Government of South Sudan

Diagnostic Trade Integration Study Update

Leveraging Trade for Economic Diversification, Inclusive Growth and Economic Resilience

GOVERNMENT OF SOUTH SUDAN
Ministry of Trade and Industry

EIF Enhanced Integrated Framework

UNDP

Government of South Sudan

Diagnostic Trade Integration Study Update

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Abbreviations and acronyms

AEO	Approved economic operator
AfCFTA	African Continental Free Trade Area
AfDB	African Development Bank
Afreximbank	African Export-Import Bank
AfT	Aid-for-Trade
AGOA	African Growth and Opportunity Act
ARIPO	African Regional Intellectual Property Organization
ASRO	African Organisation for Standardisation
AUCPC	African Union Convention on Preventing and Combating Corruption
BC	Baltic Control
BIPM	International Bureau of Weights and Measures
BoSS	Bank of South Sudan
CAC	Codex Alimentarius Commission
CAGR	Compound annual growth rate
CAMP	Comprehensive Agriculture Master Plan
CBPP	Contagious bovine pleuropneumonia
CBTAs	Cross-border trade associations
CET	Common external tariff
CIML	International Committee of Legal Metrology
CIPM	Certificate in Investment Performance Measurement
CIS	Commodity inspection services
CMP	Common Market Protocol
COMESA	Common Market for Eastern and Southern Africa
CoO	Certificate of Origin
CoWE	Chamber of Women Entrepreneurs

CPAP	Country Programme Action Plan
CPIA	Country Policy and Institutional Assessment (World Bank)
DFCA	Drug and Food Control Authority
DIs	Diversification Indices
DRC	Democratic Republic of the Congo
DTISU	Diagnostic Trade Integration Study Update
EAC	East African Community
EALA	East African Legislative Assembly
EASC	East African Standards Committee
EATBT	East African Community Technical Barriers to Trade
EBA	Everything but Arms*
ECC	Electronic Communications in International Contracts
EIF	Enhanced Integrated Framework
EPA	Economic Partnership Agreement
e-Phyto	electronic phytosanitary certificate
EU	European Union
FCSs	Fragile and conflict-affected situations
FDI	Foreign direct investment
FMD	Foot and Mouth Disease
FTR	Foreign Trade Regime
GDP	Gross Domestic Product
GMP	Good Manufacturing Practice
GRSS	Government of the Republic of South Sudan
GSP	Generalised Scheme of Preferences
HACCP	Hazard Analysis and Critical Control Point
HPLC	High-performance liquid chromatography
IBES	Integrated Business Enterprise Survey
ICT	Information and communications technology
IDP	Internally displaced person
IFC	International Finance Corporation

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

IGAD	Intergovernmental Authority on Development
IMF	International Monetary Fund
INC	Initial National Communication to the UNFCCC
IPPC	International Plant Protection Convention
IPPDR	Interim Public Procurement and Disposal Regulations
IPR	Intellectual property rights
IRR	Internal rate of return
ISO 9001	International Organization for Standardization 9001
ISO 22000	International Organization for Standardization 22000
ISPMs	International Standards for Phytosanitary Measures
ITC	International Trade Centre
JICA	Japan International Cooperation Agency
KEBS	Kenya Bureau of Standards
Kg	Kilogram
LDCs	Least developed countries
MAFCRD	Ministry of Agriculture, Forestry, Cooperatives and Rural Development
MAFS	Ministry of Agriculture and Food Security
M&E	Monitoring and evaluation
MFP	Ministry of Finance and Planning
MFN	Most favoured nation
MFTR	Memorandum on the Foreign Trade Regime
MLF	Ministry of Livestock and Fisheries
MNO	Mobile network operator
MoGEI	Ministry of General Education and Instruction
MoP	Ministry of Petroleum
MoU	Memorandum of Understanding
MSME	Micro, small and medium-sized enterprise
MTI	Ministry of Trade and Industry
MUP	Monetary Union Protocol
MW	Megawatt
NAPA	National Adaptation Programme of Actions
NBI	National Backbone Infrastructure

NCA	National Communications Authority
NEP	National Enquiry Point
NGO	Non-governmental organization
NIU	(EIF) National Implementation Unit
NMC	National Monitoring Committee
NNA	National Notification Authority
NPPO	National plant protection organization
NPV	Net present value
NQI	National Quality Infrastructure
NQP	National Quality Policy
NRA	National Revenue Authority
NSC	National Steering Committee
NSPSC	National SPS Committee
NTB	Non-tariff barrier
NTFC	National trade facilitation committee
ODA	Official development assistance
OIML	International Organization of Legal Metrology
PAYE	Pay-as-you-earn
PHP	Potentially Hazardous Product
PI	Product Concentration Index
PNSC	Programme National Steering Committee
PPP	Public-private-partnership
PPR	Peste des Petits Ruminants
PTC	Petroleum Training Centre
PVoC	Pre-export verification of conformity
QIS	Quality infrastructure system
R-ARCSS	Revitalised Agreement on the Resolution of the Conflict in South Sudan
RBA	Roads and Bridges Authority
RECs	Regional Economic Communities
R-NDS	Revised National Development Strategy 2021-2024
RoO	Rules of Origin

RSB	Rwanda Standards Board
RTAs	Regional trade agreements
RTGoNU	Revitalised Transitional Government of National Unity of the Republic of South Sudan
RVF	Rift Valley Fever
SADC	Southern African Development Community
SDG	Sustainable Development Goal of the United Nations
SEZ	Special Economic Zone
SGS	Société Générale de Surveillance
SI	International System of Units
SME	Small and medium-sized enterprise
SPS	sanitary and phytosanitary
SSA	Sub-Saharan Africa
SSCAA	South Sudan Civil Aviation Authority
SSCCIA	South Sudan Chamber of Commerce, Industry and Agriculture
SSCS	South Sudan Customs Services
SSDP	South Sudan Development Plan
SSEC	South Sudan Electricity Corporation
SSLC	South Sudan Land Commission
SSMO	Sudanese Standards and Metrology Organization
SSNBS	South Sudan National Bureau of Standards
SSP	South Sudanese pound
SSRA	South Sudan Roads Authority
SSTDC	South Sudan Trade Development Committee
SSUWC	South Sudan Urban Water Corporation
SSWEA	South Sudanese Women Empowerment Association
SSWTUF	South Sudan Workers Trade Union Federation
STDF	Standards and Trade Development Facility
TBT	Technical Barriers to Trade
TDA	Tourism Development Authority
TC	Technical committee
TFTA	Tripartite Free Trade Area
TIDs	Trade Information Desks

TMEA	TradeMark East Africa
TNLA	Transitional National Legislative Assembly
TRFS	Trade Regulatory and Facilitation System
TRIPS	Trade-Related Aspects of Intellectual Property Rights
TRTA	Trade Related Technical Assistance
TVET	Technical and vocational education and training
UNBS	Uganda National Bureau of Standards
UNC	United Nations Convention
UNCAC	UN Convention Against Corruption
UNCITRAL	United Nations Commission on International Trade Law
UNCTAD	United Nations Conference on Trade and Development
UNFCCC	United Nations Framework Convention on Climate Change
UNIDO	United Nations Industrial Development Organization
US	United States
USA	United States of America
UV-VIS	Ultraviolet visible spectroscopy
VAT	Value added tax
WCO	World Customs Organization
WEI	Women Empowerment Initiative
WIPO	World Intellectual Property Organization
WOAH	World Organisation for Animal Health
WTO	World Trade Organization
WTO TFA	(WTO) Trade Facilitation Agreement

Forewords

Hon. **Kuol Athian Mawien**

I am pleased to present the South Sudan Diagnostic Trade Integration Study Update (DTISU) 2022. This is an update of DTIS 2014, which provided a foundation for mainstreaming trade into national development strategy and sector plans.

The Government of the Republic of South Sudan (GRSS) incorporates Aid-for-Trade (AfT) priorities of key stakeholders, recognizing the vital role of trade in achieving development aspirations aligned with the Revised National Development Strategy (R-NDS) 2021–2024 and the UN Sustainable Development Goals (SDGs).

The DTISU 2022 analyses key trade policy areas including: emerging trade development issues related to market access (World Trade Organization (WTO) accession; African Continental Free Trade Area (AfCFTA), East African Community (EAC) integration), trade facilitation, digital trade and e-commerce, trade and sectoral development, among others. The DTISU Consolidated Action Matrix provided in this report addresses key supply-side constraints, with the overall aim of strengthening South Sudan's integration into the global trade environment and enhancing its trade performance at various levels to support a national economic diversification agenda.

Through the aforementioned matrix, we seek to foster the growth and promotion of key productive sectors such as agriculture, tourism, mining, and services. The government intends to develop these sectors through targeted and innovative trade-related policies that address supply-side constraints to growth and use trade for promoting peace and security. In this way, we can foster a new and dynamic private sector that creates wealth and prosperity for all citizens of South Sudan.

I commend the staff of our government ministries, key development partners, the private sector and civil society, who participated in the extensive consultations that informed the development of this DTISU. Special gratitude goes to United Nations Development Programme (UNDP) and the Enhanced Integrated Framework (EIF), who provided financial and technical support for the development of this report.

I look forward to the successful implementation of the DTISU.

Hon. **Kuol Athian Mawien**

Minister for Trade and Industry - Government of South Sudan

Samuel Gbaydee Doe PhD

South Sudan has enjoyed relative stability since the signing of the Revitalised Agreement on the Resolution of the Conflict in the Republic of South Sudan (R-ARCSS) in September 2018, raising cautious optimism for lasting peace and a return to sustainable development. The country is endowed with vast landmass, 70 percent of which is arable (with just 4 percent cultivated).[1] It holds the third-largest oil reserves in sub-Saharan Africa, with an estimated 3.5 billion barrels and draws 90 percent of its revenue from oil despite other resource endowments including gold, iron ore and aluminium. It boasts the second-largest animal migration on the planet; and its game reserves and wildlife are huge tourist attractions, along with promising tourism, fisheries and livestock sectors.

In 2020 and 2021, the economy was projected to grow above 10 percent, but due to the COVID-19 pandemic the economy contracted to 4.2 percent, which led to fiscal and balance-of-payment deficits, inflation, a high debt burden and large financing gaps. South Sudan was ranked the fourth-most fragile country globally in 2021;[2] 53rd out of 54 countries in the Mo Ibrahim Index on African Governance in 2020; 185 out of 190 on the World Bank 2021 "Ease of Doing Business Index"[3] and 185 out of 189 countries on the Human Development Index in 2019.[4] Only 27 percent of males and 15 percent of females are literate.[5] Public infrastructure is poor: 1 percent of the 20,000 km of roads is paved; 7.2 percent of the population has access to electricity;[6] 7 percent[7] have access to the internet and 5.83 percent[8] have an account at a financial institution or with a mobile-money service provider.

The Revised National Development Strategy (R-NDS 2021–2024) aligned to the R-ARCSS, aims to: "consolidate peace, reduce humanitarian footprint, and stabilize the economy" by: (a) establishing and/or strengthening institutions for transparent, accountable and inclusive governance; (b) fostering macroeconomic stability and laying the foundations for economic diversification; (c) building critical infrastructure for sustainable development; (d) supporting human capital development and protecting vulnerable populations to leave no one behind, and (e) empowering women and youth as drivers of growth and nation-building.

The DTISU has benefited from a series of consultations conducted from November 2020 with the private sector, government ministries, agencies and civil society, including

1 UN Country programme document for South Sudan 2023-2025. Available at: https://digitallibrary.un.org/record/3982626
2 https://fragilestatesindex.org/country-data/
3 https://data.worldbank.org/indicator/IC.BUS.EASE.XQ?locations=SS
4 https://countryeconomy.com/hdi/south-sudan
5 UN Country programme document for South Sudan 2023–2025
6 https://data.worldbank.org/indicator/EG.ELC.ACCS.ZS?locations=SS
7 https://data.worldbank.org/indicator/IT.NET.USER.ZS?locations=SS
8 https://data.worldbank.org/indicator/FX.OWN.TOTL.ZS?locations=SS

the DTISU National Steering Committee (NSC), which endorsed the concept note. The consultations included a successful validation workshop undertaken in June 2022, where the final draft of the DTISU was discussed.

The DTISU is aligned to the Revised National Development Strategy (R-NDS) of South Sudan and the UNDP country programme document for South Sudan (2023–2025), which seeks to expand youth empowerment and enterprise development activities and support as follows: (a) trade competitiveness and economic diversification by facilitating the creation of a conducive trade policy environment; (b) improvement of access to regional markets, taking advantage of opportunities under the AfCFTA; (c) development of a national strategy for economic diversification focusing on sustainable and climate-smart agriculture and non-oil mining sectors; and (d) strengthening of platforms for investment and "ease of doing business".

The DTISU 2022 reviews South Sudan's progress since 2012. It assesses the implementation of earlier recommendations, identifies the challenges encountered since the last study, and considers the new economic landscape. The DTISU also builds on plans and strategies adopted by the GRSS in recent years. UNDP sincerely hopes that this study, its recommendations and monitoring framework will support the development of a diversified economy as envisaged in the R-NDS.

UNDP stands committed to supporting the implementation of this important trade development agenda and looks forward to deepening our partnership with the GRSS. The DTISU would not have been possible without the close collaboration between the Ministry of Trade and Industry (MTI) and UNDP. Its development was particularly supported by the National Implementation Unit (NIU) at the MTI, and by the Main Implementing Entity at UNDP. This initiative has also relied heavily on cooperation with the EIF focal point, and the EIF NSC. Lastly, the DTISU has benefited from the technical input of various key stakeholders, including inputs from various UN agencies and the EIF board.

While we are unable to thank all our collaborators individually here, we recognize their critical role in making this report possible even at a time of global uncertainty attributed to the COVID-19 pandemic.

Samuel Gbaydee Doe PhD

Resident Representative - UNDP South Sudan

Dr. **Ratnakar Adhikari**

Diagnostic Trade Integration Studies (DTISs) are a crucial component of the EIF Strategic Plan 2019–2022 in assisting the least developed countries (LDCs) in developing their evidence-based policies and regulatory frameworks for trade and investment. The DTIS undertaken in 2014 assessed South Sudan's economy, identified key trade sectors, outlined constraints to trade and presented an action plan. It provided a key analytical foundation for policy recommendations and interventions in traderelated technical assistance and capacitybuilding for greater trade and market integration of the country into regional and global trading systems. The 2014 DTIS Action Matrix also informed the economic pillar of the NDS 2018–2021.

This timely DTISU for South Sudan adds to a list of 55 DTISs that have so far been supported by the EIF across various LDCs. However, the significance of this DTISU for South Sudan is underscored by the context in which it was undertaken: the ongoing peace process, the global upheaval caused by the COVID-19 pandemic, the price and food insecurity caused by the geopolitical situation in Europe, and the ever-increasing visible impact of climate change on livelihoods.

In this context, I am particularly pleased to note several recommendations specific to climate change mitigation and diversification of the economy beyond oil. This DTISU also provides actionable recommendations to develop e-commerce and tourism; improve the business climate and access to finance; develop standards and quality infrastructure; and ways to increase market access opportunities through the implementation of regional integration initiatives (EAC and AfCFTA) and WTO accession.

The implementation of this DTISU together with the R-ARCSS will see the private sector, especially small- and medium-sized enterprises (SMEs), women and youth take advantage of trade opportunities. The impact of trade on peace development will remain an integral feature of the DTISU implementation, and I am pleased to note that this DTISU has been developed through effective coordination and a consultative and participatory process for country ownership, effectiveness and sustainability.

I would like to express my appreciation to the GRSS, the EIF NIU at the MTI, and the UNDP for their commendable efforts and exemplary partnership. The EIF stands ready to continue strengthening the ongoing partnership to support South Sudan in the implementation of the DTISU's priorities and the country's path to an improved and inclusive trade environment for sustainable development and resilience.

Dr. **Ratnakar Adhikari**

Executive Director - EIF Executive Secretariat

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Executive Summary

The first DTIS was undertaken in 2014. It assessed South Sudan's economy, identified key trade sectors, outlined constraints to trade and presented an Action Matrix. The study provided a key analytical foundation for policy recommendations and interventions for Trade Related Technical Assistance (TRTA) and capacity-building for greater trade and market integration of South Sudan into regional and global trade systems. The emerging trade policy regime, the trade-related recommendations in the R-ARCSS, new strategies in the R-NDS 2021–2024 and the growing interest in integrating trade-related policies towards economic diversification, necessitated this update. The DTISU provides further analytical assessment of the progress to date of South Sudan's trade regime and capacity. It takes stock of the previous DTIS, measures progress, and identifies key strategies to address supply-side constraints to trade and attempts to remedy challenges around the development of inclusive and sustainable trade in South Sudan.

Undertaken with the support of UNDP and the EIF, the objective of the DTISU is to develop an up-to-date trade integration policy document that can stimulate the development of trade for South Sudan's goods and services. This DTISU assessed the implementation status of policies and programmes since the previous study and is based on the agreed concept note.

Status of the DTIS 2014 implementation

The development of the DTIS 2014 was a landmark achievement, representing the first comprehensive framework for trade promotion and development for South Sudan. However, the outbreak of war in 2016 constrained its implementation, as the required trade policy reform could not be undertaken. Despite this, notable achievements include: establishing a One-Stop Border Post; establishment of scanners at Juba International Airport; establishment of the EIF Tier 1 coordination office; institutional development of the EIF focal point and the NIU; establishment of the NIU and EIF NSCs; appointment of the WTO focal point, support towards WTO accession; appointment of the EAC integration focal point and the Integration of Negotiation Committee that enabled membership of the EAC; and procurement of information and communications technology (ICT) equipment for the NIU.

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 within institutions and the lack of resources, the recommendations from the DTIS remained on paper and were not substantially incorporated into the national and sectoral workplans and budgets. This DTISU rates implementation of the DTIS 2014 at about 16 percent, although notes there is ongoing implementation of the emerging trade policy actions, which were not captured in the DTISU Action Matrix. The key challenge is to ensure that the emerging recommendations in the DTISU matrix are mainstreamed into the sector policies and the South Sudan development strategy.

The DTIS 2014 Matrix mirrored the issues raised in the first South Sudan Development Plan (SSDP 2011–2015). However, the SSDP was not well addressed and most of its projects and programmes remained unimplemented at the end of the period. This was aggravated by the two intervening conflicts. Moreover, the process of producing an action plan for the SSDP, known as the South Sudan Development Initiative (SSDI), was disrupted by war and is only now being finalized years after the SSDP's expiry. Consequently, the limited implementation of the DTIS 2014 mirrors that of the SSDP, since the resources and capacities for implementing the former are programme based and could only be channelled through the sector priorities in the latter. Efforts have been made to align the DTISU 2022 to the R-NDS (2021–2024) to ensure resource allocation and implementation.

Key messages from the findings of the DTISU

The macroeconomic context

The recent real gross domestic product (GDP) growth for South Sudan has not been strong, largely because of the 2013 and 2016 conflicts and the resulting insecurity. According to the World Bank, the economy is projected to contract by 0.8 percent, despite higher oil prices and improving macroeconomic conditions in FY2021/2022,[9] a reflection of falling oil production, itself projected to decline by 7.2 percent in FY2021/2022, and the impact of climate shocks on agriculture. However, there is hope from the higher budget revenues that are expected to support domestic demand, and growth in the services sector, projected to recover to 4.7 percent in FY2021/2022 from a contraction of 9.7 percent in the previous year (see Table 1). 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 (see Table 2). This has negative implications for the diversification of the economy and non-oil revenue resources mobilization.

