concerned will nominate their representatives.

3. **Programme Steering Committee 2022.** Representatives of the collaborators in DTISU 2020 Programme implementation, coordination and monitoring. It would be chaired by the head of the Undersecretary Ministry of Trade and Industry who reports to the Minister, as appropriate, on the progress of the DTISU 2020 Programme and obtains directives from

him/her. They would also interact with their counterparts in collaborator organizations for resolving issues that may crop up from time to time during implementation. The PNSC will meet quarterly. It will devise its own work procedures and may enter into a formal understanding, in the form of a Memorandum of Understanding, with lead and collaborator agencies for their commitment to implement the DTISU 2022 Programme.

4. National Implementation Unit-The National Implementation Unit (NIU) under the Department of Trade is responsible for regular coordination, follow-up and monitoring of the DTISU 2022 Programme. The NIU reports to the head of the Department of Trade and functions as the Secretariat of the PNSC.

5. Sectoral Focal Officers-Designated SFOs (middle level) from major collaborator organizations and stakeholders report to their supervisors, participate in the PNSC meetings and interact with NIU on a regular basis.

SCHEDULE: DTISU 2020 CONSOLIDATED ACTION MATRIX

Chapter 1: Ensuring Macro-Economic Stability for Inclusive Trade and Sustainable Development

Lead Implementing Agency: Ministry of Finance and Economic Planning

Actions/measures (Project)	Outputs	Collaborating Agencies	Time-frame	Budget estimate (USD million)	Potential financing source
1.01 Support to growth of productive sectors of the economy including agriculture and industry	Channel more money in agriculture and industry	MTTI Bank of South Sudan South Sudan Bureau of Statistics	Medium Term (2024-2027)	500	GoSS WB
1.02 Fiscal sector streamlining and transparency	Transparency in oil revenue management that ensures oil revenue flows into the budget in order to enhance higher productive spending.		Short Term (2022-2023)	10	EU
1.03 Exchange Rate Policy reform especially continuing to harmonize the dual rates	A sustainable and transparent exchange rate policy that promotes trade		Short Term (2022-2023)	5	GoSS
Sub-total: 3 projects				515mil (ST 15 mil; MT 500mil)	

Chapter 2: Regional Integration and WTO Accession

Lead Implementing Agency: Ministry of Trade and Industry

Actions/measures (Project)	Outputs	Collaborating Agencies	Time-frame	Budget estimate (USD million)	Potential financing source
2.01 Streamline the Tariff Regime	Tariff aligned to national development objectives and commitment in the Regional and multilateral Trade regime EAC CET reviewed and adapted to suit industrialization objective	Ministry of EAC Customs Ministry of Justice	Medium Term (2024-2027)	1	UNCTAD TMEA
2.02 o Review import licensing Regime in line with international best practice	An import licensing regime that is competitive and selective		Short Term (2022-2023)	0.1	TMEA
2.03 Harmonise local taxation regime with the national trade development priorities, including elimination of multiple taxation	A local taxation regime that supports SMEs growth, industrial development, economic diversification and export development Strategies		Medium Term (2024-2027)	0.2	EU
2.04: Support and popularize the application of ROO System which is transparent, accountable, fair, predictable and compatible with WTO and regional Trade agreements	A transparent, accountable, fair, predictable ROO that is compatible with WTO and regional Trade agreements for enhanced trade		As above	0.2	EU
2.05 Review export tax policy to promote value addition in few selected products in order to achieve South Sudan's industrial growth aspiration and to promote sustainable trade and investment	A competitive export tax policy that promotes value addition and industrial growth sustainable trade and investment		As above	0.1	UNCTAD

<p>2.06. Facilitate WTO Accession</p>	<p>Capacity for negotiators enhanced Domestic legislative reviewed against the WTO obligation Standing trade negotiation team established Stakeholder trade negotiation committee established WTO Secretariat established Stakeholders sensitized on Market access opportunities</p>		<p>Medium Term (2024-2025)</p>	<p>1</p>	<p>WTO WEF</p>
<p>2.07. Facilitate Full EAC Integration</p>	<p>The draft South Sudan Policy on EAC integration adopted and effectively implemented A flexible reform process is agreed with EAC The private sector, civil society and the general community sensitized on EAC membership and capacitated EAC integration Monitoring Committee established</p>		<p>Medium Term (2024-2025)</p>	<p>1</p>	<p>TMEA</p>
<p>2.08 Promote Pan-African Trade and Economic Integration</p>	<p>Cost benefit analysis to inform the accession process undertaken to inform COMESA accession Ongoing negotiations and outstanding ratifications of the various Regional Economic Communities and Free Trade Agreements finalized Institutional capacity to support South Sudan Participation in various RECs or FTAs like EAC-SADC –COMESA Tripartite, AfCFTA, IGAD built Products for which South Sudan has potential to trade under</p>		<p>As above</p>	<p>0.5</p>	<p>AU NEPAD AfDB</p>

	the various RECs and FTAs promoted Private sector and community sensitized on the potential trade and investment related opportunities under EAC-SADC –COMESA Tripartite, AfCFTA, IGAD, COMESA				
Facilitate EU –EAC EPA Accession	Cost benefit analysis to inform possible South Sudan accession to the EU-EAC EPA carried out Private sector and other stakeholders sensitized and their capacity built on how harness market access opportunities under the EU-EAC EPA.		As above	0.1	EU
Facilitate accession to Unilateral Preferential Agreements such as AGOA	Trade and investment relations with China, India and Japan under the existing Preferential Trade Agreement with LDCs strengthened Trade and investment relations with the United States under AGOA framework restored; Products for which South Sudan has potential to trade under the preferential schemes promoted South Sudan exporters assisted to cope with the requirements of preference schemes Reciprocal participation in exhibitions and trade fairs as well as respective country week promotional events done; Awareness among South Sudan producers about these preference schemes from which South Sudan benefits raised		As above	0.1	USAID

Sub-total for the 9 projects				4.3mil (ST 0.1 mil; MT 4.2mil)	
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Chapter Three: Standards and Quality Infrastructure