In South Sudan, fiscal policy is dependent on oil revenue and lacks orientation towards productive investment, with the national budget almost entirely funded by oil revenue receipts (see Figure 4). The government has also committed to enhance domestic resource mobilization (mainly non-oil) through diversification of revenue sources including non–oil revenues and taxes.

9 Mawejje. J. (2022). *Directions for Reform: A Country Economic Memorandum for Recovery and Resilience in South Sudan*. Washington D.C.: World Bank.

In the monetary sector, the exchange rate has fallen from SSP2.95 /$ at independence to nearly SSP430/$ in March 2022.[10] 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 decline, with the figure rising to 170 percent in 2019, before declining to 20 percent by July 2021 as the exchange rate stabilized (see Figure 7). In the external sector, the country's current balance is worsening, with all balances trending downwards (see Table 5). There is a need for diversification of the economy and exports, and to increase foreign exchange flows to improve this balance.

South Sudan has an indicative exchange rate, set below market value and this is, in principle, a hindrance to investment and private sector development. 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, industrial growth and therefore job creation. A stable and transparent exchange rate policy is required that promotes inclusive trade and private sector development. Currently, public investments in productive sectors of the economy such as agriculture and industry are low, with negative implications for trade and economic diversification. In line with the priorities of the R-NDS, to grow the tradable sector going forward, the government intends to support the productivity of those sectors of the economy, including agriculture and industry, which have the potential to diversify the economy and stimulate the development of the real sector. The government, through the R-NDS, has committed to increase investment in value addition to enhance product and economic diversification. It has also committed to maintain a sustainable and transparent exchange rate policy that promotes trade and harmonization of the dual exchange rate system to ensure the country's export and investment competitiveness.

Socio-economic status

South Sudan is a country of 12.1 million people, of whom 6.6 million are aged below 25 years (comprising around 59 percent of the entire population). In addition, although the data is patchy across the region, South Sudan has one of the highest poverty rates in the East African region (see Table 6). Labour force participation is in line with neighbouring countries, and there is little unemployment—but displaced people are far less likely to be working. Youth unemployment is high, with the responsible agencies in skills enhancement and employment stimulation needing to design policy to create jobs for young people, including vocational training. 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. To reduce poverty and improve the livelihood of the population, the role of trade in poverty reduction and

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development should be given close attention in the formulation and implementation of the NDS and sector plans. As outlined in the R-NDS and in this update, the government will undertake public financial management reforms to ensure more resources are channelled to sectors that have a high impact on livelihood improvement such as agriculture, education and health to strengthen trade and poverty linkages.

Climate change is the source of several shocks that have the potential to negatively impact the economy, including extreme rainfall and flooding, and longer-term stressors such as gradual increases in temperature and changes to seasonal precipitation patterns and averages. To assess and mitigate the impact of these shocks, South Sudan formulated its first Nationally Determined Contribution (NDC) to the Paris Agreement in 2015 and submitted its second NDC in 2021. It is expected that the proposed sectoral strategies, if implemented, will move South Sudan onto an ambitious decarbonization pathway compatible with the Paris Agreement's goal of holding the global temperature rise to well below 2C, with efforts to limit temperature rise to 1.5C above pre-industrial levels, and promote climate-resilient development with positive implications for trade and development. The country also developed the Initial National Communication (INC) to the United Nations Framework Convention on Climate Change (UNFCCC), which identifies gaps and constraints relevant to the country's response to climate change, and those that were adaptation related have been incorporated into this initial National Adaptation Programme of Actions (NAPA), as have any recommended actions for overcoming the gaps. Going forward, the country will need to: improve coordination to support climate change adaptation and planning, including establishment of the institutional and legal and regulatory arrangements for adaptation planning at the macro level; mainstream climate change adaptation measures into trade and private sector development programmes; catalyse private sector movement towards a green economy, including small-scale businesses; and build greater technical capacity and awareness around trade and the climate change linkages.

Trade analysis—products and services

In the EAC Common Market, South Sudan's export position has been deteriorating over the years, with exports of merchandise decreasing from $2.5 billion in 2013 to $793 million in 2020. The country's exports are dominated by the extractives industries, especially oil and minerals, comprising around 80 percent of the country's exports in 2020 (see Table 11). In terms of imports, South Sudan imports mostly consumer commodities with low technology (see Table 12). Exports from South Sudan travel to oil-dependent countries such as China. In the region, only Uganda is a destination for reasonable amounts of exports. Goods exports to South Sudan are mainly from Uganda and Kenya, with China the only non-regional country that exports substantial amounts to the country (see Table 15).

Regional integration, WTO accession and market access

EAC

South Sudan has been a member of the EAC since October 2016. It has drafted an EAC integration strategy to guide its integration into the institution. To date, South Sudan's implementation of EAC provisions has been lagging due to poor interministerial coordination and lack of specific actions in the EAC roadmap to inform harmonization of laws and procedures to support implementation. For example, on the country's commitment to the implementation of a Customs Union, which is arguably the most important commitment that South Sudan made in the context of joining the EAC, the country has made little progress in relation to adoption of the EAC common external tariff (CET) and harmonization of domestic laws with the EAC protocols. South Sudan is yet to take advantage of market access opportunities accruing from joining the EAC. The country requires an updated roadmap/action plan developed to inform harmonization of laws and procedures to support implementation of the EAC Customs Union and Common Market.

For South Sudan to seamlessly integrate into the EAC and ensure maximum benefit from the community, the country has committed to effectively implement the draft South Sudan policy on EAC integration to ensure compatibility with the EAC trade regime, while creating a predictable environment to facilitate trade and investment. It will also need to request 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 and establish an EAC Integration Monitoring Committee to oversee implementation of the EAC obligations. Other priorities are sensitizing the private sector, civil society and the general public to understand and appreciate the benefits, risks and implications of EAC membership and build their capacity to take advantage of the enhanced market access under the EAC market for both goods and services.

World Trade Organization accession

South Sudan commenced its WTO accession process in 2018, becoming an observer and attending its first Working Party meeting. The country has indicated its commitment to continue with the WTO accession process despite inadequate understanding of the potential benefits and costs of such accession. For the country to ensure effective accession, it will need to undertake a cost–benefit analysis; develop a national strategy, and ensure capacity-building needs are given adequate priority in the context of negotiations and reform actions required. As part of the R-NDS priorities, the country has committed to undertake legislative reform which should also include trade reforms linked to WTO accession. In addition, South Sudan will need to establish effective institutions to lead pre- and post-accession, including a standing trade negotiation team with expertise on that subject, a stakeholder trade negotiation committee, and a WTO Accession Secretariat within MTI to coordinate the WTO accession process. The country may also need to undertake sector studies to inform the development of initial market access officers for trade in goods and services and to sensitize stakeholders on market access opportunities associated with accession.

African Continental Free Trade Area

The African Continental Free Trade Area (AfCFTA) entered into force in 2019. It is hailed as an economic game-changer for Africa's development, owing to its potential to boost intra-African trade but also to provide an opportunity for countries in the region to competitively integrate into the global economy, reduce poverty and promote inclusion. Increasing trade through AfCFTA is expected to provide the impetus for reforms that boost productivity and job creation, further reducing poverty. The AfCFTA also provides an opportunity to harmonize regulation in other important trade-related policy areas that have not been substantially addressed at the regional level, such as investment, competition, intellectual property rights and e-commerce. While there is high visibility and political momentum around the AfCFTA and good progress has been made in negotiations at the continental level, the impact of AfCFTA on South Sudan will depend not only on what is agreed in the negotiations, but also on whether South Sudan ratifies, domesticates, implements, and complies with the provisions of the AfCFTA agreement. The impact of the AfCFTA will also depend on the effectiveness of various complementary policies and initiatives put in place to enable African businesses and individuals to take advantage of trade and investment opportunities.

The GRSS has indicated a commitment to ratify and implement the agreement. The country, however, lacks a national AfCFTA strategy to guide the implementation of the agreement to harness opportunities and ensure compliance with obligations, and strengthen awareness among the key stakeholders on the objectives and opportunities. The government needs to immediately expedite the ratification process; undertake a cost–benefit analysis to reveal the potential socio-economic benefits of implementing the AfCFTA. The country, with support from ECA, is already developing an AfCFTA implementation strategy to provide policy options towards harnessing trade and the resulting socio-economic development benefits.

Other market access opportunities

Apart from the WTO, EAC and AfCFTA, South Sudan can accede and gain market access to other regional and global bodies including: Everything but Arms (EBA), the European Union-EAC-Economic Partnership Agreement African Growth and

Opportunity Act (AGOA), Common Market for Eastern and Southern Africa (COMESA), the EAC-COMESA/Southern African Development Community (SADC) Tripartite Free Trade Area (TFTA) and the Intergovernmental Authority on Development (IGAD). Each of these market access arrangements has unique opportunities in export diversification and specific requirements for access that need to be taken into account.

To take advantage of these markets access opportunities, the country should, at the very minimum, carry out a cost-benefit analysis to inform the accession process, building the institutional capacity to support South Sudan's participation in negotiations and participation as an equal and capable agent. The country will also need to identify, develop and promote products for which South Sudan has potential to trade under these various Regional Economic Communities (RECs) and Free Trade Areas (FTAs). It will also need to sensitize the private sector and community on the potential trade- and investment-related opportunities under the aforementioned agreements.

Standards and quality of infrastructure

South Sudan trades in agriculture and livestock products. It is keen to diversify its economy through value addition and manufacturing to generate employment and income from non-oil revenue. The country's participation in AfCFTA, EAC and Generalised System of Preferences (GSP) programmes means that the domestic sanitary and phytosanitary (SPS)/technical barriers to trade (TBT) legislative framework needs to conform to the provisions of the WTO TBT/SPS Agreement. South Sudan has a draft National Quality Policy (NQP) and SPS policy that was developed in 2021 and is awaiting endorsement by the Council of Ministries. The country is yet to establish SPS and technical TBT inquiry and National Notification Authority points. South Sudan needs to digitize its issuance of phytosanitary certificates to exporters by adopting electronic phytosanitary certificates (e-Phyto) to reduce non-tariff barriers (NTBs). There is limited scope for calibration services in the country. There has been no product certification system in the country since the establishment of the South Sudan National Bureau of Standards (SSNBS) in 2012.

There are six laboratories owned by the GRSS but at present, there are no testing laboratories in the country that have been accredited in every analytical methodology. South Sudan has developed seven national standards. About 300 regional standards (East African Standards or EAS) are available but these have not been adopted in the country. Most of the TBT/SPS-related regulations and legislative frameworks are either in draft versions or have not been updated to reflect the current regulatory environments, making it difficult to develop a sound quality infrastructure compatible with international standards. International standards and requirements are supposed to be gazetted by the SSNBS; however, it appears this is not being done. South Sudan is a contracting member of the International Plant Protection Convention (IPPC), which is a multilateral treaty for cooperation in plant health and protection under the auspices of Food and Agriculture Organization of the United Nations (FAO). No risk management system has been developed, prompting all agencies to continue checking and inspecting every consignment, causing delays in clearing of goods at the border point.

To ensure quality and standards for effective trade facilitation, the country will need to adopt and effectively implement the draft NQP 2021 with a broader spectrum of the seven functions of quality infrastructure systems (QIS) including accreditation; standardization; metrology; conformity assessment, quality promotion and use it to enhance and ensure conformity with standards requirements, quality management and assurance. It will also need to develop institutional capacities to improve compliance with standards, technical regulations and customs administration. In addition, it will need to fast track the enactment of the TBT/SPS-related laws and regulations and raise awareness among South Sudanese companies about these major standards that are required by certain export markets and guide exporters to comply with them. South Sudan will need to develop a multi-agency risk management framework and build capacities to implement it to ensure quality and standards compliance with minimum disruption to trade facilitation.

Trade facilitation

South Sudan has a significant infrastructure deficit, which must be addressed to provide the necessary impetus for economic diversification. Although statistics are scant, 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 the internet, compared with 21 percent in Rwanda, 17 percent in Kenya and the sub-Saharan average of 22.3 percent (see Table 19). South Sudan's transport sector is underdeveloped, and this has negative implications for trade and private sector development. Improving all aspects of transport would reduce the costs of trade and investment and lead to economic development.

Within the East African region, South Sudan's average exports of transport services for 2015–2019, a figure of $20 million, is much lower than that of peers such as Uganda ($618 million), Kenya ($2.2 billion) and United Republic of Tanzania ($4.7 billion) (see Figure 29). South Sudan has one of the lowest road densities in Africa, with a total road network of 17,000 km, with most of these gravel roads, which are impassable during the rainy season (see Figure 30). However, the country is regionally connected to trunk roads emanating from neighbouring countries. This necessitates the need for the country to work on its transboundary roads that will help it connect to the trunk roads (see Figure 32). South Sudan has set an ambitious programme to develop all core roads starting with the strategic roads, with some of these already contracted and undergoing construction (see Figure 37).

River transport is an important mode of transport in the country because of waterways but also due to the poor road network. The total length of navigable section of the Nile, the White Nile, is 1,393 kilometres. 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 regarding rail transport in the country. The rail infrastructure in South Sudan consists of approximately 250 km and 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 with paved runways. South Sudan has one of the lowest energy rates in the world. It had the lowest electricity power consumption in the region and the world in 2014, at 44 kWh per capita (see Table 22).

Logistic storage capacity in South Sudan is limited to the transport sector. Warehousing facilities at the main border crossings, or logistical centres such as Juba, are extremely limited with the exception of humanitarian organizations whose work affects trade and value chain linkages. 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 product markets not nationally integrated, having major implications for national and regional value chains (see Figure 43).

In the R-NDS, to strengthen trade facilitation the government has committed to developing infrastructure including roads, river and rail transport to address supply-side constraints impeding trade. Through the customs department, the country is also automating the customs clearance processes to reduce the time it takes to import/export. This is significant because it will reduce the cost of doing business and attract investment.

Trade regulation and facilitation system

Trading across borders remains a major challenge in South Sudan. As of 2019, it took about six days to export goods in South Sudan compared with two in Uganda and three in Rwanda. It is more difficult, time consuming and costly to trade across its borders than 179 other countries (World Bank, 2020). Delays clearing goods translate into higher costs of commodities, impacting on trade competitiveness and consumer welfare.

Implementation of South Sudan Customs Service Act 2013 requires integrated and efficient trade clearance procedures. It also requires automation of customs procedures and introduction of an intrusion detective system to facilitate timely clearance of goods. As South Sudan intends to accede to the WTO, it needs to align its domestic customs administration and procedures with the WTO Trade Facilitation Agreement (TFA), the revised Kyoto Convention protocol, AfCFTA and the EAC Customs Union to facilitate simplification and harmonization of customs procedures.

South Sudan is a landlocked country and thus faces challenges in trading beyond its borders. Uncoordinated policies and inaccessible information are constant challenges, especially for SMEs. Unpredictable trade formalities are concerning for private businesses in their daily trading activities, making access to information a growing priority. There is a need to establish a South Sudan trade information portal to make all trade-related information accessible, and improve the transparency, predictability and efficiency of trade. The portal is expected to provide step-by-step descriptions of import, export and transit procedures of products from a trader's point of view. The portal would display all the documents and formalities that businesses must submit or collect from each regulatory and border agency in a user-friendly way and it would highlight the fees that traders are required to pay.

Automation of customs procedures is envisioned to reduce transaction costs and barriers to cross-border trade. The use of an online trade portal, single windows, digital documentation, electronic payments, electronic certificates (e.g. Certificates of Origin or CoO) and signatures, along with automated processing of trade procedures would help to simplify, streamline and expedite trade-related procedures at borders. Automation of customs procedures will also facilitate information-sharing between different border agencies, thus supporting the harmonization of customs procedures and facilitating trade as envisaged in the EAC Customs Union and AfCFTA. South Sudan will need to ensure that its automated customs system implements procedures that are aligned to international standards, including revised Kyoto Convention protocols and EAC requirements.

Improved and modernized trade facilitation measures and systems are expected to increase competitiveness of the private sector, including SMEs; reduce direct and indirect trade transaction costs; and deepen regional and global integration.

There has been tremendous progress in the engagement of South Sudanese women in trade in general and also in cross-border trade. Over the past years, South Sudan Customs Services (SSCS) has made some progress with the implementation of EAC provisions in relation to the single administrative document and the One-Stop Border Post. South Sudan will need to establish a national trade facilitation committee (NTFC) to facilitate inclusive implementation and harmonization of trade-related measures.

The country needs to make effort to eliminate NTBs, including enhancing the capacity of the national NTB monitoring committee, trade information desks (TIDs) and cross-border trade associations (CBTAs) and strengthening the latter to ease movement of goods across the nation and internationally. Other measures would entail strengthening inter-agency coordination mechanisms, improving customs administration, importation, exportation and transit management, institutional coordination, infrastructure and ICT equipment for trade facilitation, capacity-building for trade facilitation institutions, especially border agencies, and gender integration in trade.

Business environment and entrepreneurship

The business environment in South Sudan remains challenging, with the World Bank *Doing Business 2020* report ranking South Sudan 185 out of 189 economies. Foreign direct investment (FDI) to South Sudan is one of the lowest in the world and has been deteriorating (see Table 2). This is mainly a reflection of the challenging environment occasioned by the recent conflict. 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 the country. The Land Policy is still in draft form and has not yet been adopted. As part of the R-NDS and the R-ARCSS, the government has promised to review Land Policy and support its implementation.

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 emerging as topical issues (see Figure 45). On transport costs and logistics, the cost to ship a 20-foot container from Europe to Juba via Mombasa is $9,285, of which the inland transportation and handling Mombasa to Juba cost is $7,200 compared with the significantly lower Mombasa to Kampala cost of $2,150. Insecurity and checkpoints obstruct business, with the majority (58 percent) of all market traders saying they have been concerned for their security on the road.[11] Market traders report that at the median, they expect to pay SSP5,000 (about $17) 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 fee of $193 was only lower than those of the Democratic Republic of the Congo (DRC) ($500) and Sudan (see Table 25). As part of the R-NDS and the R-ARCSS, the government has promised to construct hundreds of kilometres of roads to ease this constraint.

Regarding power, available data shows that in 2014, the value lost due to electrical outages (in terms of percentage of sales for affected firms) for South Sudan was about 14 percent compared with 5 percent for Kenya and 2 percent for Rwanda and above the sub-Saharan African (SSA) average of 9 percent (World Development Indicators, 2021). As part of the R-NDS the government has promised to generate up to 1,000MW of power to lower the cost and increase access. On corruption, within the EAC, South Sudan scores the lowest according to the World Bank's Country Policy and Institutional

11 Von Der Goltz, Jan et al. (2020). "Reviving Markets and Market-Linked Agriculture in South Sudan Jobs, Recovery, And Peacebuilding in Urban South Sudan". Technical Report III. Jobs Working Paper No. 52. Washington, D.C.: World Bank.

Assessment (CPIA) transparency, accountability, and corruption in the public sector rating (see Table 2). 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 is at one of the highest levels in the world (see Table 2). This level of corruption is harmful 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. As part of the R-NDS and the R-ARCSS, the government has promised to review anti-corruption laws and to implement a zero-tolerance policy.

In terms of 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 times 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 with 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 percentage of GDP was just 2.3 percent, the lowest in the region and far below the SSA average (see Table 27). Credit as a 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 (see Table 2). The government, as part of the R-NDS and the R-ARCSS, has committed to establishing a women and youth enterprise fund to ease access to finance.