Leading Agency: South Sudan National Bureau of Standards

Actions/measures (Project)	Outputs	Collaborating Agencies	Time-frame	Budget estimate (USD million)	Potential financing source
3.01 Develop and complete the legal and regulatory framework	The draft National Quality Policy approval reviewed and updated and submitted to the Council of Ministers All drafted bills, regulations, and other policies to support implementation of the quality infrastructure enacted (including possible reviews)	MTTI Customs Ministry of Agriculture	Short Term (2022-2023)	0.5	UNCTAD
3.02 Enhance the national quality infrastructure to develop and implement Standards and Regulations as well as adopt regional and international standards on the national priority products.	Institutional capacities to improve compliance with standards and technical regulations developed Policy makers sensitized on the provisions of the WTO Agreements on TBT and SPS Regulatory bodies trained on good practices for development and application of technical regulations A mechanism to coordinate the development of technical regulations and SPS measures set up Information on harmonized standards and gazette all the developed or adopted standards disseminated; Catalogue of national, regional and international standards established National and regional standards adopted Drafting of harmonized technical regulations covering the identified priority sectors supported;		Medium Term (2024-2025)	6	EU UNCTAD WTO

	<p>National technical standards harmonisation committees in the priority areas set up</p> <p>SSNBS staff supported to attend regional meetings for the adoption of regional standards</p> <p>ICT infrastructure (website) and committee meeting facilities (projector, printer, projector screen, video conferencing facilities) provided</p>			
<p>3.03 Strengthen metrology to provide calibration services to laboratories and companies with traceability to the international system of measurement (SI).</p>	<p>Capacities of institutions dealing with metrology and also harmonize local standards with regional and international standards upgraded;</p> <p>Some equipment for Gold Hallmarking and other legal metrology acquired and are training on specific priority dimensions and industrial calibrations done</p> <p>Verification procedures in priority areas for the nation harmonized;</p> <p>Support for participation in the activities of international and regional metrology organizations and membership fees provided</p>		<p>Long Term (2025-2030)</p>	<p>3</p> <p>UNCTAD EU</p>
<p>3.04 Designate a national accreditation point within MTI to ensure that conformity assessment bodies have access to accreditation services</p>	<p>Competent and qualified staff to the national accreditation point recruited</p> <p>Equipment for the national accreditation system acquired</p>		<p>As above</p>	<p>0.5</p> <p>EU WTO</p>

	<p>Legal and policy framework for the establishment of Accreditation Services in the country developed</p> <p>Staff (peer quality and technical evaluators) of South Sudan national accreditation national point trained in priority areas</p> <p>MOU with regional accreditation bodies in order to get capacity building through them signed</p> <p>Assessors for laboratories, certifications and inspections trained</p> <p>Enrolment of laboratories, certification and inspection bodies with regional accreditation bodies started</p> <p>Establish a database on accreditation, conformity assessment bodies and metrology</p>				
<p>3.05 Promote SSNBS quality and Certification Marks</p>	<p>Mandating of national certification bodies for the deliverance of Certification Mark and its promotion supported</p> <p>Staff of the national certification bodies trained</p> <p>SSNBS management system certification scheme complying to ISO 17021 supported</p>		<p>Short Term (2022-2023)</p>	<p>0.1</p>	<p>WTO</p>
<p>3.06 Strengthen Capacity and Capability of Testing Services</p>	<p>Gaps in testing laboratories especially test methods identified</p> <p>Testing methods and support laboratories to participate in proficiency schemes harmonized</p> <p>Functionality of laboratory equipment (calibration) ensured</p> <p>Operational links between different stakeholders (surveillance, response, food safety, animal health and laboratories) established</p>		<p>Short Term (2022-2023)</p>	<p>1</p>	<p>UNCTAD</p>

	<p>Personnel capacity (in-house training) and equip testing laboratories – identifying requisite skills and building capacity on that is key to managing a sound food safety control system built. Laboratories with required equipment, reagents and needed supplies is equally important equipped. Management system development (documentation, record keeping, internal auditing) supported Staff and set Standard Operating Procedures for Laboratory Accreditation (ISO IEC 17025:2017) trained Complementary laboratory equipment and analytical techniques acquired Mobile food testing laboratories at ports of entry (e.g. Kaya and Nadapal, etc.) introduced</p>				
<p>3.07 Upgrade the capacities of institutions dealing with inspections</p>	<p>The inspections and enforcement issues affecting different institutions identified Inspection procedures for compulsory specifications for high-risk goods developed; Compliance – information and guidance rather than control and sanctions (hands-on advice and predictable enforcement for SMEs) promoted; Systematic information sharing, automated planning, inspections records promoted; Make Regulatory enforcement made more effective – the role of adequate sanctions and liability;</p>		<p>Medium Term (2024-2025)</p>	<p>1</p>	<p>UNCTAD</p>

	<p>Inspection coordination issues (National vs. local inspections) improved Inspection bodies trained and coached to implement risk-based inspection and ISO 17020</p>				
<p>3.08 Strengthen Capacity of SPS Institutions for Animals and Plants Health</p>	<p>Development of Sanitary and Phytosanitary (SPS) strategy supported. Enforcement capacity for all laws, regulations, standards, and guidelines strengthened including SPS measures along all the agricultural and livestock value chains. SPS Cabinet Memo reviewed and updated to reflect the current situation and submitted to the Council of Ministers for approval National SPS Committee established and provided with adequate support to carry out its mandates. Adequate technical livestock production and animal health officers, and crop production and plant protection officers recruited and deployed Adequate stocks for reagents/chemical and require standards and certified reference materials supplied and maintained. Staff trained on SPS measures and Animal Health Official Controls Awareness among stakeholders on SPS requirements, regulated crop pests and the means of their prevention and control created Adequate technical crop production and plant protection officers recruited and deployed</p>		<p>Long Term (20252030)</p>	<p>0.5</p>	<p>FAO</p>

	<p>Staff trained on SPS measures and crop pests risk analysis</p> <p>Technical capacity of the Pest Control laboratory and add satellite laboratories across the country and at the ports of entry built</p> <p>Border animal health inspection points at Juba International Airport and Nimule, Nadapal, and Kaya border points rehabilitated and re-equipped the.</p> <p>International Standards for Phytosanitary Measures No. 15 for packaging of export products and IPPC provisions including certification implemented.</p> <p>OIE Terrestrial Animal Health Code at the ports of entry implemented</p> <p>Market access for livestock /livestock products improved</p> <p>Three local slaughterhouses in Juba, Wau and Malakal and the export slaughterhouse in Juba constructed</p>				
<p>3.09 Improve food safety and food control system</p> <p>3.9.1 Food Legislation, Laws and Regulations</p>	<p>Public Health Laws / Food Laws including those policies and regulations that are in draft forms enacted</p> <p>Legal and regulatory frameworks for the synergy of an effective food safety control system consolidated</p> <p>International standards gazetted by SSNBS and shared with stakeholders in food safety</p>		<p>Medium Term (2024-2025)</p>	<p>0.1</p>	<p>FAO</p>
<p>3.9.2 Food Control Management</p>	<p>Regulatory framework will facilitate effective implementation of food safety and reduces confusion harmonized.</p>		<p>Long Term (2025-2030)</p>	<p>0.1</p>	<p>FAO WB</p>

	Country Competent Authority established or appointed. National Strategy for Food Safety developed			
3.9.3 Food Inspection Service	Ministries and Agencies involved in food safety inspection service specified National database for all food premises formed) Inspection frequency determined on a risk-based. Integrated inspection guidelines and codes of practice for conducting food safety inspection should be developed for inspection officers to ensure consistent approach and compliance		As above	0.1 FAO WB
3.9.4 Laboratory Services	IDSR and DHIS-2 system to get information on food-borne diseases reviewed Capacities of different laboratories: SSNBS, Min. Agri., Min. Fisheries., etc., both at borders and in cities where central testing is conducted delineated. Multi-sectoral laboratory technical working group constituted		Medium Term (2024-2025)	1 UNIDO WTO
3.9.5 Stakeholders management	Agencies that should engage and provide food safety communications and public education designated and roles specified.		Short Term (2022-2023)	0.1 GoSS
3.9.6 Information, Education Communication and Training:	Information regarding IEC programme and training supplied to help identify gaps in this area. • Information, education and communication materials developed and mass campaigns launched to educate general public and businesses Good Hygienic Practices (GHPs), Hazard Analysis and Critical Control Points		As above	0.3 WB

	(HACCP), Food Safety Management Systems (e.g. ISO 22000), and Risk Analysis in food value chains instituted.				
3.10 Build the capacity of the private sectors to understand their roles in the quality infrastructure of the country and to take advantage of the enhanced market access under the various trade in Goods and services 3.10.1 Trade Promotion Organisation and Sector Associations	Technical support to MTI to operationalize the industrial and private sector development strategy provided Supply chain diagnostics of national priority value chains Identify key players in the selected value chains conducted Guidelines for effectively linking local MSMEs to large national companies elaborated MSME supplier database, including profiles of MSMEs in the database developed; Awareness among the SMEs about the major standards that are required by certain export markets and guide exporters to comply with international standards raised Coordination and networking associations in the areas of quality promotion setup within MTI			0.3	AfDB
3.10.2 Coordinating Mechanism among Different Quality and SPS Related Institutions	Technical Coordination Unit at MTI set up Technical committee meetings with counterparts and stakeholders organized Information on the all projects being implemented in the ministry to all programme beneficiaries disseminated		Short Term (2022-2023)	0.1	WB
Sub-total for the 10 projects				14.8mil (ST 1.7 mil; MT 8.1 mil; LT 4.2 mil)	

Chapter 4: Trade Facilitation

Leading Agency: South Sudan Revenue Authority-Customs Department

Actions/measures (Project)	Outputs	Collaborating Agencies	Time-frame	Budget estimate (USD million)	Potential financing source
4.01 Harmonization of South Sudan Customs Forms and Declarations with those of the EAC	All EAC Forms and Declarations reviewed. Validity and importance of each of the customs forms and declarations analyzed. Based on the above assessment, customs forms for immediate implementation in South Sudan. Chosen Training regarding the relevant customs forms and declarations carried out. Pilot/trial for the customs forms ran. After a successful pilot, implementation of EAC finalized		Short Term (2022-2023)	0.2	TMEA EU
4.02 Creation of a detailed South Sudan Customs Services Website with relevant information on the country's rules for exportation and importation.	External website designer to design the webpage procured. Detailed relevant content gathered analysed and drafted. Development of the website finalized. Relevant customs officers to be able to manage and update the website trained		As above	0.1	TMEA EU
4.03 Implementation of the EAC Approved Economic Operator Programme	Awareness and commence application of a risk management system raised Customs officials on the details of AEO programme as part of a wholistic risk management system trained. Implementation for AEO with a pilot programme commenced. Issue a regulation mandating the implementation of AEO programme in South Sudan.		As above	0.1	AS ABOVE
4.04 Implementation of the EAC Simplified Trade Regime Programme	Customs Officers to accept the above-mentioned documents and other key features of the STR trained. Implementation of a pilot programme for the	MTTI Bank of South Sudan	Medium Term (2024-2025)	0.2	AS AOVE

	<p>implementation of the STR started.</p> <p>Regulation mandating the implementation of AEO programme in South Sudan issued.</p>	<p>Ministry of Finance</p> <p>Ministry of EAC</p> <p>Ministry of Justice</p>			
<p>4.05 Adopt the CET and implement a three-band tariff structure of 0percent , 10percent and 25percent and the EAC Sensitive Items list.</p>	<p>Financing Act with relevant tariff structure put in place by GoSS</p> <p>Further details with regards to the implementation of the Customs Union are outlined in the Draft South Sudan National Policy and Strategy for EAC Implementation issued.</p> <p>Detailed analysis of CET that will incorporate tariff lines, costs to consumer, revenue effects to the government, revenue figures etc, carried out</p>	<p>Ministry of Interior</p> <p>Ministry of Security</p>	<p>Medium Term (2024-2025)</p>	<p>0.2</p>	<p>TMEA</p>
<p>4.06 Implement the EAC Customs Management Act</p>	<p>Customs Officers trained on the CMA.</p> <p>National Customs law reviewed to incorporate provisions of the CMA and related regulations.</p> <p>National Customs Law, CMA Regulations, Duty Remission Regulations, and Compliance Management Regulations, made available to relevant departments of SSCS.</p> <p>South Sudan Customs Operating Procedures developed/reviewed/realigned to ensure compatibility with the CMA and related regulations</p> <p>Customs Officers trained on the revised and CMA compatible operating procedures</p>		<p>As above</p>	<p>0.2</p>	<p>TMEA</p>
<p>4.07 GATT valuation System as stipulated in the EAC CMA</p>	<p>South Sudan becomes a signatory to the Valuation Agreement</p> <p>Training on the Valuation Agreement carried out</p> <p>Valuation Handbooks procured.</p> <p>Overall process of procedural and management change in line with the provisions of the GATT Valuations System undertaken.</p>		<p>Long Term (2025-2030)</p>	<p>0.2</p>	<p>WTO</p>