In terms of the competition regime, South Sudan is yet to establish a national competition law and regulatory institution to support the development of an effective competition regime in line with the broader principles of the EAC Competition Act 2006 and provisions of the AfCFTA competition protocol. Developing a competition culture and strengthening capacity of competition-related institutions is key to achieving an effective competition regime.

The Agreement on Trade Related Aspects of Intellectual Property Rights, commonly known as the TRIPS Agreement, is one of the most significant agreements administered by the WTO. TRIPs commitments are intended to ensure the acceding countries adopt legislation and develop the national institutions necessary to comply with their obligations under the TRIPS Agreement. The intellectual property rights (IPR) in the country are challenged by the lack of a national intellectual property strategy to guide the development of IP-related institutions and a relevant legislation framework. South Sudan is not a member of the World Intellectual Property Organization. South Sudan should consider joining it, as it accedes to a WTO organization.

In terms of good governance, South Sudan faces a lack of supportive trade-related policies and regulations as most of the trade-related laws and bills remain as drafts, affecting the development of a predictable and transparent trade policy regime. Regarding 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 had been enacted by the national legislative assembly but due to the two wars that followed the country's independence, the legislation agenda slowed down. At the same time, there was limited involvement of the Ministry of Justice and Constitutional Affairs during the drafting process. Key stakeholders need to be involved in the drafting of the legislation to foster ownership of the bills. Public-private dialogue should be considered, including roundtable meetings with committees on trade and investment. However, as part of the R-NDS and the R-ARCSS, the government has promised to review and finalize these laws and support their implementation.

South Sudan has vibrant private sector associations represented by two major organizations, namely: the South Sudan Chamber of Commerce, Industry and Agriculture (SSCCIA) and South Sudan Workers Trade Union Federation (SSWTUF). There are also those catering 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 previously been the most oil-dependent country in the world, with oil accounting for almost all of its exports, and around 60 percent of its GDP. However, the agriculture sector is the largest source of income and employment—despite the reliance on oil, about 95 percent of the 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 one out of 10 states is food self-sufficient.

In 2015 the country developed an institutional and policy framework for agriculture development outlined in the Comprehensive Agriculture Master Plan (CAMP) to support the stakeholder consultation process; provide a situational analysis of the agriculture sector; formulate a framework for agricultural development and identification of priority areas; formulate investment plans, which included development of project profile sheets; and propose an implementation framework to materialize the master plan.

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 (see Table 3). The insecurity that followed the outbreak of conflicts in 2013 and 2016, and the continued low-level instability slowed down the value addition initiatives. The deficit in production has led to overreliance on food imports despite the abundance of arable land. Food imports as a percentage of merchandise imports have consistently increased throughout the last decade. Due to 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 (see Table 3). There are several supply issues including: transport infrastructure, storage capacity, processing and others that are hampering value addition and trade in agriculture products. However, there are key agriculture value chains in the country with high export potential, including fisheries, gum arabic, timber, sesame, honey and others.

South Sudan has a significant amount of fish stock in its major rivers and wetlands, concentrated on the Sudd swamps (between Malakal and Bor), with more than 1.7 million people thought to depend directly on fisheries for livelihood, food security or income, and 14 percent of households, particularly those in the Sudd area along the Nile River and its tributaries, engaged in fishery as a means of livelihood. Current estimates for fish harvested stand at only 40,000 tonnes, mainly due to poor infrastructure and insecurity, while the potential in South Sudan for fisheries production ranges between 150,000–300,000 tonnes of fish per year. The challenge remains in 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 km^{2,} or about 30 percent of total land area. There are several forest products produced in the country with regional and global market potential. These include teak logs, teak products, and gum acacia products. The key challenge is the need for investment to scale-up production and value addition to take advantage of these markets.

In terms of the cattle value chain, South Sudan has one of the highest numbers of cattle in SSA. Cattle 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 only a small portion of this is commercialized as a lot of milk and milk products are imported in South Sudan. On the poultry value chain, small animals are very important for women's empowerment because culturally, they are only reserved for them as cattle are left for the men. While there are a few advanced poultry farms, most of which are in Juba, the poultry industry remains in its infancy. But there is 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 practised for generations to produce honey as food products, medicine and as a form of income generation, and is undertaken by women and younger people, in addition to being sustainable. 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 production is at a subsistence level, there has been an increase in the market production for sesame. Whereas the market for sesame in South Sudan is quite small domestically, several exporters transport the sesame seeds to regional markets. There is also a pre-existing demand in several markets including Southeast Asia, the Middle East and Europe, which can be exploited. European Union (EU) and Middle East markets can absorb 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 has had a value chain that has been in existence for a very long time and the country has the gum in abundance. Estimated potential production of gum arabic in South Sudan is about 15, 580 MT, making it the fourth 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. The gum is also a good product for youth and women who are involved in the harvesting but not so much in its sale.

In terms of the tourism value chain, although the country is rich with flora and fauna and has the potential to establish a travel and tourism industry, this is not possible until the current insecurity is contained. There is also an opportunity to diversify tourism products into cultural activities and other non-natural based tourism products. As noted earlier, the oil industry in South Sudan has been the most important in the country, comprising more than 90 percent of exports. But since 2014, no new oil exploration has been undertaken because of the insecurity within the oil exploration and production zones. In addition, 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.

Regarding the mining sector, the government 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 showed interest in exploring for minerals in South Sudan. There are several mineral resources scattered across the country, with most in the western and southern parts. A key challenge to development of the sector is the lack of mining policy to support the promotion, regulation, production, trading and value addition, alongside the maintenance of strong environmental and social standards. Political instability also generates insecurity in the mineral production areas, hampering exploration and production to the required standard.

Overall, the government is in the process of developing a national export strategy with the support of International Trade Centre (ITC) to guide investment and develop key value chains targeting market access opportunities such as EAC, AfCFTA, all as part of the R-NDS commitments.

Digital trade and e-commerce

South Sudan as an LDC and a landlocked country should benefit most from e-commerce comparatively since its geography creates higher trade barriers. However, only 4 percent of South Sudan's population lives within 25 km of a fibre node, and only 7 percent within 50 km. Lack of fibre backhaul is likely to be the key constraint. Compared with its neighbours, Kenya and Uganda lead with 41 percent and 31 percent of their populations, respectively, living within 25km of a fibre node (see Table 50). MTN Group still controls over 55 percent of the market share in the South Sudan telecommunications ecosystem, with subscriber numbers increasing rapidly in 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. Forty-nine countries in Africa are cheaper for 1GB and 52 countries are cheaper for 20GB per month (see Table 4).

South Sudan does not have adequate policy and legislative frameworks to facilitate effective utilization of e-commerce opportunities. There is no national e-commerce policy, e-transaction legislation, data protection nor privacy acts to ensure secure online presence in e-commerce. In addition, no progress has been made in relation to harmonization of e-commerce-related laws with United Nations Commission on International Trade Law (UNCITRAL). Other constraints related to adoption of e-commerce initiatives include poor ICT infrastructure, trade facilitation challenges, low ICT and e-commerce skills and inadequate access to finance.

Trade policy coordination and implementation

The impact of trade policy is felt by diverse stakeholder groups such as businesses, consumers, farmers, industrialists, innovators, youth and women. This creates the need for multi-stakeholder consultations, inclusive trade policymaking and implementation processes. Most of the trade policy formulation is being undertaken through the EIF and TRTA in LDCs, working towards promoting economic growth and sustainable development and helping to lift more people out of poverty.

While there is an ad hoc committee in charge of WTO accession and a focal point, a technically resourced WTO Secretariat within the MTI should be established, and also within the directorate of external trade, to coordinate the development and implementation of the national WTO accession strategy.

In relation to the implementation of regional trade agreements, there is no dedicated staff assigned to coordinate the negotiation and implementation of the respective regional trade agreements i.e. EAC, AfCFTA, among others. It is recommended that desk officers be assigned within MTI to facilitate the coordination and implementation of the respective trade agreements.

The trade policy provides for the establishment of a national multisectoral consultative mechanism to play a coordination role between the government, the private sector and civil society organizations. The EIF NSC acts as the national consultative committee on trade matters. It is recommended that it be transformed into the South Sudan Trade Development Committee as a legally constituted multi-stakeholder consultative committee for trade-related issues. This should be complemented by the establishment of trade-related subcommittees such as the agriculture subcommittee, service subcommittee, market access, trade and environment, and the SPS/TBT subcommittees.

Currently there is no dedicated established negotiation team supporting the accession and negotiation of different trade agreements. South Sudan does not have a chief negotiator. The minister responsible for trade should be permanently designated as chief negotiator, and the capacity of the negotiation team enhanced to support the ongoing accession and negotiation in relation to regional and multilateral trade agreements such as the EAC, AfCFTA and WTO accession.

Trade policymaking in the country is spearheaded by MTI with the involvement of trade-related agencies and private sector associations such as the South Sudan Business Forum, the South Sudan Business Council, and the SSCCIA. The private sector, academia and civil society are involved in trade policymaking policy, but these public-private dialogue mechanisms require a legal and regulatory framework for their establishment, rather than being used on an ad hoc basis. The MTI has not developed a comprehensive communication strategy to popularize its policies.

Plan of action for DTISU 2022

The DTISU 2022 is planned to be implemented for around eight years up to 2030. There are projects that can be implemented in the short term (2022–2024)—these include many of the activities that were urgent in the DTIS 2014 that remain undone. These activities are in each of the eight chapters. Other projects will be implemented in the medium term (2025–2028) and in the long term (up until 2035). Table 50 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 2022 are appended at Table 46.

Required resources and sources

The total estimated cost of all projects is enormous at about $13 billion (SSP6,034 billion) mainly due to the considerable amounts needed for infrastructure. The infrastructure costs including transport, energy and ICT are about $11.2 billion (SSP5,152 billion) meaning that without this huge cost, the implementation of this action matrix would be about $1.9 billion (SSP874 billion) over eight years, an annual average of about $238 million or SSP110 billion. Considering that in the draft FY2021/2022 national budget, gross government revenue is estimated at SSP647.4 billion, the expenditure on the DTISU 2022 Matrix is unaffordable (see Table 47). However, given the size of the economy, as well the current and expected revenue flows, the affordability of the DTISU will be taken into consideration and there will be a process to ensure that the most critical priorities are considered first.

Monitoring and evaluation framework for DTISU 2022

The main problem for monitoring and evaluation (M&E) in South Sudan is the low capacity both within government and without government. Considering that the national monitoring and evaluation mechanism is not well developed, it is recommended that the MTI, through the EIF NIU, establishes separate M&E mechanisms that feed into the sectoral M&E frameworks. In the lifecycle of the DTISU 2022, there should be planned mid-term evaluations, annual assessments, end-of-term assessments and impact assessments. The DTISU 2022 proposes a rigorous M&E framework. The DTISU 2022 recommends that the South Sudan Trade Development Committee (SSTDC) be established, and it should also coordinate and oversee all trade-related activities in the DTISU Action Matrix. The SSTDC should be linked to the M&E framework proposed in the R-NDS, including the evaluation of the milestones proposed in the R-NDS. It is envisaged that the SSTDC will have focal points in all the trade-related agencies and institutions.

Pillar 1:
Ensuring Macroeconomic Stability for Inclusive Trade and Sustainable Development

Chapter 1: Macroeconomic Background

1.1 Introduction

A stable macroeconomic environment with robust economic indicators is vital to trade competitiveness and economic diversification. Monetary policy that is characterized by an unfavourable exchange rate is a key constraint to trade competitiveness. South Sudan acknowledges the importance of trade as an instrument to achieve inclusive and sustainable economic growth, diversify the economy and generate employment and economic resilience. This chapter seeks to shed light on the current underpinning macroeconomic environment and the recent trade performance and associated macroeconomic environment. It analyses trade performance in terms of the extent of structural transformation and emerging trade patterns since 2014, and presents macroeconomic indicators to explain the causes of the emerging trade patterns.

1.2 The macroeconomic context

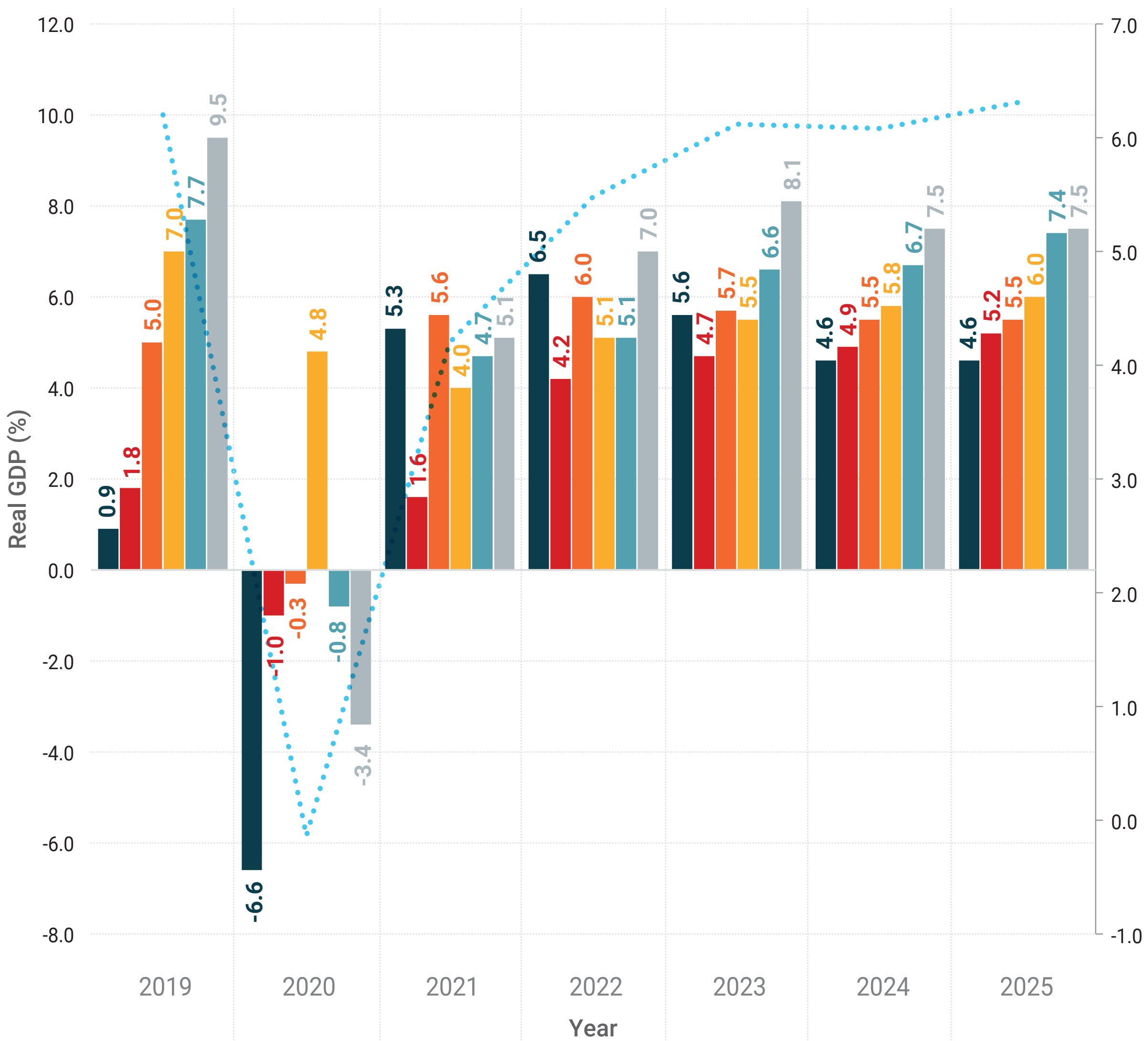
1.2.1 GDP and GDP per capita trends

The recent real GDP growth for South Sudan has been weak. The country has had one of the worst growth rates of the East African countries (see Figure 1) due to the 2013 and 2016 conflicts and subsequent insecurity. The signing of the R-ARCSS in September 2018 triggered the growth rate recovery to about 5.5 percent and this is expected to recover and stay on the same trajectory up to 2025 despite the COVID-19 pandemic (see Figure 1). The economy had started showing signs of recovery in the years following the 2018 peace deal, but progress has been affected by recent shocks including the aforementioned pandemic and flooding. The economy grew by an estimated 3.2 percent in FY2018/2019, following the signing of the peace agreement, ending a period of four successive years of GDP contraction during FY2014/2015 to FY2017/2018. Growth in FY2019/2020 accelerated to an estimated 9.5 percent as the economy benefited from the resumption of oil production following the rehabilitation of some oilfields previously damaged during the conflicts. The economy also benefited from positive developments in agriculture, with the area of land under cultivation increasing by 6 percent in 2020 compared with the previous year as returnees brought more land under cultivation.

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

Legend: South Sudan, Burundi, Kenya, Tanzania, Uganda, Rwanda, Average

Source: International Monetary Fund (IMF) and African Development Bank African Economic Outlook, 2013 and 2021.



Apart from 2013, per capita GDP for South Sudan has grown dismally, with the figures declining in the conflict years with negative implications for employment, income generation and the livelihoods of the population (see Figure 2).

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

Legend: ■ GDP per capita growth (annual %)

Note: *denotes estimated values. For 2016–2022 growth of 2 percent is assumed, since South Sudan had no data for those years.

Source: World Bank Databank. Retrieved from: https://data.worldbank.org/country/south-sudan?view=chart[12]

Oil has been the source of almost all of the growth, followed by agriculture, since independence in 2011. At independence, South Sudan was producing nearly three quarters of former Sudan's total oil output of nearly a half million barrels per day. The GRSS 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 98 percent of the government's annual operating budget and 80 percent of its GDP derived from oil (CIA, 2022).[13] In addition, real non-oil GDP has dropped by 37 percent and real oil GDP by 72 percent since 2011.[14] At independence, the oil and mining sector accounted for about 60 percent of the economy. 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 towards conflict in 2013, the solid non-oil growth experienced before independence was followed by a contraction in non-oil activity, and a plunge in

12 https://data.worldbank.org/country/south-sudan?view=chart

13 CIA (2022). Available at: https://www.cia.gov/the-world-factbook/countries/south-sudan/

14 Mawejje, Joseph. (2020). *Macroeconomic Environment for Jobs, Recovery, And Peacebuilding in Urban South Sudan*: Technical Report II. Jobs Working Paper; No. 51. Washington, D.C.: World Bank.

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 the onset of conflict in 2013 led to the first economic crisis, with output contracting by 46 percent in 2012, followed by a further weakening 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. The peace process may yet reverse South Sudan's economic decline, but further concrete progress is needed, with complementary policy measures to stimulate evolution of the private sector to support economic growth and development. The R-ARCSS was signed in September 2018, preparing the ground for formation of a government of national unity in February 2020, which restored the 10 historical states.

According to the World Bank in FY2021/2022,[15] the economy is projected to contract by 0.8 percent despite higher oil prices and improving macroeconomic conditions; a reflection of falling oil production, which is projected to decline by 7.2 percent in FY2021/2022, and the impact of climate shocks on agriculture. However, there is hope from the higher budget revenues that are expected to support domestic demand, and growth in the services sector, projected to recover to 4.7 percent in FY2021/2022 from a contraction of 9.7 percent in the previous year (see Table 1). It is estimated that over the medium term, growth is likely to average around 2.5–4.0 percent, with developments in the non-oil sectors and a recovery in consumption being the main contributors. Poverty, in turn, is expected to remain stagnant at 80 percent in the coming years. Nevertheless, inflation is expected to decline gradually over the medium term and will benefit from improved fiscal and monetary discipline, exchange rate market liberalization, and deepening public financial management reforms. Non-oil tax revenue performance is projected at 3.2 percent of GDP in FY2021/2022, higher than the 2.6 percent of GDP contained in the FY2021/2022 budget, reflecting the National Revenue Authority's efforts to expand the tax base and the implementation of a range of measures to strengthen tax administration functions.

The fiscal deficit could narrow to 2.5 percent of GDP in FY2021/2022 from an estimated 6.9 percent of GDP in FY2020/2021, on the back of a strong recovery in international oil prices. In parallel, the current account is expected to record a surplus of 0.3 percent of GDP in FY2021/2022, from a deficit of 5.5 percent in FY2020/2021, reflecting higher oil export revenues, lower financial transfers to Sudan, and lower import demand for capital projects, especially in the oil sector.

15 Mawejje. J. (2022). *Directions for Reform: A Country Economic Memorandum for Recovery and Resilience in South Sudan*. Washington D.C.: World Bank.

Table 1: Economic sectors of South Sudan as a percentage of GDP and other indicators, 2019–2024

Note: GHG denotes greenhouse gas

Source: World Bank Data, 2022

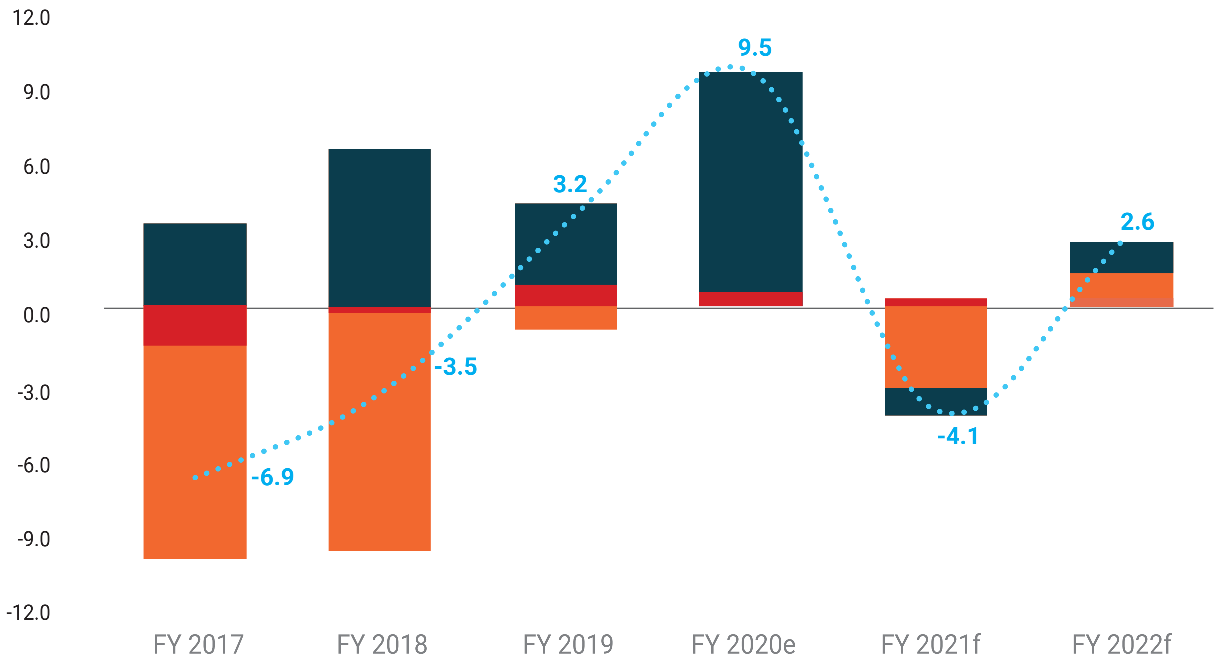
	2019	2020	2021e	2022f	2023f	2024f
Real GDP growth, market prices	3.2	9.5	-5.2	-0.8	2.5	4.0
Real GDP growth, factor prices	3.2	9.5	-5.1	-0.8	2.5	4.0
Agriculture	9.9	6.0	-4.0	-1.3	2.1	3.4
Industry	20.9	27.5	-2.3	-4.0	0.9	3.1
Services	-12.1	-9.6	-9.7	4.7	5.1	5.6
Inflation (CPI)	**63.6**	**33.3**	**43.1**	**24.4**	**16.0**	**12.1**
Current account balance (% of GDP)	-6.3	-20.3	-5.5	0.3	2.8	12
Net foreign direct investment (% of GDP)	-1.7	-0.4	0.9	0.9	0.8	2.1
Fiscal balance (% of GDP)	-1.0	-9.8	-6.8	-2.6	-1.8	-3.5
Debt (% of GDP)	32.7	40.7	57.6	53.7	49.2	44.9
Primary balance (% of GDP)	-0.5	-7.8	-4.4	-0.5	-0.2	-2.4
International Poverty Rate ($1.9 in 2011 PPP)	79.6	77.0	79.3	80.2	80.2	79.6
Lower Middle Income Poverty Rate ($3.2 in 2011 PPP)	92.9	91.9	92.7	93.1	93.0	92.9
Upper Middle Income Poverty Rate ($5.5 in 2011 PPP)	98.3	97.9	98.2	98.4	98.4	98.3
GHG emission growth (mtCo2e)	1.3	0.5	1.9	3.9	6.5	10.7
Energy-related GHG emissions (% of total)	2.4	2.1	1.8	1.6	1.3	1.1

Despite notable progress in the implementation of the R-ARCSS, intercommunal violence has continued in the three historic 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 (see Figure 3).

Figure 3: Sources of real GDP growth, percentage by year, FY2017–2022

Legend: Oil, Agriculture, Non-oil industry and services, GDP at constant prices

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 such as agriculture and industry have been growing but that is 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.

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 the conflicts and the shutdown of oil production has further eroded consumer spending since 2013/2014. 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), has been generally negative (see Tables 1 and 2). This has implications for diversification of the economy, and perpetuates the country's reliance on oil for exports (and foreign exchange) and government revenues.

Table 2: Contributions to growth, percentage, 2011–2019

Note: "o/w" denotes "of which"

Source: World Bank staff estimates

	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

1.2.3 Fiscal sector

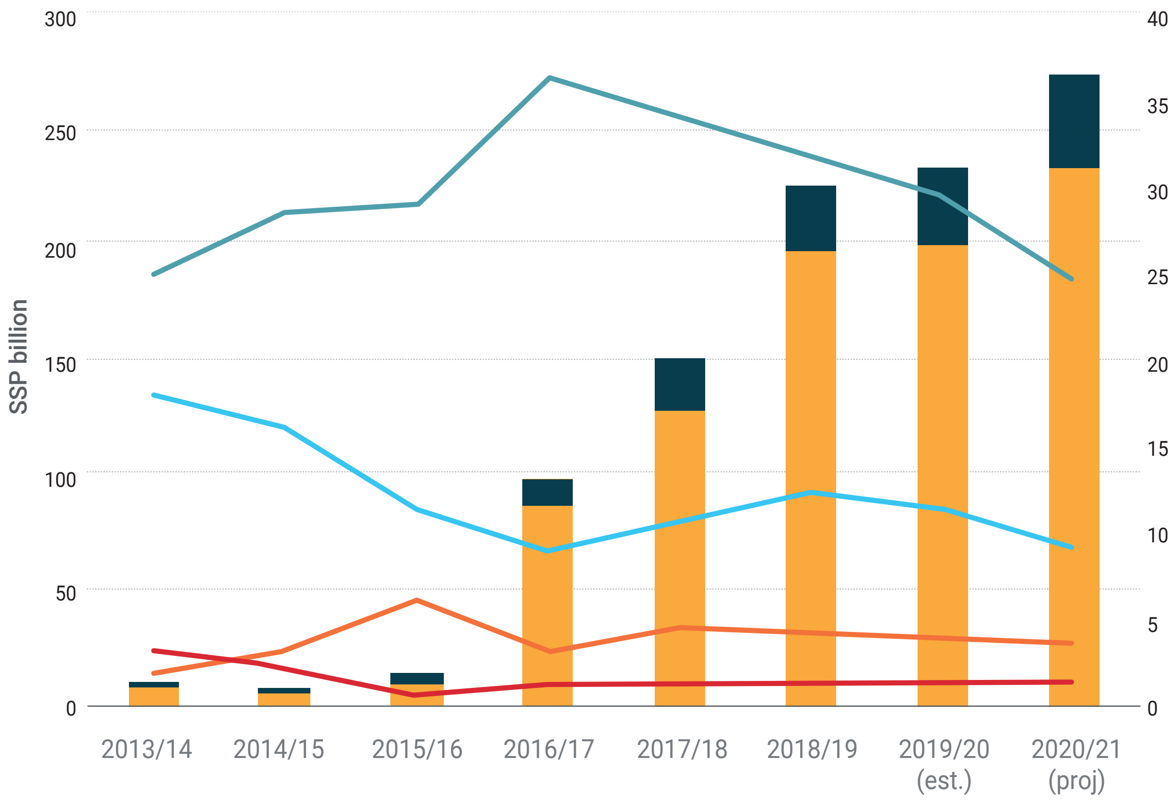
In South Sudan, fiscal policy is dependent on oil revenue and lacks orientation towards productive investment, with the national budget significantly funded by oil revenue receipts (see Figure 4). With the establishment of the National Revenue Authority (NRA), a reform process is under way with the goal 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 revenue does not go into the budget. As a consequence, public investment towards trade development is limited, despite the enormous investment needs to diversify the economy through trade (see Table 3).

Extra-budgetary expenditures and financing shortfalls due to unaccounted advances for oil sales led to a continuous accumulation of domestic arrears and complicated budget and debt management.[16] Capital spending remains limited (see Table 3). Consequently, South Sudan continues to underinvest in sectors that would have the largest impact on poverty reduction and building resilience, inclusive trade and private sector development. This is despite the commitments made in the R-ARCSS by the Revitalised Transitional Government of National Unity of the Republic of South Sudan (RTGoNU) that it: "shall establish a high-level, competent and effective oversight mechanism that shall control revenues collection, budgeting, revenue allocation and expenditure". However, commitments made by the government in the R-NDS to: "revamp non-oil revenue collection and expand the fiscal space by enhancing fiscal transparency, accountability and reporting" are encouraging.

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

Legend: Non-oil tax revenue (SSP) Total revenue ($ billion) Non-oil tax revenue (% of GDP) Oil revenue (SSP) Total revenue (% of GDP) Oil exporting countries, average (revenue % of GDP)

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



16 Mawejje, Joseph. (2020). Macroeconomic Environment for Jobs, Recovery, And Peacebuilding in Urban South Sudan: Technical Report II. Jobs Working Paper; No. 51. Washington, D.C.: World Bank.

Despite arrears in public sector salaries, much expenditure goes on security forces and public administration, with little spending on investment projects to stimulate economic diversification and trade development. 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 example, the security sector was allocated 19 percent in the FY2018/2019 budget but received 41 percent of total resources in the first nine months of the fiscal year. Spending on trade-friendly services 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 for poverty reduction, building resilience, and human capital development. In addition, allocations to sectors that would foster productivity of the non-oil economy such as agriculture, services and industrial development are limited. This is not in line with the GRSS's intentions in the R-NDS "to accelerate economic diversification, increase investment in value addition and reduce reliance on oil and freeing up fiscal space, while expanding social services" and requires close examination of the structure of the budget.

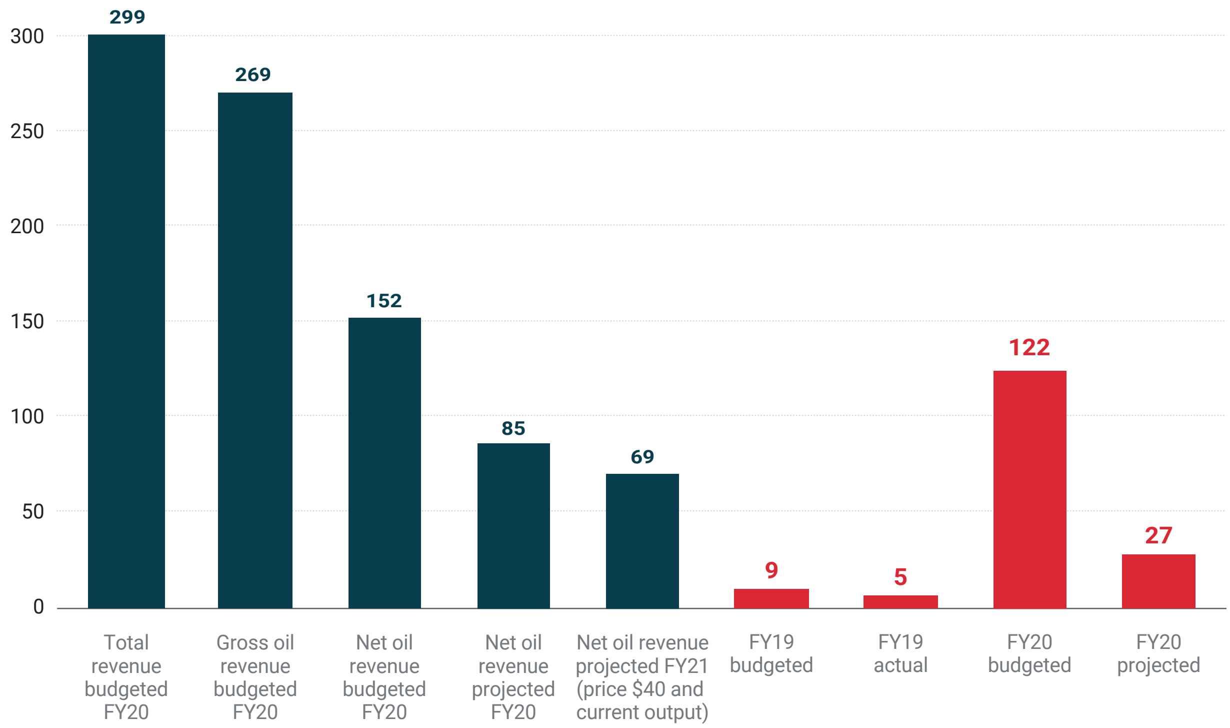
In this regard, the R-ARCSS envisages the creation of enterprise development funds, which would work through private sector associations to improve productivity and trade through capacity enhancement and access to financing. However, these are not yet operational. Poor budget execution has been exacerbated by lower revenue receipts to the budget, with FY2020 government spending on infrastructure and service delivery estimated to be lower than forecast. The FY2020 capital spending was projected to be 22 percent of the budget, with significant underexecution in key sectors such as infrastructure (13 percent), health (27 percent), social and humanitarian (9 percent), and education (73 percent).

By contrast, current capital spending is projected to be 186 percent of the budget, with accountability (483 percent), rule of law (345 percent), public administration (193 percent), and security (113 percent) all spending significantly above budget. Amid the COVID-19 pandemic, the FY2019/2020 budget deficit has widened, with large shortfalls for both oil and non-oil revenue. The FY2020 budget envisaged gross oil revenue receipts of about SSP269 billion ($1.7 billion) and net oil revenues of about SSP152 billion ($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 be SSP209 billion ($1.3 billion) with net flows into the budget amounting to SSP85 billion ($527 million), leading to a shortfall of about $415 million in FY2020 budget on oil revenues alone (see Figure 5). At the same time, non-oil tax revenues are expected to be 3 percent lower than budgeted, with a shortfall of about $4.7 million.

Figure 5: Government revenue and investment budget, SSP billions

Legend: Revenue Investment budget

Source: Ministry of Finance and Planning, approved Budget Tables FY2019/2020; and World Bank projections based on official data.



With these developments, coupled with current budget overspending, the fiscal deficit is expected to reach $510 million (8.5 percent of GDP) from $166 million (3 percent of GDP) that was budgeted (see Figure 7). With South Sudan authorities struggling to meet budget obligations and salary arrears of more than six months in June 2020 and about three months in 2022, it looks unlikely in the short term for the government to amass sufficient funds to pay salaries, settle outstanding arrears, and increase capital investment in productive sectors. In the foreseeable future, it looks likely that the government will continue allocating sizeable resources to the security, rule of law, and accountability sectors (see Table 3).

In the long 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 build capacity and establish a credible macrofiscal framework, as well as tools for forecasting a range of targets including revenue, expenditure and output. Improving the business environment for job 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 emphasis on recurrent and security-related expenditure with the result that capital investment is not funded. Consequently, there is a disconnect between fiscal policy and growth. Increasing expenditures for service delivery, paying salaries and commencing 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

Source: Ministry of Finance and Planning, World Bank estimates

	FY 2018/2019 (Actual)	FY 2019/2020 (Est)	FY 2020/2021 (Proj)	FY 2021/2022 (Proj)
Total government revenue	**29.1**	**28.1**	**26.1**	**31.1**
Oil revenue	25.5	24.3	21.1	27.1
Non-oil revenue	3.6	3.8	5.0	4.0
Grants	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
Wages and salaries	3.1	4.4	4.5	5.2
Interest	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

The fiscal balance is, however, relatively healthier than those of the country's peers due to minimum development expenditure, relatively low debt levels and the cushion from oil revenues, (see Table 4).

Table 4: Budget balance in relation to GDP for selected countries, 2017–2018

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

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

1.2.4 Monetary sector

1.2.4.1 Exchange rate policy

Since independence, there has been a widespread gap between the official and parallel market exchange rates that causes some distortions affecting trade performance. Since independence, the South Sudanese pound has depreciated by more than fifty-fold on the official rate, reflecting the sharp decrease in economic activity as well as the decrease in monetary growth. The exchange rate has fallen from SSP2.95 to the US dollar at independence to nearly SSP 430 to the US dollar in March 2022.[17] At the same time, the gap between the parallel and official exchange rates was 105 percent as the conversion rate for one US dollar reached SSP335. With low foreign exchange

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reserves, there is little access to US dollars at the official rate, even for formal businesses and commercial banks. Some of the impact of exchange rate policy on economic activity and trade includes: (i) the opportunity for rent-seeking due to the dual exchange rate, (ii) the fiscal consequences of budgeting US dollar-denominated oil revenue at the official rate, and (iii) low effective customs rates due to valuation of imported goods at the official rate.

Overvaluation of the official rate in principle makes domestic production less competitive with imports and disincentivizes foreign investment. But because businesses in practice may not buy US dollars 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 the collapse of oil revenue made it difficult to maintain. The exchange rate was arbitrarily fixed at SSP2.95 to the US dollar—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. 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 the 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 $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 unofficial rates but was soon overtaken by further rapid devaluation. With these challenges, the Bank of South Sudan (BoSS) adopted a controlled floating exchange rate policy on 15 December 2015. Consequently, the currency was devalued, with the new official exchange rate set at SSP 18.5 to the US dollar, equivalent to the parallel market rate. A more flexible, market-determined exchange rate was needed to help absorb external shocks and maintain the BoSS's ability to use monetary policy to influence domestic economic conditions.

Despite the change in exchange rate policy, the SSP continued to depreciate on both the official and the parallel markets. On the parallel market, the pound depreciated from SSP18.5 per US dollar in December 2015 to SSP70 per US dollar by August 2016 and SSP172 per US dollar by August 2017. The current exchange rate policy that introduced provisions for special accounts lacks transparency and fairness in allocation of foreign exchange to the market. Since mid-2017, when the BoSS introduced the "special accounts scheme viii", commercial banks have been required to immediately sell all the foreign exchange purchased from the special account holders to the BoSS (both transactions should be at the official (indicative) rate), while banks have been allowed to subsequently repurchase 25 percent from the BoSS. This exchange rate system and banks' surrender requirement to the BoSS have contributed to a decline in foreign exchange inflows. Consequently, the exchange rate market is still beset with soaring premiums, 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 the RTGoNU, with COVID-19 related shocks leading to a reduction in import demand.