<p>4.08 Implement the EAC Customs Regulations (The EAC Customs Management Regulations; b) The EAC Customs Management (Duty Remission) Regulations; c) The EAC Customs Management (Working Arrangements between the Directorate and Customs) Regulations; and d) The EAC Customs Management</p>	<p>EAC Customs Regulations adopted, EAC Customs Regulations procured Officers trained South Sudan Customs Services undertake an overall process of procedural and management change to implement the reforms required by the EAC Customs Regulations.</p>		<p>As above</p>	<p>0.3</p>	<p>TMEA</p>
<p>Implement the EAC Rules of Origin.</p>	<p>EAC RoO. Adopted Training of Customs Officers on RoO carried out. Copies of the RoO Manual procured RoO Unit, responsible for issuing and verifying the Issuance of certificates of Origin established</p>		<p>Medium Term (2024-2025)</p>	<p>0.1</p>	<p>TMEA EU</p>
<p>4.09 RSS to issue Certificates of Origin.</p>	<p>Specific administrative system for the issuance of Certificates of Origin designed by NRA to sanction default. Certificates of Origin printed and issued</p>		<p>As above</p>	<p>0.1</p>	<p>AS ABOVE</p>
<p>4.10 RSS implements the following EAC Customs Procedure manuals: EAC Customs Procedures; EAC Valuation Manual; EAC Post Clearance Manual; The EAC Rules of Origin Manual; and The EAC Duty Remission Manual</p>	<ul style="list-style-type: none"> Manuals implementation related to activities already outlined in this Roadmap EAC Customs Procedure Manuals adopted and implemented 		<p>Long Term (2025-2030)</p>	<p>0.2</p>	<p>AS ABOVE</p>
<p>4.11 Implement the EAC Customs IT Regulations.</p>	<ul style="list-style-type: none"> Pilot stage that will interface South Sudan Customs with their counterparts at Uganda Customs finalized. Customs migrated to Asycuda World. 		<p>Long Term (2025-2030)</p>	<p>0.1</p>	<p>AS ABOVE</p>

	<ul style="list-style-type: none"> Comprehensive programme for the automation of Customs systems undertaken. Additional computer equipment and software procured to cater for the needs of EAC Customs Strategy. Legal framework and IT/Computer Experts recruitment 				
4.12 Customs to cooperate with EAC Partner States customs administrations in order to enhance integration of EAC.	Revenue Authorities participate in customs activities such as meetings, EAC Heads of Customs Committee meeting etc. Cooperation instruments adopted and information shared with other Customs administrations of EAC Partner States. Participate in border security meetings and joint border patrols.		Short Term (2022-2023)	0.1	AS ABOVE
4.13 Implement the EAC customs Management (Compliance and Enforcement) Regulations)	EAC Customs Management (Compliance of Enforcement) Regulations applied, training and adoption of risk management Authorized Economic Operators programme established and implemented. Participate in EAC Authorized Economic Operator meetings. Customs participate in the review of the EAC Compliance and Enforcement Action Plan.		Medium Term (2024-2025)	0.1	AS ABOVE
Management of Duty remission and exemption regime	Customs Expert participate in relevant meetings on the subject. Submit all national exemption laws related to customs. Assessment of the RSS Investment Act and other legislation carried out in view to align these legal texts with the EAC Exemption and Duty Remission Regime. Implement EAC Exemption and duty remission schemes implemented and officers trained		Medium Term (2024-2025)	0.2	AS ABOVE
Elimination of NTBs	Implementation of National NTB Monitoring Committee supported.	MTTI	Medium Term	0.3	TMEA EU

	<p>Cross-Border Trade Committees strengthened;</p> <p>Cross-border trade associations (CBTAs) established to provide an institutional framework for small-scale cross-border traders lobbying;</p> <p>Establishment of Trade Information Desks (TIDs) on border points for access and sharing of trade information among the SMEs facilitated</p> <p>All national NTBs to South Sudan's exports removed and mechanism of safeguarding emergence of national NTBs put in place.</p>	<p>Bank of South Sudan</p> <p>Ministry of Finance</p> <p>Ministry of Transport</p>	(2024-2025)		WB USAID
Gender Integration in border trade	<p>Economic empowerment programmes targeting the women, youths and people with disabilities implemented with a view to enable them participate more in trade;</p> <p>Impacts of trade policies on the wellbeing of men and women and ultimately on the household assessed.</p> <p>Ensure gender and youth policies provides economic and trade opportunities for women, youth including people with disabilities.</p> <p>Education programmes to eliminate prejudices against women and promote gender equality developed.</p>	<p>MTTI</p> <p>Bank of South Sudan</p> <p>Ministry of Finance</p> <p>Ministry of Transport</p> <p>Ministry of Gender</p>	Short Term (2022-2023)	0.5	TMEA EU WB USAID UN
Sub-total for the 16 projects				3.2 mil ST 1mil; MT 1.4mil; LT 0.8mil)	