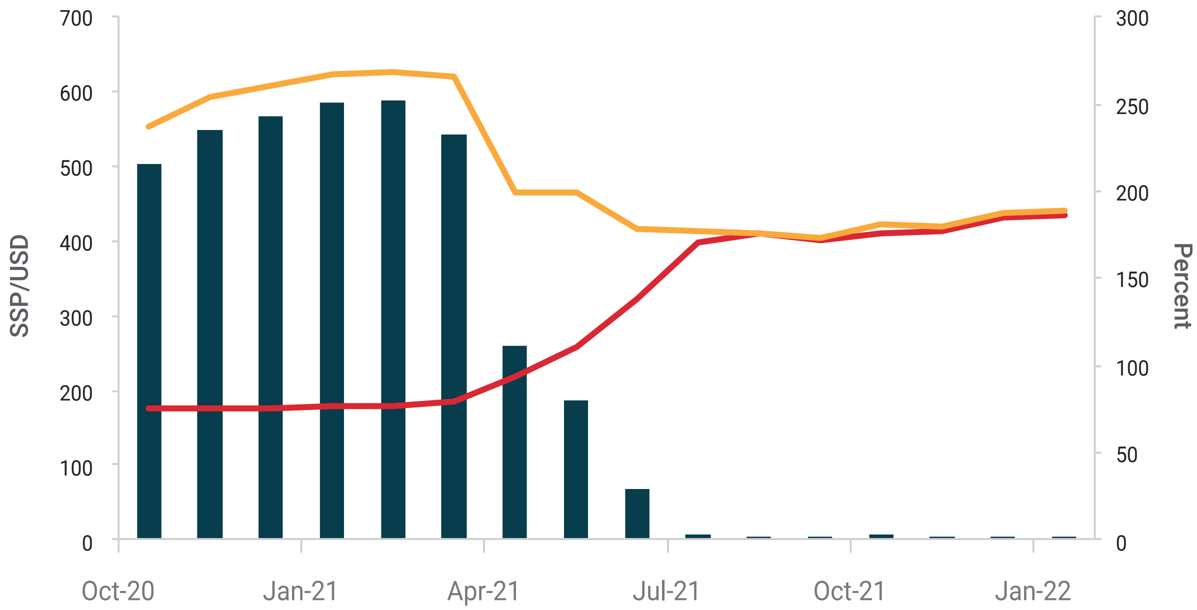
Despite a brief appreciation in the three months leading to the signing of the latest peace deal in September 2018, the exchange rate has continued to depreciate and the spread between the official and parallel exchange rate has widened further. However, the exchange rate appreciated on the parallel market following political events that led to the formation of the RTGoNU in February 2020 and maintained this position following the introduction of COVID-19 containment measures through March and April 2020, with the parallel rate averaging SSP286 per US dollar during this time. The demand for US dollars 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 local currency.

However, the exchange rate policy has now achieved unification, and this has contributed to declining inflation. The gap between the market and official exchange rates declined from 250 percent in January 2021 to about 1 percent in August 2021 (see Figure 6), as the authorities' exchange rate policy moved towards exchange rate unification. The BoSS revamped the foreign exchange auction system through weekly auctions of the IMF's Rapid Credit Facilities to commercial banks and foreign exchange bureaux, at a new auction rate which is much closer to the prevailing market rate than the controlled and overvalued official rate. The official rate now applies only to transactions between the BoSS and the government, whereas transactions involving the private sector and donors now occur at a freely determined exchange rate. Not only has the BoSS been auctioning foreign exchange for both banks and currency bureaux, but the reference rate for banks (that is, a weighted average of banks' transactions with their customers) is now pretty much aligned with the rates prevailing at the foreign exchange auctions.

Figure 6: Unification of the exchange rate

Legend: ■ Spread, % (RHS) ■ Official XR (LHS) ■ Parallel XR (LHS)

Source: World Bank Country Memorandum, 2022



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 that are home to South Sudan's diaspora affects incomes. However, the anticipated sharp fall in the government's foreign exchange receipts from oil may not have a big impact on the market exchange rate as the government is understood to spend most of the foreign exchange it receives on its own operations and so sells relatively little into the market through auctioning to currency bureaux. There are some standard implications of a distorted exchange rate, but it is difficult to determine whether they will materialize in South Sudan, since it is not easy to know whether foreign exchange 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 the exploitation of natural resource sectors or from aid. South Sudan has an indicative exchange rate, set below the market value and this is in principle, a hindrance to investment and private sector development. 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, industrial growth and therefore job creation.

In commodity-exporting countries, such as South Sudan, competitive exchange rate policies play a crucial role in promoting economic diversification as envisaged in the R-NDS. From the point of view of both formal and informal investors, the exchange rate is a key determinant of incentives facing domestic economic agents, because it influences the relative prices of both tradeable and non-tradeable 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 tradeable sectors.

In addition, the type of exchange rate regime 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 financial strength. Maintaining a sound financial sector and price stability are core objectives of the central bank. The challenge facing the BoSS in the conduct of its 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 BoSS in ensuring price stability is limited.

The central bank could diversify its monetary policy instruments by introducing treasury bills, the interbank market, and the term deposit facility. While the foreign exchange auction mechanism has been reinstated, the central bank does not receive enough foreign exchange to auction, thus limiting its effectiveness. From a trade perspective, it is important that the central bank develops a foreign exchange 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 foreign exchange at the official rate: if foreign exchange 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.

The now-unified exchange rate 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 need 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, the availability of reasonably priced and reliable electricity, efficient transport, communication technologies, and human capital development. These would all enhance the response of the economy to competitive and stable exchange rates.

However, there are short-term 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 tradeable may take time.

The R-NDS approach to manage oil revenue by ensuring that when the income from oil is high, surplus revenue will be put in the Stabilization Fund, enshrined in the Petroleum Act of 2012, and to protect the economy from global oil price volatility, will be important in the stabilization of the exchange rate.

1.2.4.2 Inflation rate policy

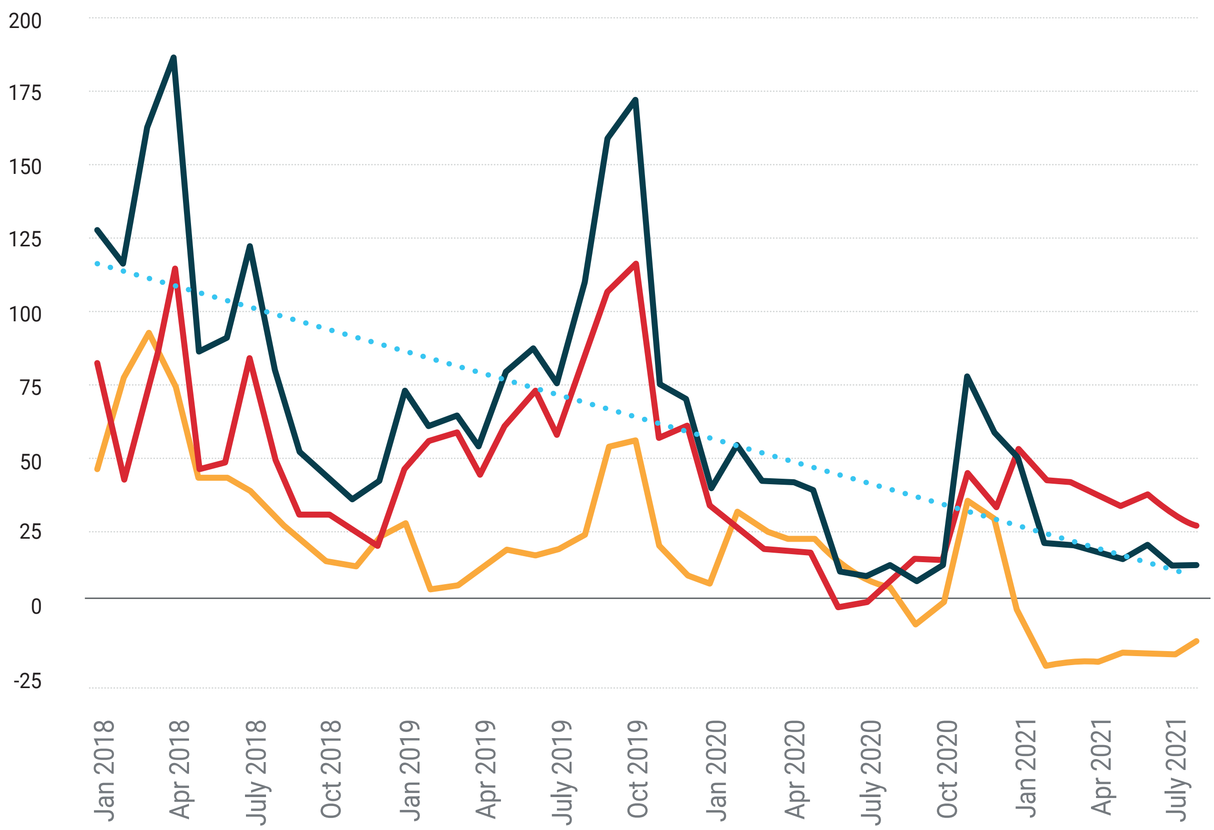
South Sudan experienced very high inflation, particularly during 2015–2018 as the country grappled with the consequences of conflict and macroeconomic collapse. During that time, inflation rose to 550 percent at its peak, fuelled by monetization of the fiscal deficit, exchange rate depreciation and conflict-induced domestic supply constraints.[18] 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 the money supply, exchange rate developments and inflation. However, by October 2019, price levels were growing again to 170 percent, before declining to 20 percent by July 2021 as the exchange rate stabilized (Figure 7, next page).

18 World Bank (2022). *South Sudan Economic Monitor: February 2022: Towards a Jobs Agenda*. Washington D.C.: World Bank.

Figure 7: Inflation rate trend, 2018–July 2021

Legend: All items, Food, Non-food, Linear (All items)

Source: World Bank Economic update, 2022



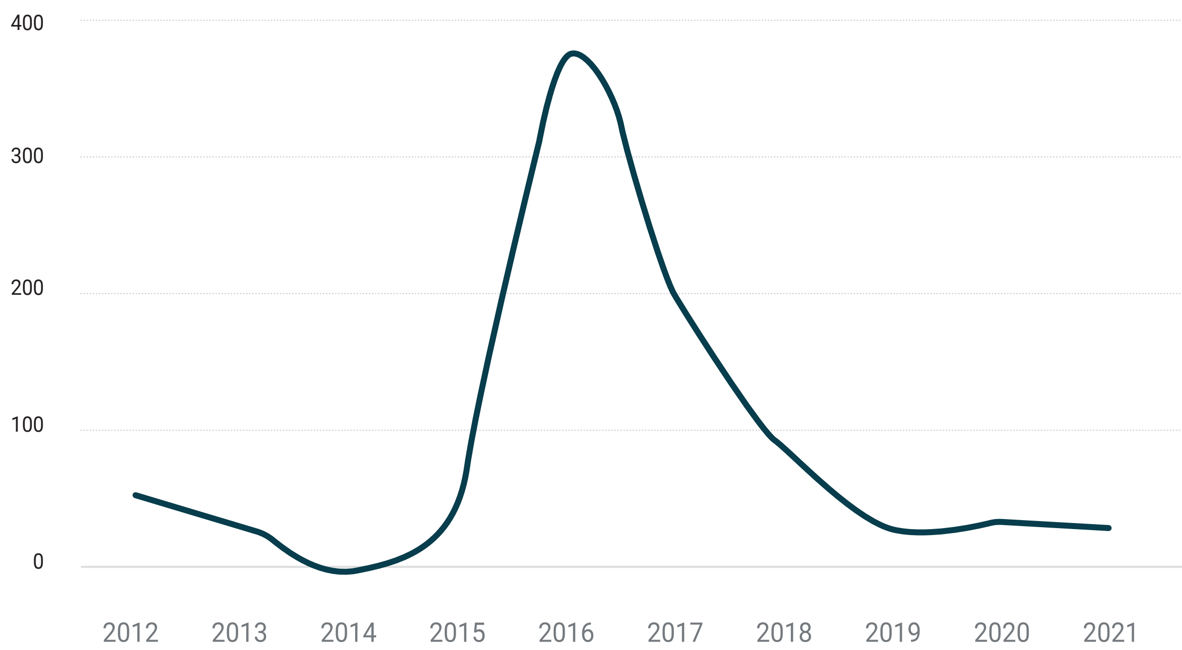
Given that South Sudan is an import-dependent economy with limited domestic production capacities, exchange rate passthrough to domestic prices is high with changes in the inflation rate moving together with changes in the rate of depreciation. For instance, when inflation slowed in the second half of 2018, the SSP, which had lost a lot of value relative to 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 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 2018. The declining food inflation that followed reflected the effects of increased trade flows, better access to markets, and recovering domestic production. The pressure on prices of basic food crops, including maize, sorghum, wheat, cassava and groundnuts started to dissipate during the second half of FY2018/2019, after having reversed the sustained upward trend experienced in much of FY2017/2018. The prices of a kilogram of beans and a litre of vegetable oil decreased by 25 percent in June 2019 compared with 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 were declining in the second half of FY2019.

Starting in early 2020 the easing of food prices reversed with COVID-19 containment measures disrupting supply chains and trade flows. Pandemic-related disruptions to trade, supply chains and longer travel times have contributed to higher prices for essential commodities since the first quarter of 2020. By May 2020, Juba market prices for basic food stuffs had risen by about 40–150 percent (annualized monthly change) potentially highlighting the effects of the containment measures introduced in late March. Although borders remained open to commercial traffic, COVID-19-related screening processes resulted in slower cargo movements, with volumes passing through Nimule reportedly falling between 50–70 percent by April 2020 (Figure 8). At the same time, widespread insecurity, disrupted production and markets, and weak local currency continued to have an adverse effect on prices, outweighing any improvements in supply. However, inflation has generally been in decline over the years after the record rate of 2016 caused by that year's conflict (Figure 8).

Figure 8: Inflation trends, 2012–2021

Source: African Development Bank, Statistics Department



The war in Ukraine has increased global economic uncertainty but may provide both opportunities and challenges for South Sudan and have a passthrough to commodity prices.[19] Rising food prices arrive at a time when domestic cereal production has been impacted by significant climate and conflict events in 2021 that led to a 4 percent reduction in cereal production, resulting in a 16 percent increase in the domestic cereal deficit to 540,000 tonnes in 2022. With more than 60 percent of the population (7.7 million) facing severe acute food insecurity in 2022, rising food prices will exacerbate an already-dire situation.

The key steps to stabilizing prices are ceasing the monetization of deficits, maintaining the exchange rate, improved peace, and a recovery of food production. 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 alongside exchange rate stabilization as the central bank resumes auctioning foreign exchange with the full participation of commercial banks, in addition to foreign exchange bureaux. In the medium term, these short-term policies must be complemented by the adoption of a target for monetary policy and an intermediate target that is adequate for countries with an underdeveloped financial sector.

In the longer term, however, the control of inflation is complicated by the inadequacy of the central bank's capacity to influence the transmission mechanism. This would ideally be strengthened as the financial sector develops and the treasury bills market becomes fully operational. On the supply side, greater peace and stability would facilitate a resurgence in food production and allow for a gradual return of confidence in economic prospects, hence putting less pressure on the exchange rate. The R-NDS is prioritizing agreement on annual spending levels, careful assessment of spending priorities, and the enhancement of technical and absorptive capacities to avoid further inflation and the overburdening of economic actors.[20]

1.2.5 External sector

With the exception of 2013, a time of active conflict, the exports and imports as a percentage of GDP are comparable and, in most cases, higher than the sub-Saharan average (Figure 9).

19 Details of the flow-on effects from the Ukraine-Russia crisis are covered in section 1.4.

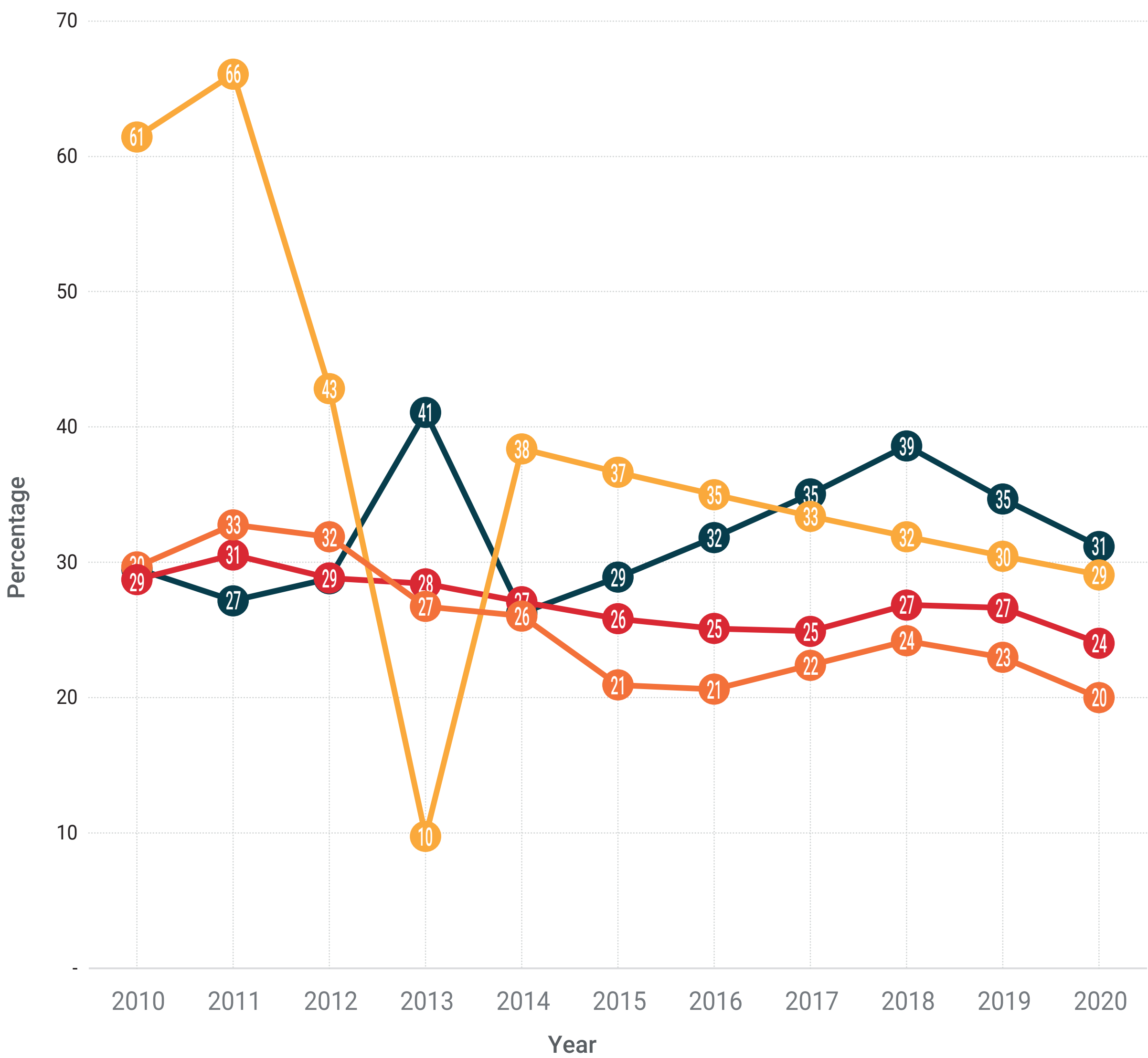
20 R-NDS

Figure 9: South Sudan's exports and imports of goods and services, percent of GDP, 2010–2020

Legend:
- Imports of goods and services (% of GDP) South Sudan
- Imports of goods and services (% of GDP) SSA (Excl. high income)
- Exports of goods and services (% of GDP) SSA (Excl. high income)
- Exports of goods and services (% of GDP) South Sudan

Note: Figures for South Sudan in 2016–2020 are estimates based on the previous three years of figures

Source: World Bank, World Development Indicators (WDI), 2021



However, the country's current balance is worsening, with all balances trending downwards mainly due to the decline in oil prices but also the lack of remittances and investments due to the conflicts and later COVID-19 (Table 5).

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

Note: "o/w" denotes "of which". Source: IMF, World Bank Estimates

	2017/2018	2018/2019	2019/2020	2020/2021
Current account balance	-343	-253	-406	-341
(% GDP)	(-9.5)	(-5.0)	(-7.9)	(-7.1)
Balance of goods	150	267	-38	-440
(% GDP)	(4.2)	(5.2)	(-0.7)	(-9.2)
Exports of goods	2,568	3,103	3,088	2,912
o/w oil	2,552	3,086	3,061	2,883
Imports of goods	-2.418	-2.836	-3.126	-3.352
Balance of services	-676	-707	-648	-658
(% GDP)	(-18.8)	(-13.9)	(-12.6)	(-13.7)
Income	-594	-719	-576	-484
(% GDP)	(-16.5)	(-14.1)	(-11.2)	(-10.1)
Current transfers	776	906	856	1,241
(% GDP)	(21.6)	(17.8)	(16.1)	(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
Memorandum items				
Nominal GDP ($ millions)	3,596	5,093	5,147	4,788
Gross foreign reserves ($ millions)	33	31	48	133
In months of imports	0.1	0.1	0.1	0.4

1.2.5.1 Products and services trade analysis

Trade performance is one of the most important indicators of the health of any economy. A country that has a diversified trade structure is likely to ensure good livelihood for the population. Trade performance is also a function of a conducive business and investment environment; and key for a country's participation in regional and international trade. Trade competitiveness of the land-locked South Sudanese economy will be critical to ensure integration into value-added segments of global and intra-African markets—including through the landmark AfCFTA and other regional and multilateral trade deals.

1.2.5.1.1 Assessment of South Sudan Merchandise Export Trade

In the East Africa region, DRC was, up until 2020, the leading exporter with $14.1 billion followed by Kenya, Tanzania and Uganda (Table 6). 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 in 2013 to $793 million in 2020. This makes South Sudan the fourth largest exporter in the EAC, behind Tanzania ($5.2 billion), Uganda ($4.2 billion) and Kenya ($6 billion), a decrease of 300 percent (Table 6). Comparable percentage 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 6: South Sudan and EAC states' total product exports, 2013–2020

Source: ITC calculations based on UN Comtrade statistics since January 2020

Total product exports ($, millions)

Country	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
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

Kenya is the leading import source of products with $15.4 billion followed by Tanzania, Uganda and DRC (Table 7). South Sudan's merchandise imports have also been increasing since 2017 from $0.3 billion in 2017 to $0.8 billion in 2020, an increase of about 170 percent, much lower than for exports (Table 7).

As a consequence, on account of oil exports and the underdeveloped import sector, South Sudan's 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 10 and 11).

Figure 10: International merchandise exports and imports for South Sudan, 2012–2025

Legend: ■ Merchandise exports (US$ millions) ■ Merchandise imports by the reporting economy (current US$ millions)

Note: Exports: 2020-2025 are estimates based on 2 percent - 5 percent growth rates in exports;
Imports: 2020-2022 (26 percent) & 2023-2025 (30 percent)

Source: ITC calculations based on UN Comtrade, 2021

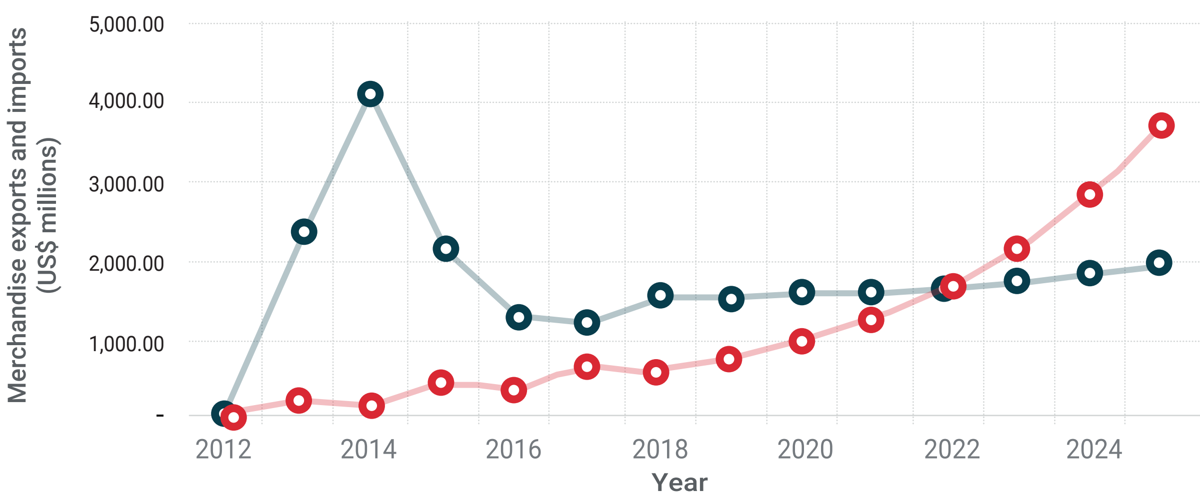


Figure 11: South Sudan merchandise trade balance, 2016–2020

Legend: ■ Total trade balance (US$ millions)

Source: ITC calculations based on UN Comtrade, 2021

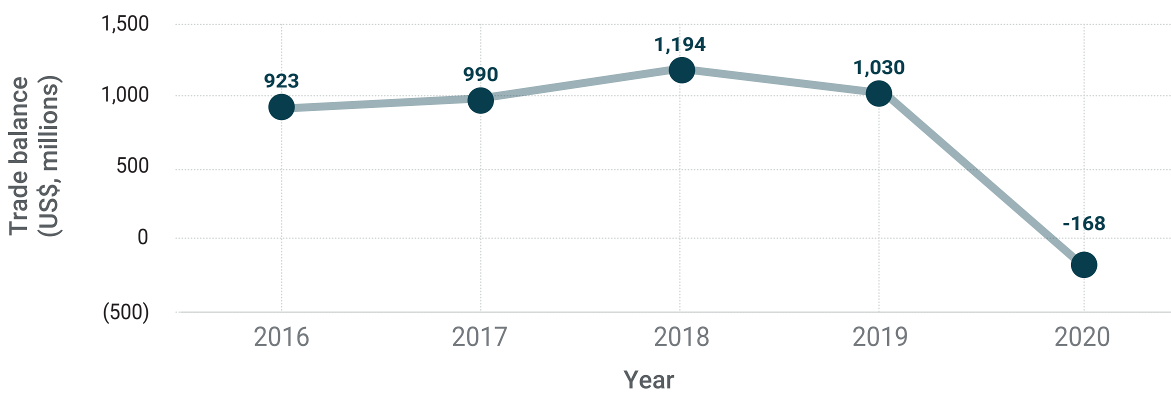


Table 7: South Sudan and EAC states' total product imports, 2009–2020

Source: ITC calculations based on UN Comtrade statistics since January 2020

Total product imports ($, 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

1.2.5.1.2 Key exports and Imports

As noted earlier, South Sudan's exports are dominated by the extractive industries, particularly oil and minerals, which comprised over 90 percent of the country's exports in 2020 (Table 8).

Table 8: Merchandise export structure by product group in 2012–2020

Source: UNCTAD, 2022

Product label	Exports 2012–2020, $ millions	Percent of total exports
Mineral fuels and oils and products	16,394	97.80
Natural precious stones and metals	171	1.04
Oil seeds, fruits and grains	105	0.63
Edible vegetables and certain roots and tubers	30	0.18
Cotton	22	0.33
Wood and articles of wood; wood charcoal	14	0.08
Cereals	14	0.08
Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof	6	0.04
Iron and steel	6	0.04

In terms of imports, South Sudan imports mostly consumer commodities of an industrial nature (Table 9). One measure of performance/vulnerability for a country is its level of export and import concentration and product diversification. According to United Nations Conference on Trade and Development (UNCTAD)stat, the Product Concentration Index (PI) shows to which extent of exports and imports of individual economies or 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.

South Sudan's PI is very high (about 0.9 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. This is much higher than the country's regional peers and has not decreased that much from 0.99 in 2012. The Product Diversification Index (DI) is similarly high (about 0.8), which shows that the structure of South Sudan's exports and imports differs significantly from the world pattern. This is also comparable with the country's regional peers and has remained flat from 2016 to 2019. These results clearly show that South Sudan is not competitive in many products and markets with potential for further market development.

Table 9: **South Sudan's merchandise:** Product Concentration Index (PI) and Diversification Indices (DIs) of exports and imports with comparators

Source: UNCTAD Secretariat calculations, based on UNCTAD, UNCTADStat Merchandise Trade Matrix.[21]

Year	2011		2012		2013		2014		2015		2016		2017		2018		2019		2020	
	PI	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

21 UNCTAD (2021). https://unctadstat.unctad.org/wds/TableViewer/tableView.aspx

1.2.5.1.3 Export and import markets

Exports are still very low and have been decreasing, except for a slight increase in 2021 for EAC (Table 10). This is largely a reflection of the impact of the conflict, which has disrupted trade and economic growth.

Table 10: South Sudan exports by destination to regional and global partners, 2015–2021, $ millions

Note: ECOWAS is the Economic Community of West African States. KSA refers to the Kingdom of Saudi Arabia.

Source: South Sudan National Bureau of Statistics, Trade Report, 2022

Country/region	2015	2016	2017	2018	2019	2020	2021
EAC	13.00	23.56	17.92	2.00	1.97	6.76	32.78
COMESA	-	13.98	-	0.00	0.02	-	24.05
ECOWAS	-	1.74	-	0.03	-	-	0.05
SADC	-	-	-	0.00	0.00	-	-
Rest of Africa	-	287.66	-	0.03	0.18	-	0.00
EU	-	220.16	15.27	-	0.01	-	-
UK	-	13.98	3.10	-	0.00	-	0.00
USA	-	122.02	129.19	-	-	-	-
India	-	1.71	-	1.23	1.34	-	0.05
UAE	-	1.50	-	0.00	-	-	0.01
China	-	194.04	1.27	-	0.02	-	0.49
Japan	-	61.12	3.51	-	-	-	0.03
KSA	-	-	9.24	51.52	216.84	-	-
Rest of the world	-	287.66	46.46	-	0.29	0.63	0.12
Total trade	**13.00**	**1,229.15**	**225.96**	**54.81**	**220.68**	**7.39**	**57.59**

Yet the country's imports are rising sharply as the country is increasingly importing from other countries and regions of the world, in addition to the EAC and COMESA countries that have hitherto dominated the exports to South Sudan. For example, imports from United Arab Emirates (UAE) have increased from $37 million in 2019 to $188 million in 2021 (Table 11).

Table 11: South Sudan imports by origin from regional and global partners, 2015–2021, $ millions

Source: South Sudan National Bureau of Statistics, Trade Report, 2022

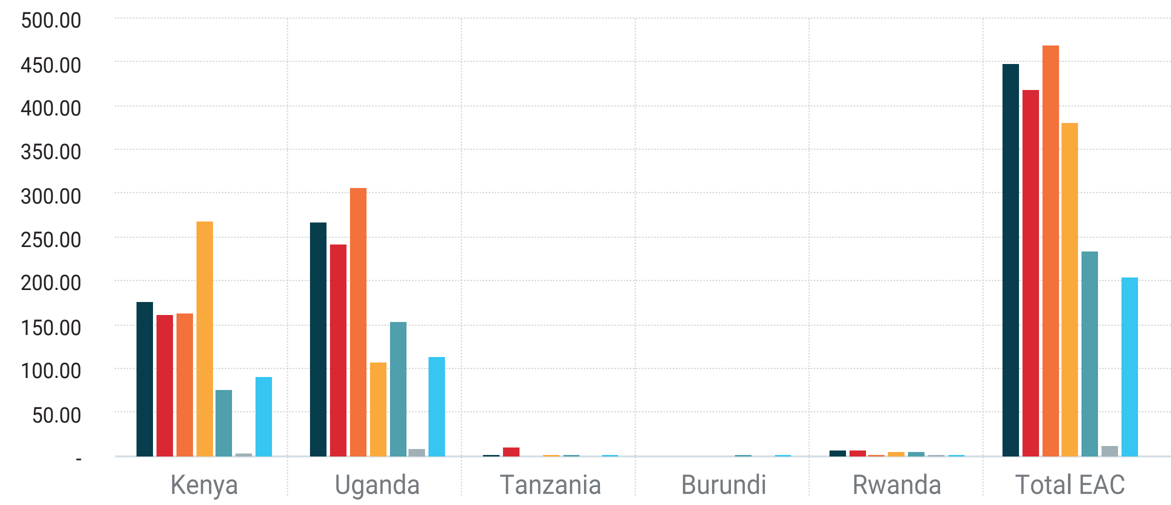
Country/region	2015	2016	2017	2018	2019	2020	2021
EAC	445.87	401.83	462.52	377.00	225.88	4.44	171.41
COMESA	7.17	-	-	7.60	11.01	-	2.90
ECOWAS	0.08	1.51	-	15.90	-	-	0.23
SADC	597.99	-	-	5.50	9.42	-	5.97
Rest of Africa	9.05	1.51	-	-	0.46	-	0.27
EU	-	20.83	209.74	43.10	91.91	-	78.75
UK	4.57	2.30	0.02	1.50	0.82	-	1.40
USA	21.57	10.76	0.29	3.40	10.60	-	9.57
India	-	1.83	-	16.30	64.42	-	80.72
UAE	-	-	-	-	37.52	-	188.31
China	18.54	4.87	0.08	40.10	56.32	-	108.31
Japan	13.68	9.59	-	8.80	292.13	-	27.25
KSA	-	-	-	-	216.84	-	5.77
Rest of the world	74.77	3.74	21.22	157.60	18.44	36.47	115.98
Total trade	**1,193.30**	**458.77**	**693.87**	**676.80**	**1,035.78**	**40.91**	**796.83**

Regionally, Uganda and Kenya dominated the export market to South Sudan with amounts of $112 million and $90 million, respectively in 2021 (Figure 12).

Figure 12: South Sudan imports from EAC partner states 2015–2021, $ millions

Legend: 2015 2016 2017 2018 2019 2020 2021

Source: South Sudan National Bureau of Statistics, Trade Report, 2022

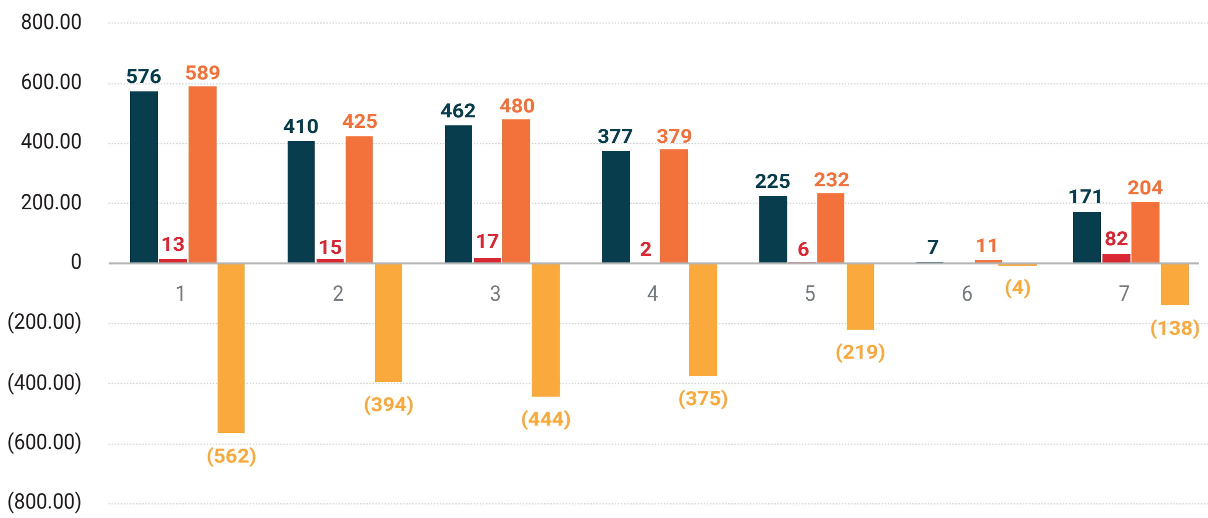


It is evident that South Sudan is not a major participant in the regional export market due to the predominance of oil and extractives in its exports. Consequently, the country's trade balance with the EAC has remained negative (Figure 13).

Figure 13: South Sudan intra-EAC trade January-February 2021 ($ millions)

Legend: Imports Exports Total trade Trade balance

Source: South Sudan National Bureau of Statistics, Trade Report, 2022



1.2.5.2 Trade in services

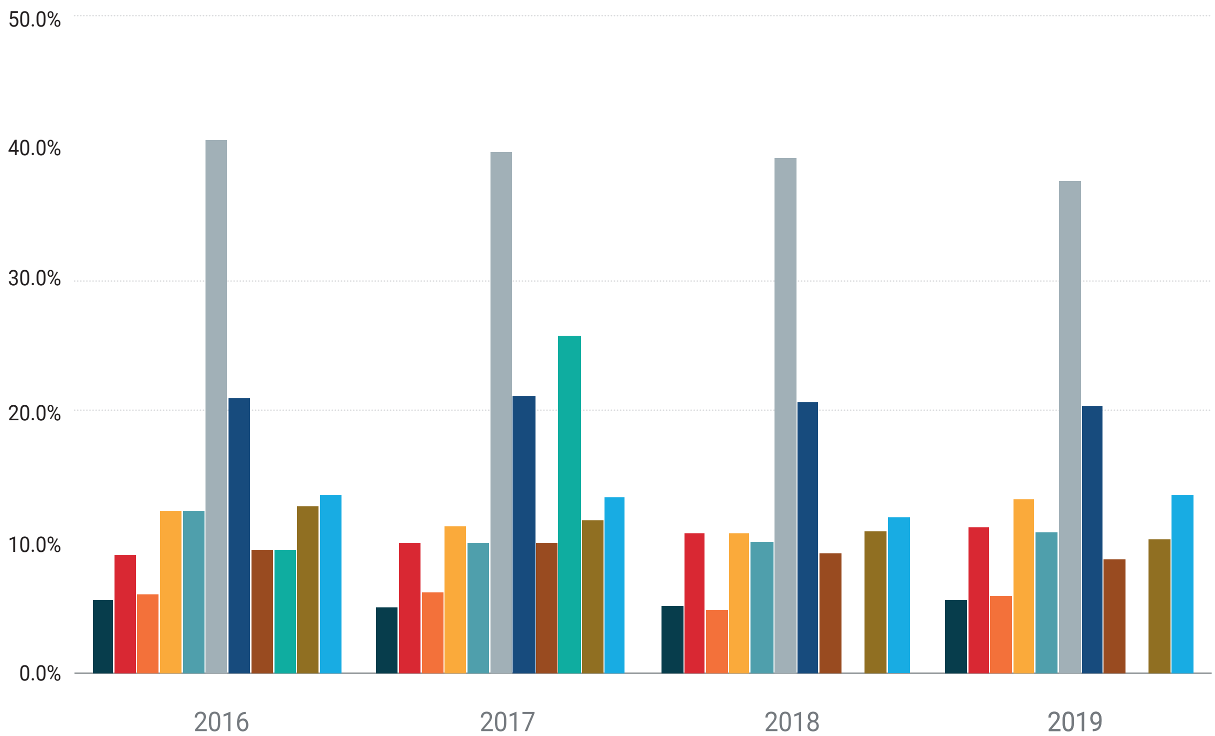
Trade in services is a good indicator of a country's competitiveness because it shows the capabilities available to the private sector for performance and growth. South Sudan's services exports as a percentage of GDP have increased from 10 percent in 2016 to 26 percent in 2017 (Figure 14). South Sudan needs to work harder to match star performers such as Mauritius in 2019 (38 percent). Trade in services is often a function of the technology and skillsets of the population and on these two measures, South Sudan performs dismally.