Chapter 5: Business Environment and Entrepreneurship

Leading Agency: Ministry of Trade and Industry

Actions/measures (Project)	Outputs	Collaborating Agencies	Time-frame	Budget estimate (USD million)	Potential financing source
5.01 Investment promotion and facilitation measures	Global commercial and economic diplomacy to restore the image of South Sudan as a peaceful destination for investment undertaken. South Sudan Peace Agreement signed in September 2018 to strengthen investment related institutions to instill good governance effectively implemented Investment in key prioritized and productive sectors promoted to increase production and product diversification through production in value added products. Investment laws and other related legislations re-examined to ensure it promotes investor confidence and compatibility with regional and multilateral trade agreements	MTTI Bank of South Sudan Ministry of Finance Ministry of Transport Ministry of Energy Ministry of Tourism Ministry of ICT	Short Term (2022-20230)	1	EU AU IGAD
5.02 Review the Land policy to support trade and investment	Land Policy and corresponding legal framework review and implemented to facilitate identification and acquisition of land for productive investments Land Registry digitized to enhance security and transparency in land administration system; Land approval process harmonized in line with investment Promotion Act and regulation		Medium Term (2024-2025)	0.5	GoSS

5.03 Reduce Conflict/Insecurity	Conflict/Insecurity reduced through political accommodation	Ministry of Interior Ministry of Security	Short Term (2022-2023)	1	GoSS IGAD
5.04 Improve Transport and logistics for trade	Transport and Logistics improved by construction more roads and rehabilitating old ones Checkpoints on roads and rivers reduced Navigation on rivers and modernize the ports improved Clearing for exports and imports in South Sudan streamlined	MTTI Ministry of Transport	Long Term (2022-2030)	10000	WB EU AfDB GoSS
5.05 Increase Access and reduce const of power	Access and lower costs of power by construing more power stations increased Green energy explored especially given the huge potential for solar energy	Ministry of Trade Ministry of Energy	Long Term (2025-2030)	500	WB EU AfDB GoSS
5.06 Ensure Contract Enforcement	Legal and regulatory framework for anti-corruption and public financial management strengthened and implementation and compliances in all spheres including procurement increased	Ministry of Trade Ministry of Justice	As above	0.2	GOSS
5.07 Stream Taxation Regime	Taxation Regime by especially eliminating multiple taxation streamed	SSRA Ministry of Finance MTTI	Medium Term (2023-2024)	0.2	WTO
5.08 Access to Finance to the private sector especially SMEs	National financial inclusion strategy developed and implemented to increase access to and use of financial services South Sudan microfinance Development Facility (SSMDF) an Apex Institution strengthened to champion the development of microfinance and financial cooperatives to finance MSMEs such as Women Enterprise Development		As above	5	UN WB AfDB

	Fund; Youth Enterprise Development Fund Collateral registries and credit history instruments established to improve access to finance				
5.09 To improve the Competition Regime	A Competition law enacted to promote efficiency, enhances the development of productive sector, and protect consumers; A strong autonomous competition authority set up to effectively and efficiently administer the new competition law.	MTTI Ministry of Justice	As above	0.5	WTO
5.10 To protect the Intellectual Property Rights of the population	IP related legislations (Copyright, Trademark, Patents, etc.) in line with TRIPS and national policy objectives enacted and implemented; Join the World Intellectual Property Organisations and IPR Regional organizations; follow WIPO Membership, accede to IPR related conventions to create a conducive environment for trade and investment; Institutional framework to facilitate effective implementation of IPR related laws and regulations reviewed and strengthened		As above	1	WB
5.11 To ensure Consumer Protection	Legal and policy framework to protect consumers against harmful or fake products and ensure its implementation finalized.		Long Term (2025-2030)	0.2	GOSS
5.12 Improve Governance	Government service delivery and predictability of policy ensured		Medium Term (2023-2024)	1	USAID EU UKAID
5.13 Review and enact Business policies, laws, and regulations	Policies, laws, and regulations that support business finalized		As above	0.1	UKAID

<p>5.14 Support Cooperative Development</p>	<p>Financial literacy programs enhanced which will allow cooperatives to be accountable, transparent and prudent thus, ensuring their longevity Cooperative-related legislations reviewed and effectively enforced to enhance effective governance of the sector; Establishment of cooperative in key productive sectors like fisheries, agriculture, Livestock and other service-oriented sector industries promoted; Formation of private sector associations and support the operations of the existing ones supported The government and private sector to work together to come up with clear strategies and materials including curricular for Business support and development services in the country.</p>	<p>Ministry of Trade Ministry of ICT Ministry of Higher Education</p>	<p>Medium Term (2023-2024)</p>	<p>1</p>	<p>EU</p>
<p>5.15 Women/youth entrepreneurship development</p>	<p>Women on simplified trade regimes trained so they are not exploited through paying bribes to clear their goods Sexual harassment, exploitation and rape that is hindering women to enter business eliminated Training and networking opportunities for women provided Women economic empowerment programs such as women enterprise funds that will among others increase access to finance for women designed</p>	<p>Ministry of Gender Ministry of Higher Education</p>	<p>As above</p>	<p>5</p>	<p>EU WB</p>
<p>5.16 Micro, Small and Medium Enterprises Development enhanced</p>	<p>Business skill development programme within private sector redesigned and institutionalized to benefit all level of business to enhances</p>	<p>MTTI</p>	<p>As above</p>	<p>2</p>	<p>WB EU</p>

	<p>their competitiveness to conduct business domestically, regionally and internationally.</p> <p>Single permit business license availed to all SMEs operating in designated market places/work spaces and provide protection against harassment from any arm of the Government.</p> <p>private sector organisations that operate across more states strengthened to be able to articulate the needs of SMEs and informal traders better.</p> <p>Capacity building programmes on proposal writing, business plan development, management, bookkeeping and accounting implemented</p>				
5.17 Set up Industrial Parks and Special Economic Zones	Development of Industrial Parks and Special Economic Zones to provide a conducive and reliable work stations for investors fast tracked	Ministry of Lands Ministry of Agriculture MTTI	As above	100	WB EU AfDB
518 Skills Development	Industry needed TVET national policy/programmes designed to produce the skills needed in the country for private sector and industry development	Ministry of ICT Ministry of Higher Education	As above	5	WB EU AfDB UN
Sub-total for the 18 projects				10,616.7mil (ST 2mil; MT 116.3mil; LT 10,500.4mil)	

Chapter 6: Sectoral Trade, Economic Diversification and Competitiveness

Leading Agency: Ministry of Trade and Industry

Actions/measures (Project)	Outputs	Collaborating Agencies	Time-frame	Budget estimate (USD million)	Potential financing source
6.01 Economic diversification including general Agricultural development	<p>Investment priorities in the Comprehensive Agriculture Master Plan CAMP/IDMP 2015-2040 to increase domestic production, local and regional supply capacity, promote value addition and to strengthen national value chain implemented</p> <p>Two to three growth hub areas focused on farming, value addition and agribusiness; market systems developed focusing on key priority sectors. Product development incubators/centres linked to export market potential to harness innovations and inventions geared towards production of value-added products for the regional and international markets. National Export Strategy targeting priority sectors and product in agriculture value chains developed and implemented</p> <p>Policies to help integrate small farmers into the market economy (emphasis on the facilitation of contract farming, collective bargaining, farmer associations, food price stabilisation, and the success of high-value agriculture on small farms) designed</p>	<p>MTTI</p> <p>Ministry of Agriculture</p> <p>Ministry of Animal Resources</p>	Long Term (2025-2030)	500	FAO EU WB AfDB
6.02 Tourism value chain development	<ul style="list-style-type: none"> •Restore peace and stability in South Sudan •Existing roads improved and new ones connected to connect tourists' sites •Landmines clearances to ensure confidence and avoid fear 	Ministry of Tourism	As above	50	EU AfDB WB

	<ul style="list-style-type: none"> •South Sudan government strengthens network with the private sectors •Service standards by educating and training civil servants improved •Greater market awareness 				
Fisheries development	<p>Invest in cold fish storage and drying facilities and reduce reliance on sun-drying such as solar dryer</p> <p>Marketing systems for South Sudan fish nationally and regional to expand the market for fish developed</p> <p>Personnel and equipment across the fish value chain improved to increase capacity nationally and regionally</p> <p>Women supported to form fishing groups/cooperatives and to access finances to increase capacity for fishing and fish trade</p> <p>Investments in fish value addition to produce a variety of products supported to be marketed nationally, regionally and internationally</p>	Ministry of Livestock and Fisheries	Medium Term (2023-2024)	50	FAO
6.04 Commercialize Timber	<p>Deforestation and forest degradation by implementing sustainable forest management stemmed</p> <p>Forest governance especially ownership rights between levels of government and the communities streamlined</p> <p>Forestry department equipped to fight forest fires</p> <p>Legal and regulatory framework against charcoal burning and indiscriminate deforestation for fuel wood enhanced</p> <p>Public and private sector investment in technology to commercialize forest resources enhanced</p> <p>Land legal framework to support sustainable forest management reviewed and streamlined</p>	Ministry of Interior Ministry of Forestry	Medium Term (2023-2024)	100	EU

	<p>Participation of women in forest product commercialization improved</p> <p>Capacity of the private sector improved with personal and machinery to commercialize forestry</p> <p>Value addition opportunities in forestry expanding the ones already being produced such as gum Arabic, teak and shea nut enhanced but also expand into other products with national, regional and international market</p>				
6.05 Livestock Development	<p>Policy, institutional, legal and strategic framework to grow the livestock sector developed</p> <p>Production and productivity enhanced by improving technologies for production and value addition</p> <p>Investments in animal health and food safety enhanced to increase marketability of livestock</p> <p>Market for domestic livestock developed to beat the stiff competition from regional and global actors and products</p> <p>Taxation in the livestock value chain by streamlining the multiple taxes being charged on livestock streamlined</p> <p>Public investment in the livestock subsector across various value chains enhanced</p> <p>Research and trainings in livestock production and processing and marketing enhanced</p> <p>Insecurity including cattle raiding and rustling, disrupting livestock activities and commercialization solved</p>	Ministry of Livestock and Fisheries	Long Term (2025-2030)	100	FAO
Commercialize Honey	<p>Deforestation, land degradation and cattle keepers attacks that are destroying the beekeeping ecosystem stemmed</p>	Ministry of Livestock and Fisheries	Long Term (2025-2030)	50	EU WB

	Private sector to invest in storage facilities and honey aggregation and packaging facilities supported Honey harvesting and marketing supported cooperatives with training and processing	Ministry of Forestry MTTI			
Sesame Development	Farmers supported with land preparation technologies including tractors and other equipment, and inputs like pesticides by developing private markets National extension services and other advisory services developed Proper national policy regarding sesame including on standards done Cooperatives to procure equipment and machinery for processing sesame especially those of women and the youth supported Work with research and academic institutions to diversify sesame products Sesame and simsim export market potential developed by linking players to regional and international networks	MTTI Ministry of Agriculture	As above	70	FAO
6.08 Develop and commercialize gum Arabic	Laws governing the use of forest, and prohibit the burning of the forest enforced to save the forest and gum Arabic from unnecessary destruction. Funding of Forestry department improved for commercialization and value chain development Laboratories set up for analyzing the chemical properties of the gum Arabic Orientation and/or advisory for the public through the media - radio, television, newspapers, and extension services on the importance of the gum Arabic Producers on tapping, drying, cleaning, sorting, packaging and storing as well as business management skills trained.	MTTI Ministry of Agriculture Ministry of Forestry	As above	50	FAO WB

	<p>Make necessary equipment available for tapping, harvesting and handling as well as gum boots and eye glasses.</p> <p>Marketing centres managed by the producers supported to enable them negotiate for better gum prices established</p> <p>Strong linkage between the producers and the exporters of gum Arabic as a way to improve market efficiency of gum in the country established.</p>				
6.09 Oil Industry Development	<p>Political stability and security to enable investment in the oil sector and this will in turn avert quick aging of the oil infrastructure ensured</p> <p>Funds from the oil money for the development of the oil sector and for repairs of the equipment in case of any breakdown set aside.</p> <p>South Sudan oil resources marketed internationally to attract FDI to the sector.</p> <p>The MOP and the contractors apply improved Oil Recovery (IOR)/Enhanced Oil Recovery (EOR) technology so as to increase the potential oil output.</p> <p>The Ministry of Petroleum establishes a Petroleum Training Centre (PTC) although at</p> <p>The petroleum audit being carried out by Earnest and Young should be finalized and the results put into practice</p>	<p>MTTI Ministry of Finance Bank of South Sudan</p> <p>Ministry of Petroleum</p> <p>Ministry of Lands</p>	Medium Term (2023-2024)	100	GOSS
6.10 Mineral Sector Development	<p>Political stability and stable security in the country to enable mineral exploration and production ensured</p> <p>More funding be attracted to the sector and this could be through investment promotion strategies of the investment agencies of the government.</p> <p>Marketing of the mining sector in the country by providing information through brochures,</p>	<p>MTTI Ministry of Finance Bank of South Sudan</p> <p>Ministry of Minerals</p> <p>Ministry of Lands</p>	As above	100	GOSS WB