Figure 14: South Sudan's trade in services (percent of GDP) and comparators, 2016–2019

Legend: Brazil, Burundi, Democratic Republic of the Congo, Ethiopia, Kenya, Mauritius, Rwanda, South Africa, South Sudan, Tanzania, Uganda

Note: No data was available for South Sudan in 2018 and 2019.

Source: World Development Indicators, 2021



For a country that is currently natural resources-dependent, it is important to diversify to services and other non-oil sectors. South Sudan performs dismally in export of services and for most categories, it lags behind its peers such as Kenya, DRC and Viet Nam (Table 12). The country will need to intensify measures to grow service exports including investments in research and development, business development services and technical and vocational education and training (TVET).

Table 12: South Sudan's export of services and select countries, in $ millions, 2019

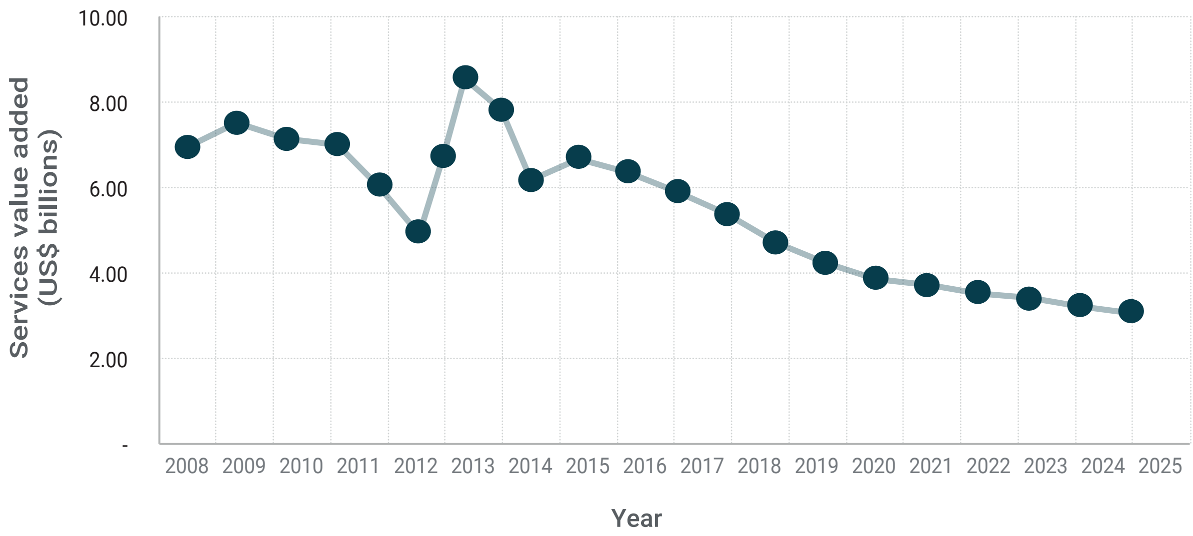
Source: UN Comtrade database, 2022

	South Sudan	Kenya	DRC	Malawi	Mozambique	Viet Nam
Total extended balance of payments services	104,630	5,600,083	141,892	182,314	931,045	16,795,000
Construction services	4,450	-	-	18,714		128,775
Financial services	3,260	478,404	1,421	44,099	2,278	210,000
Computer and information services	350	628,828	2,121	12,523	23,240	659,547
Royalties and licence fees	8,960	63,053		1,078		5,000
Other business services	87,540	76,907	2,447	-	24,919	335,679
Personal, cultural and recreational	70	8,612	39	-		13,000

This is particularly important given that value added to services in the country has been declining over the years (Figure 15). This should be reversed to enhance productivity in the services sector which would in turn lead to revenue generation, investment growth, economic development and employment especially for youth.

Figure 15: South Sudan services value added 2008–2025 (constant 2015, $ billions)

Source: WDI, 2022

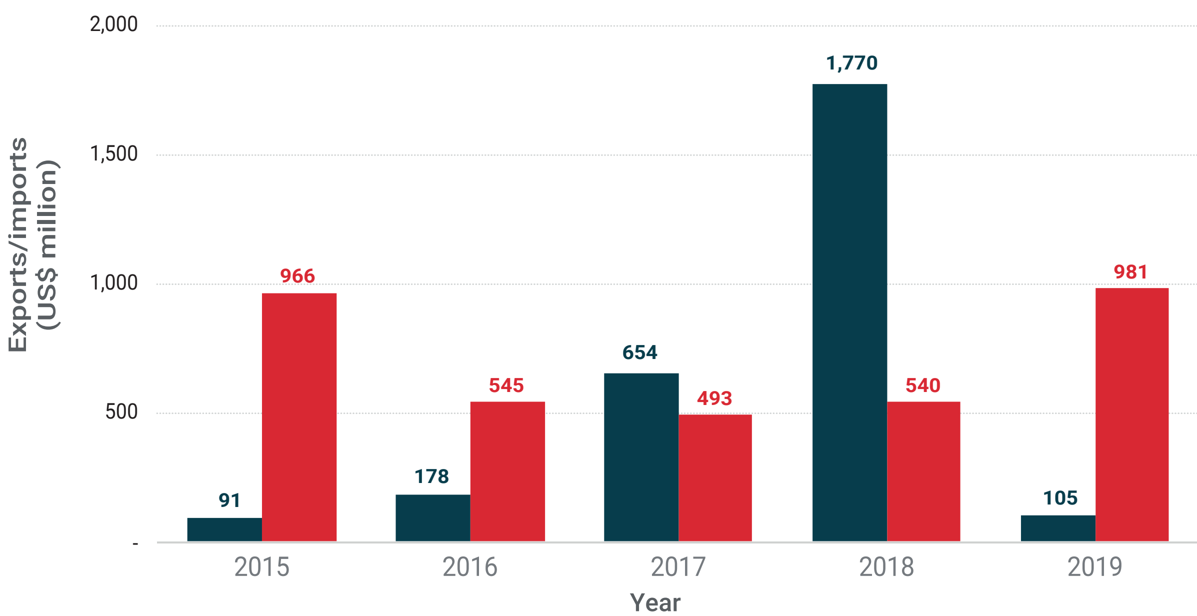


Similarly, the services trade balance has been decreasing, with the country increasingly importing more services than it exports, which does not augur well for the overall trade balance (Figure 16), especially if the service imports do not foster trade competitiveness in key value chains.

Figure 16: South Sudan's import and export in services ($ millions) by main category 2015–2019

Legend: ■ Exports ■ Imports

Source: UN Comtrade database (2021). https://comtrade.un.org/Data/



1.2.6 Market access and potential

There is no record of the most favoured nations (MFNs) tariff rates on South Sudan's primary and total exports—partly because the country is barely involved in the global economy through negotiated trade agreements. However, as the country opens for trade, there are some products for which it has some potential: wood, sawn/chipped lengthwise, sliced/peeled, thickness >6mm, wood in the rough. (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 million.) The products with the greatest export potential from South Sudan to Africa are: wood, sawn/chipped lengthwise, sliced/peeled, thickness >6mm, 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 presenting a diverse number of commodities to take advantage of emerging market access opportunities.

The markets with the greatest potential for South Sudan's exports of all products are India, Kenya and Jordan. 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 the greatest potential for South Sudan's exports of all products are South Asia, East Africa and the 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.

1.3 Socio-economic status

1.3.1 Population profile in relation to trade

South Sudan is a country of 12.1 million people[22] of whom 6.6 million are aged below 25 years (representing around 59 percent of the entire population) (Figure 17), making it a country with a young population of more males than females (Figure 18). This youthful population is good for future growth in trade, due to enhanced production capacity and the domestic market.

22 UNOCHA, South Sudan 2021 Humanitarian Needs Overview

Figure 17: South Sudan's age distribution by sex

Legend: ■ Male ■ Female ■ Total

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

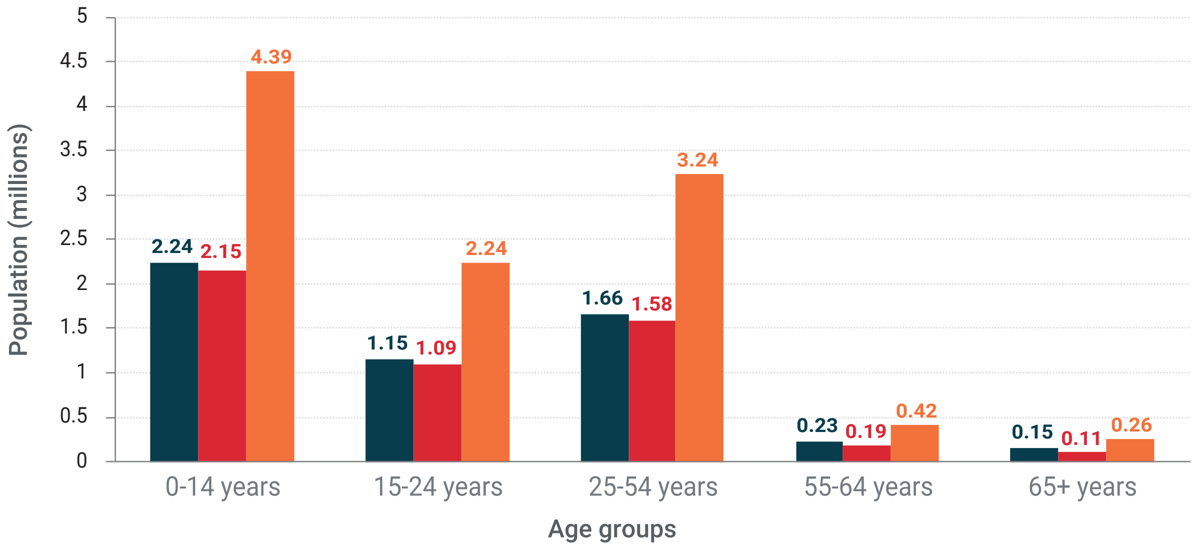
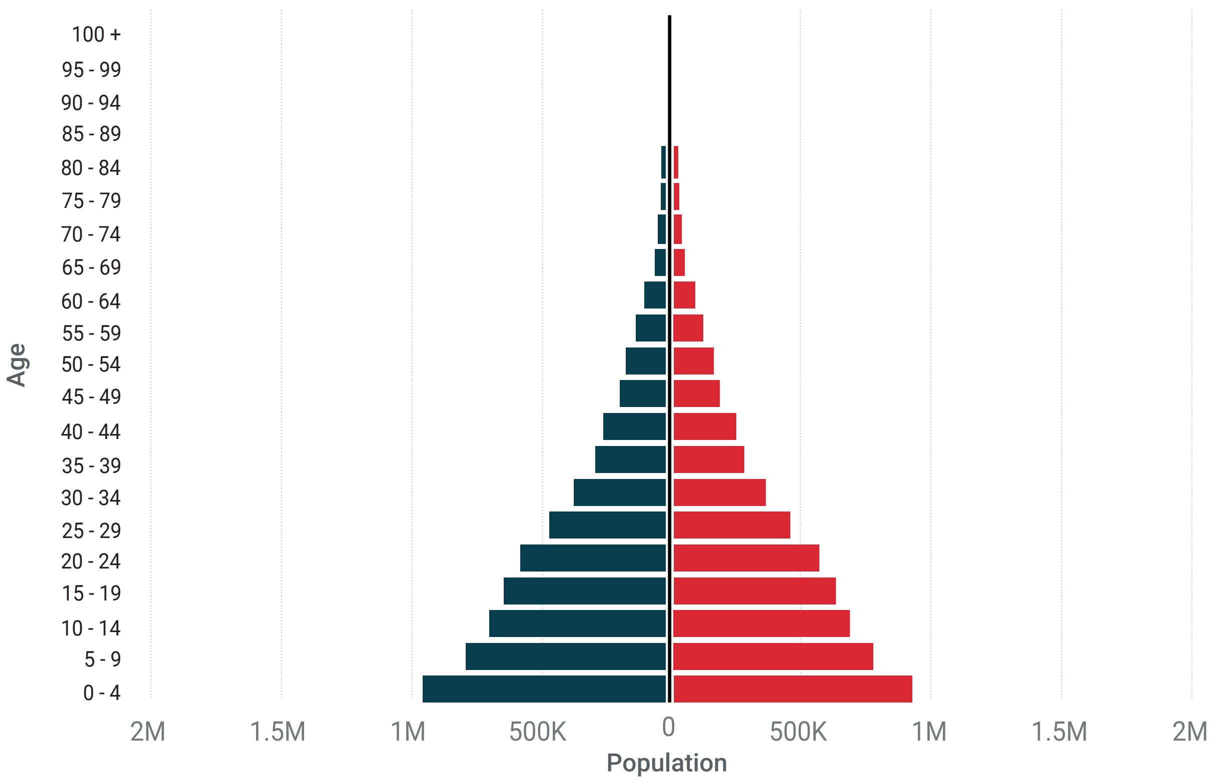


Figure 18: South Sudan's population structure

Legend: ■ Male ■ Female

Source: US Census Bureau, International database



1.3.2 Poverty trends

In a World Bank[23] study on the urban economy in South Sudan, more than 7 in 10 residents and 9 in 10 internally displaced persons (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 the conflict. More than 70 percent of urban non-displaced populations and 90 percent of IDPs at protection of civilians (PoC) sites, live below the poverty line of $1.90 per capita per day (2011 purchasing power parity) (Figure 19). Other national estimates of the percentage of the population falling below the poverty line suggest that South Sudan experiences 76 percent of its population living below the poverty line, compared with 65 percent in Burundi, 63 percent in DRC, 36 percent in Kenya, 26 percent in Tanzania, 38 percent in Rwanda and 21 percent in Uganda.[24] The Gini index measures the degree of inequality in the distribution of family income in a country. In terms of family income distribution South Sudan has a Gini index of 46, making it the country in the region with the highest income inequality compared with Kenya at 41, Rwanda at 44, Burundi at 39, Tanzania at 59.5 and Uganda at 43.

Poverty rates are high in all towns, but there are some important differences, with one in three residents above the poverty level in some towns, compared with only one in 10 in others. In Aweil, Rumbek and Torit, poverty is nearly universal, with poverty rates of close to 90 percent. By 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 IDPs PoC sites in Bentiu, 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 locations.[25]

Urban poverty rates rose particularly sharply from 2015 onwards due to the devastating impact of the extremely high inflation rates on real purchasing power for the wage-dependent urban population. These strikingly high urban poverty levels indicate the potential for trade and livelihoods programmes to be closely linked to poverty reduction programmes. The role of trade in poverty reduction should also be given close attention in formulation and implementation of the R-NDS and sector plans, and include continuous mainstreaming of trade-related priorities.

23 Source: World Bank Jobs Survey, 2021

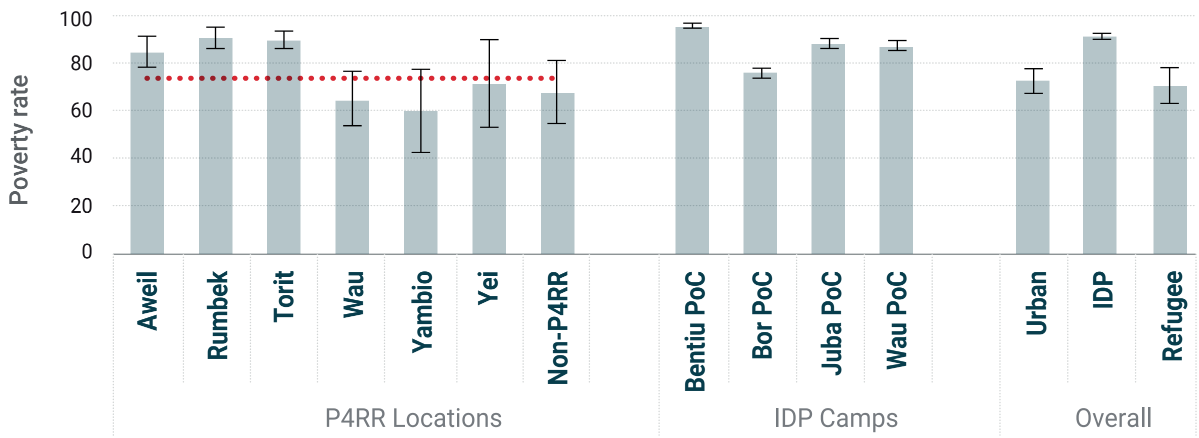
24 CIA (2021). Available at: https://www.cia.gov/the-world-factbook/field/population-below-poverty-line/

25 Finn, Arden et al. (2020). "Job Outcomes in the Towns of South Sudan: Jobs, Recovery, And Peacebuilding in Urban South Sudan". Technical Report I. Washington, D.C.: World Bank.

Figure 19: Poverty headcount ratios in South Sudan[26]

Legend: ■ P4RR average poverty headcount

Source: World Bank, 2021



Despite patchy data across the region, South Sudan has one of the highest poverty rates in the East Africa region (Table 13).

Table 13: Poverty headcount ratio at $1.90 a day (2011 PPP) (percentage of population)

Source: World Bank, 2020

Country name	2012	2013	2014	2015	2016	2017
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

26 P4RR denotes Partnership for Risk and Resilience.

1.3.3 Employment

The public sector accounts for the largest share of formal sector employment in South Sudan, with some 400,000 soldiers and police, with the 50,000 other civil servants representing as many as there are workers in established businesses. This is not surprising given the non-diversified structure of the economy with few formal private sector employment opportunities. In FY 2019/2020, the national civil service consisted of 449,343 personnel.[27] 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, 78 percent are in the army, and 12 percent in police and prison services—as compared with 3 percent in the education and health sectors combined (Table 14). The FY2018/2019 expenditure outturns indicate that security sector salaries accounted for 61 percent of the total national wages bill, excluding arrears payments, and 71 percent if combined with police and prison services.

Public employment is often a form of patronage. The general perception is that recruitment, as well as allocation of positions among existing staff, is driven by political and kinship considerations, and less about merit, something that does not sit well with socio-economic development goals. 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 activity.[28]

The fastest and most significant expansion in public employment has 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 unapproved positions, usually considered to be support staff. South Sudan has one of the lowest literacy rates in Africa, explained by the 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 is still among the lowest in sub-Saharan Africa.[29]

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27 Mawejje, Joseph. (2020). *Macroeconomic Environment for Jobs, Recovery, And Peacebuilding in Urban South Sudan*: Technical Report II. Jobs Working Paper; No. 51. Washington, D.C.: World Bank.