	<p>newspapers, workshops, television, and similar others</p> <p>The mining ACT 2012 reviewed in order to update the monetary values for fines to reflect the current exchange rate of the national currency (SSP) relative to other currencies</p> <p>An enabling environment for investments enhanced .</p>				
<p>Sub-total for the 10 projects</p>				<p>1170mil (MT 350mil; LT 820mil</p>	

Chapter 7: Digital Trade and E-Commerce

Leading Agency: Ministry of ICT

Actions/measures (Project)	Outputs	Collaborating Agencies	Time-frame	Budget estimate (USD million)	Potential financing source
7.01 E-Commerce Readiness Assessment and Strategies Formulation	<p>The national e-commerce strategy, aligned with government frameworks developed</p> <p>A national multi-sectoral task force on e-commerce should be established, to drive ICT and e-commerce growth in the country.</p>	<p>MTTI</p> <p>Ministry of ICT</p> <p>Ministry of Energy</p>	Short Term (2022-2023)	0.5	WTO TMEA WB
7.02 ICT Infrastructure and Services expansion	<p>The National Backbone Infrastructure should be expanded into most towns and rural areas to provide affordable and reliable broadband Internet.</p> <p>A study of the cost structure of Internet connectivity and data affordability be undertaken to identify concrete steps to reduce current costs.</p> <p>Specific policies and regulations be put in place to ensure fair competition in the telecommunications sector.</p> <p>Post-investment support to new Mobile Network Operator (MNO) investors, in the form of advisory services and technical support, strengthened.</p> <p>Access to electricity expanded across the country, especially in rural areas.</p>		Long Term (2025-2030)	50	WB EU AfDB
7.03 Payment Solutions introduced	The legal and regulatory framework enhanced to facilitate the development of		Medium Term (2023-2024)	100	EU AfDB

	<p>fintech such as payment systems.</p> <p>Awareness and sensitization campaigns for both public and private sector stakeholders organized to reduce fears and lack of trust in e-payment solutions.</p>				
7.04 Legal and Regulatory Framework	<p>Information and awareness-raising programmes on ICT and e-commerce laws and regulations implemented across all levels of society, including those who do not read and write.</p> <p>Awareness raising on the new Cybersecurity and Data Protection and Privacy Bill and its implications.</p> <p>Investment incentives, particularly tax incentives provided to stimulate creation of IT firms and online businesses. A mentoring program under the South Sudan Business Forum for young entrepreneurs established.</p>		As above	2	WB
7.05 e-Commerce Skills Development	<p>Availability of courses and training dedicated to digital business entrepreneurship increased</p> <p>Access to ICT and e-commerce skills at an earlier age through revised national curriculum increased.</p> <p>ICT research and innovation through financial support and technical assistance to the University of Juba, ICT Faculty promoted.</p> <p>A gap analysis to determine which e-commerce skills are most lacking among</p>		A above	1	WB

	<p>entrepreneurs and MSMEs conducted.</p> <p>A package of support provided by the Chamber of Commerce and SSBF, to include trainings and ongoing mentorship, for MSMEs and start-ups in e-commerce developed.</p>				
7.06 Access to Financing	<p>Funding opportunities for e-commerce firms by sensitizing banks and non-financial institutions to the unique operating models of such firms improved</p> <p>Innovative fintech and financial-insurance products for use by MSMEs interested in e-commerce launched.</p> <p>banks and insurance companies using the agency banking model, extend their network outside of the main cities to sell their products to entrepreneurs and MSMEs.</p> <p>Crowdfunding and venture capital as alternative sources of funding for e-commerce ventures promoted.</p> <p>A network of women in e-commerce and digital business established to help women employees and entrepreneurs in this sector.</p>		Long Term (2025-2030)	100	WB AfDB
Sub-total for the 6 projects				253.5 mil (ST 0.5 mil; MT 103 mil; LT 150 mil)	

Chapter 8: Trade Policy Coordination and Implementation in South Sudan

Leading Agency: Ministry of Trade and Industry

Actions/measures (Project)	Outputs	Collaborating Agencies	Time-frame	Budget estimate (USD million)	Potential financing source
8.01 Institutional Capacity of the Ministry of Trade and Industry	Institutional capacity of the Ministry of Trade and Industry enhanced through training and equipment and other support to enable Trade policy formulation and implementation	MTTI Ministry of Finance Ministry of EAC Ministry of Justice	Short Term (2022-2023)	2	WTO EU
8.02 Institutional Capacity and effectiveness to support coordination of WTO accession and regional integration initiatives	Institutional capacity and effectiveness of public institutional especially MTTI for effective coordination on WTO accession and regional integration initiatives enhanced		As above	0.2	AS ABOVE
8.03 The National Consultation Mechanism on Trade	Technical support for the National Consultation Mechanism on Trade undertaken		As above	0.2	AS ABOVE
8.04 Negotiation coordination mechanism and institutional capacity	Trade institutions for negotiation coordination supported with capacity enhancement		As above	0.1	WTO
8.05 Key trade related support institutions and their Mandate support	Human resource development support for Trade policy implementation provided		Medium Term (2023-2024)	0.2	WTO
8.06 Resource mobilisation for trade policy making and implementation	Resource mobilisation efforts especially AfT to support trade policy formulation and implementation supported		As above	0.1	GOSS
8.07 Monitoring and evaluation for trade policy implementation	Monitoring and evaluation for trade policy supported		As above	1	GOSS
8.08 Communication strategy for the trade related institutions	Development of communication strategy for the trade related institutions supported		As above	0.2	UN

8.09 Trade Related Private Sector Development Programmes	Trade Related Private Sector Development Programmes and Public-Private Dialogue mechanism in trade supported		As above	0.3	AfDB
Sub-total for the 9 projects				4.3 (mil (ST 2.5mil; MT 1.8 mil)	
Grand Total:				12,581.8 million (12.6 billion Dollars) ST 22.8M; MT 1,084.8M; LT 11,475.4M	

ANNEX TO CHAPTER 9.0: IMPLEMENTATION REVIEW OF DTIS 2014

Subjects	Objectives	No. of Actions/(Priority)	Implementation rate (estimate) percent	Remarks
CROSS-CUTTING CONSTRAINTS TO TRADE AND INVESTMENT				
1. BUSINESS ENVIRONMENT	Reduce the cost of doing business	2/6 (H/VH)	33	Working with Trinity Technologies, the government is attempting to set up an automated land registry. Though this is not yet finished. Working visits to regional countries like Uganda and Kenya were done.
	Enhance transparency and reduce the tax burden on enterprises	0/3 (H)	0	There was nothing done out of the planned three activities so transparency and tax overlap is still a problem as it was in 2014
	Promote investment and facilitate enterprise processes	1/6 (VH)	16.5	Some work-on-work permit was done. The rest of the six actions remained unfulfilled
	Promote enterprise development	1/5 (VH)	20	There is only some work by SSNBS to enforce standards was attempted
2. TRADE FACILITATION AND CUSTOMS	Support implementation of the new Customs Act (2014)	2/8 (VH)	25.0	Only the launch a media campaign targeted at economic operators and training Of border agencies in integrated border management were attempted
	Transform customs into a modern and efficient instrument for development	1/7 (VH)	14.2	As a requirement for the EAC CET there have been attempts at gazetting existing tariff schedule and to eliminate “nuisance tariffs” but these are still half done.
	Reduce transport cost	1/5 (VH)	20	There have been some work to formulate and implement road development programme and some upgrading inter-state roads to all weather roads, including definition of priority road network.
	Enhance quality infrastructure	1/7 (VH)	14.2	Only a little work has been done on ” Carry out

	and inspection procedures			conformity assessment of products and services based on quality and standards requirements” but still half done.
3. TRADE POLICY	Address tariff distortion and enhance transparency	1/3 (VH)	33.3	There have only been some work on “Support the EAC technical committee which will define trade negotiation positions”
	Enhance capacities to analyse trade policy issues and to develop policies which are in line with the objectives of the Government	1/2 (VH)	50	Both the “Set up a small Unit within the MTII which will develop analytical skills” and “Prepare an impact assessment of joining EAC or COMESA” have been started but not finalized
4. INSTITUTIONAL CAPACITY DEVELOPMENT	Adopt institutional arrangements for promoting the trade and development agenda	1/3 (VH)	33.3	With the signing of the Revitalized Peace agreement and the new institutional set up that came with it, one can say there was some work on “Adapt institutional set up to South Sudan’s context, seek endorsement at ministerial level and proceed to implementation”
	Sharpen the institutional structure to facilitate coordination and collaboration between services	1/6 (VH)	16.5	There has been some little action on “Use the NIU and EIF National Steering Committee to drive the institutional reform process” and ” Update the Ministry 2012 strategic plan, taking into account current context and needs”. Establishing formal coordination arrangements for trade negotiations has somehow been done.
	Improve the cohesion of staff, introduce systematic computerization and support leadership by improving skill set	1/7 (VH)	14.2	They were some few actions taken on almost all aspects here but most were insignificant
B. SECTOR OPPORTUNITIES				
5. AGRICULTURE	Prepare development	0/5 (VH)	0.0	There were some baby steps on undertaking field studies

	programme based on in-depth understanding of bottlenecks, potential demand and linkage with other sectors			involving farmers to assess supply and demand and identify potential backward and forward linkages and upgrading production, processing and distribution.
	Promote farmers' organizations to more effectively address market entry barriers	1/4 (H)	25.0	The draft cooperatives' regulations were produced
	Develop agribusiness	0/3(VH)	0.0	No much progress with this
	Increase production and exports of gum Arabic	1/4 (VH)	25.0	There were some engagements and training to enhance the capacities of the gum Arabic producers' cooperatives, including for negotiating prices
	Introduce community forest management	1/3 (H)	33.3	The Forestry Department managed to do some work with communities to develop capacities to manage forest exploitation in a sustainable way
	Increase exports of livestock	0/4 (H)	0.0	No much progress with this
6. OIL AND ELECTRICITY	Attract new investors in the oil sector	1/2 (VH)	50.0	Some work has been done on each of the two actions namely, "Conduct research and surveys" and Make data available online
	Build quality control for oil and petroleum derivatives	0/4 (VH)	0.0	No much progress with this
	Reduce the cost of electricity by firing the power grid with LPG rather than heavy oil (which is expensive and pollutes)	0/4 (VH)	0.0	No much progress with this
	Build capacity in the SSEC	0/2 (H)	0.0	No much progress with this
7. MINING	Maximise profits for South Sudan while keeping a competitive profile	0/4 (VH)	0.0	No much progress with this

	Conduct geological surveys and research	1/2 (VH)	50.0	There was some little work on conduct geological surveys of prospective areas and geological/mineralogical research (applied and practical)
	Market South Sudan as a mining country	1/4 (VH)	25.0	There was some work on making available online existing data related to geological prospective on a map-based information system
	Improve understanding of the Artisanal and Small Mining (ASM) sector in South Sudan	0/1 (H)	0.0	No much progress with this
8. INCLUSIVE TOURISM	Enhance institutional policy and regulatory framework for tourism development	0/3(VH)	0.0	No much progress with this
	Enhance the participation of local communities in tourism activities	0/3 (VH)	0.0	No much progress with this
	Tourism product development	0/3 (VH)	0.0	No much progress with this
	Make South Sudan known in tourism generating markets and facilitate access to the country	0/3 (VH)	0.0	No much progress with this
AVERAGE			16.0	