28 Mawejje, Joseph. (2020). *Macroeconomic Environment for Jobs, Recovery, And Peacebuilding in Urban South Sudan*: Technical Report II. Jobs Working Paper; No. 51. Washington, D.C.: World Bank.

29 Mawejje, Joseph. (2020). *Macroeconomic Environment for Jobs, Recovery, And Peacebuilding in Urban South Sudan*: Technical Report II. Jobs Working Paper; No. 51. Washington, D.C.: World Bank.

The lack of a functioning pension scheme, means that 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. As a result, there have been very few opportunities to employ newly qualified staff. Constraints to expansion of 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 non-governmental organizations. At the same time, motivation in public sector employment has been affected by very low salaries and 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 five months, and foreign diplomatic missions were in arrears of up to 14 months. In addition, unrealized budgetary allocations mean that many public sector departments can barely meet the minimum running costs, paralysing 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 goods.[30]

30 Pape, U et al. (2017). *Reducing poverty through improved agro-logistics in a fragile country: findings from a trader survey in South Sudan*. Washington, D.C.: World Bank.

Table 14: Distribution of public employment and wages

Note: o/w- of which | Source: South Sudan Ministry of Finance and Planning

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 human affairs	1,596	0.4	0.7
Health	5,034	1.1	1.2
Natural resources and rural development	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**

About 70 percent of urban South Sudanese of working age have at least primary education level. Jobs and livelihoods programmes should account for the skill level of the urban workforce. While education levels within the towns of South Sudan are low, most individuals of working age do have some formal education at either primary level (39 percent) or secondary level education (26 percent).[31] 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.

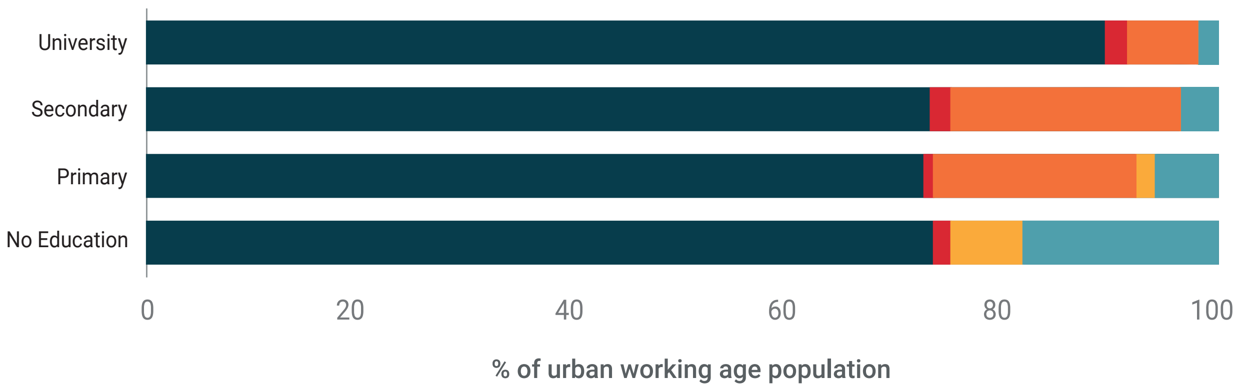
31 Finn, Arden et al. (2020). "Job Outcomes in the Towns of South Sudan: Jobs, Recovery, And Peacebuilding in Urban South Sudan". Technical Report I. Washington, D.C.: World Bank.

Labour force participation is in line with that of 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 20)—similar to the labour force participation rates of 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. 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.

Figure 20: Education and employment

Legend: Employed, Unemployed, Inactive, Enrolled, Inactive, Household care, Inactive, Other

Source: World Bank Jobs Survey, 2021



Unfortunately most job activities have very low productivity. Most South Sudanese are employed in low productivity casual functions (Table 15). The exceptionally high poverty rates are direct evidence of the low productivity of most jobs available to South Sudanese workers. Low productivity is a common thread within 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 young people face in starting activities beyond lending an extra hand to their household. However, this could be related to the low wage rates given that the country currently does not have a minimum wage. It would be useful for the country to undertake a study to determine the suitability of adopting a minimum wage, which could be directly linked to labour productivity and trade development.

Table 15: Functions in which foreign firms employ South Sudanese workers (share of foreign firms)

Source: Foreign Investment Survey

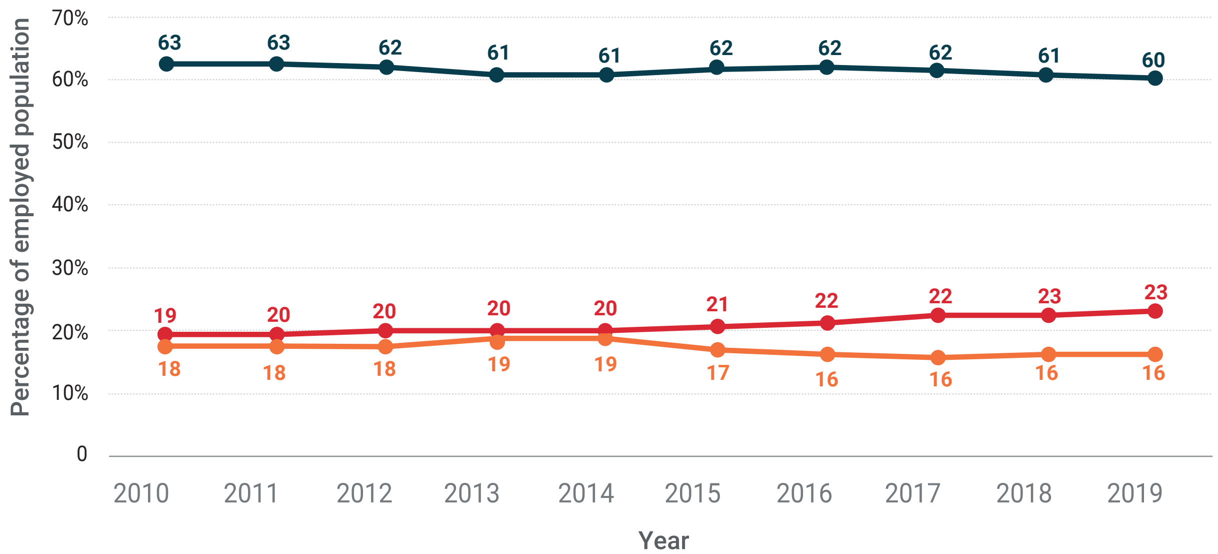
Shop keeper	30%
Salesperson	29%
Casual worker	8%
Artisan and mechanic	7%
Casual services	7%

Agriculture is the most promising sector for employment in the country and currently employs most South Sudanese (Figure 21). However, most of South Sudan's labour is in subsistence agriculture and it would require major structural transformation to gain more workers in commercial agriculture, industry and services.

Figure 21: Employment in agriculture, services and industry, 2010–2019

Legend: Agriculture Services Industry

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

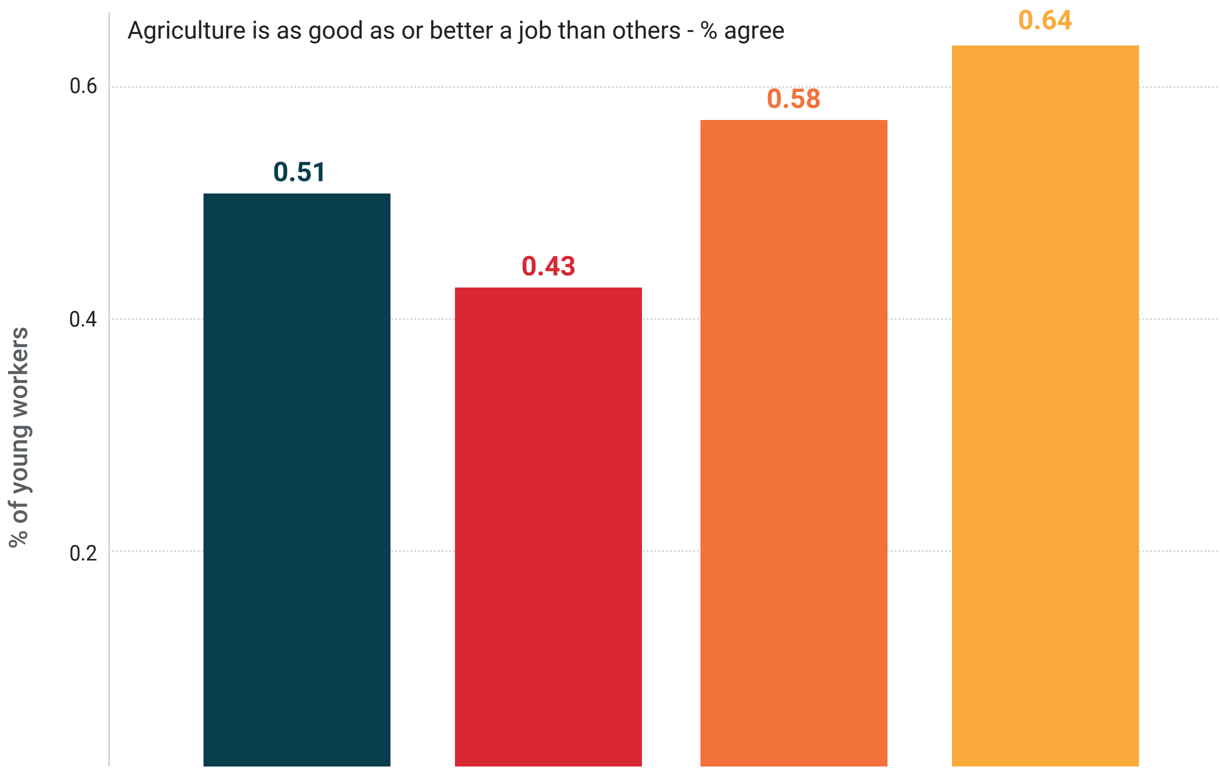


It is therefore encouraging that young workers have at least a somewhat positive view of those daily job activities linked to agriculture that they are familiar with. About half (51 percent) of young workers feel that agriculture is as good a job as others or a better job (Figure 22), which is a crosscutting policy issue in most of the low-income countries.

Figure 22: Youth attitudes towards work in agriculture

Legend: All youth; No experience in agriculture; Experience in agriculture; Experience in agriculture and using machinery or draught animals

Source: World Bank Youth Jobs Survey, 2019



It is important that those ministries responsible for employment, such as the Ministry of Labour, Public Service and Human Resource Development and the Ministry of Higher Education, adopt strategies to develop the relevant skills targeting youth. This would also entail placement into private sector firms to gain experience and practical skills.

1.4 Impact of COVID-19 and the conflict in Ukraine on the macroeconomic and socio-economy

After the World Health Organization (WHO) confirmed cases of COVID-19 in South Sudan between late March and early May 2020, the country imposed lockdown policies similar to those used in many countries to control the spread of the virus. Juba was under curfew, and non-essential businesses were closed (while these measures were intended to be nationwide, it appears that 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, although inflation may have slowed recently.[32] The fall 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 GDP and more than 90 percent of public revenues, the impact on the economy and revenue was immense (Figure 23). Another effect was the disruption to economic activity caused by government measures imposed to contain the spread of COVID-19—social distancing, restrictions on people's movements and a sharp reduction in business operating hours, which disproportionately affected the service sector, accounting for 6.1 percent of GDP.

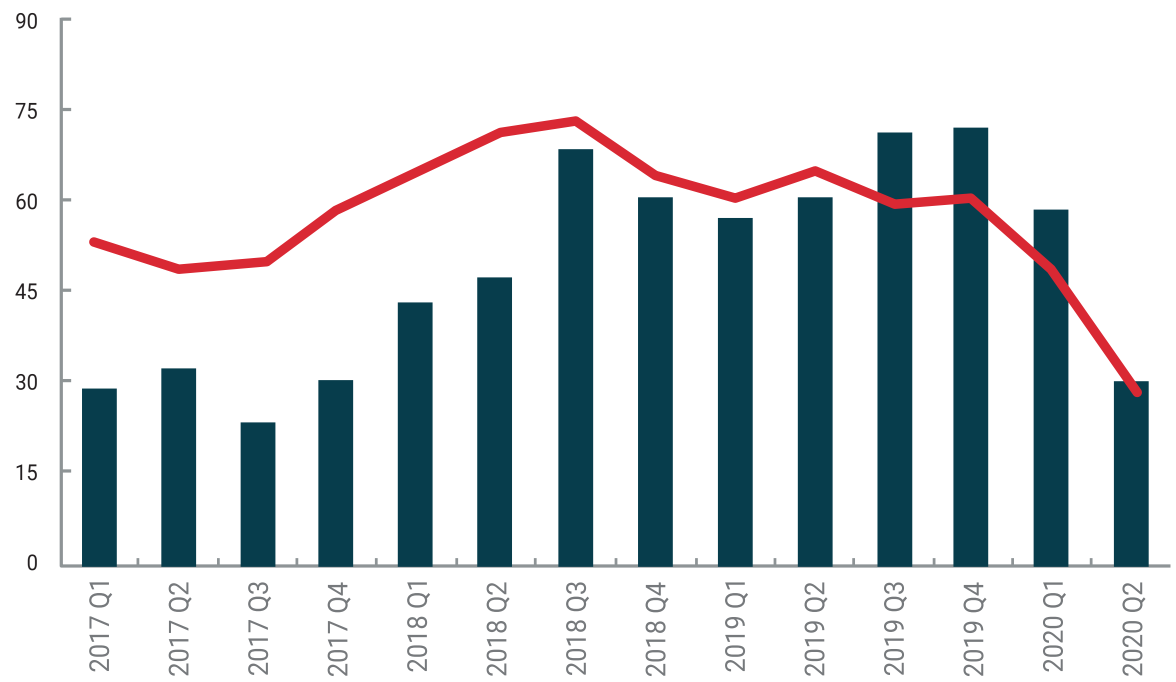
Figure 23: Socio-economic impact of COVID-19

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

A: Oil revenues and prices

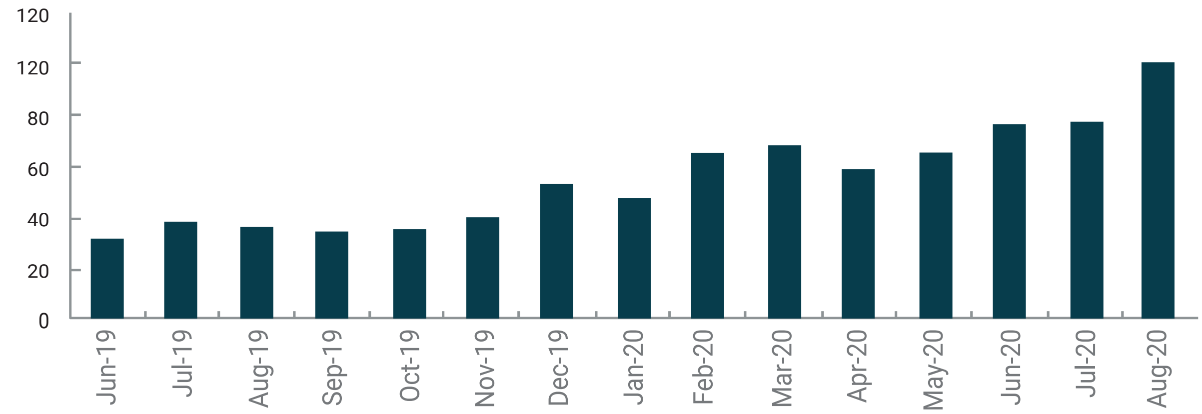
Government revenues took a hit as oil prices declined

Legend:
■ Oil revenues (SSP, billions)
■ Oil prices ($ per barrel)

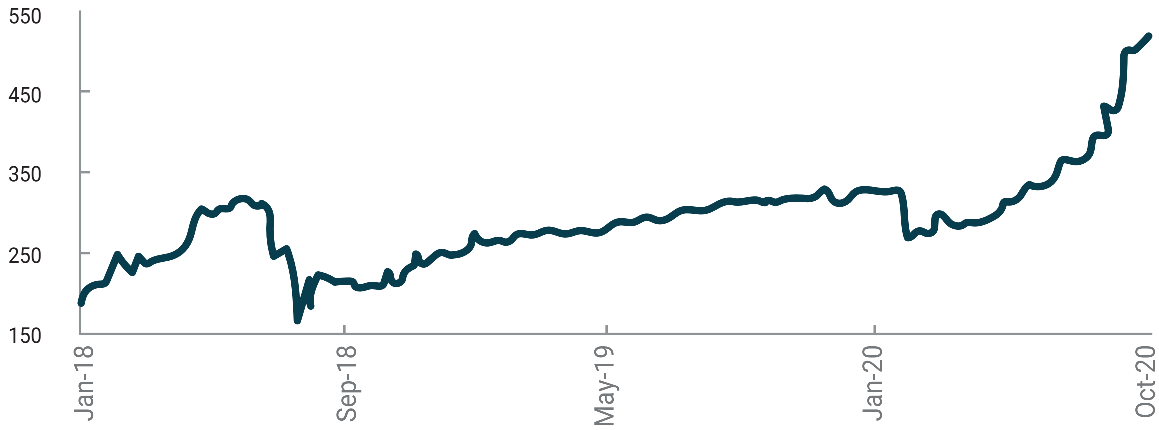


32 Finn, Arden et al. 2020. "Job Outcomes in the Towns of South Sudan: Jobs, Recovery, And Peacebuilding In Urban South Sudan – Technical Report I." World Bank, Washington, DC

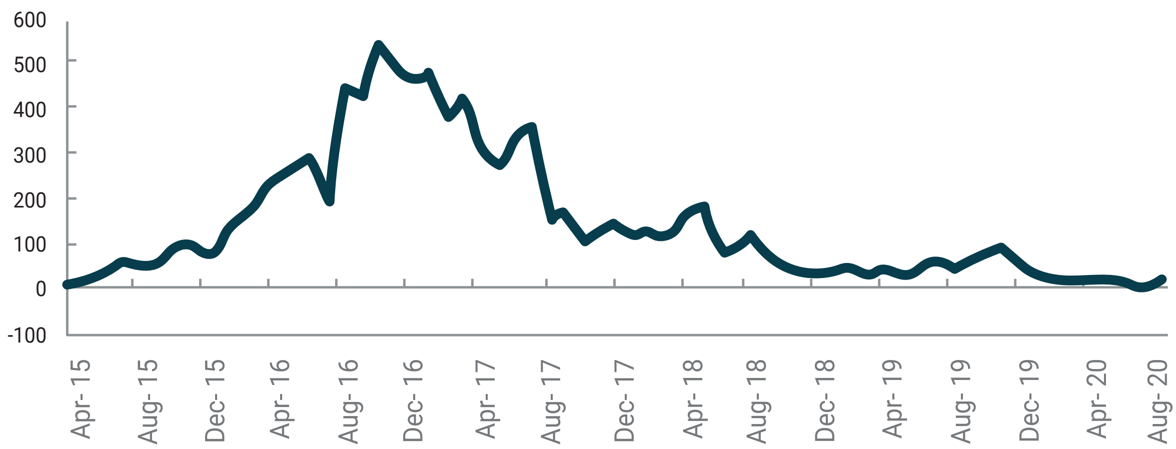
B:	BSS: Net claims on central government (SSP, billions)	The authorities relied on central bank financing to cover the revenue shortfalls



C:	Parallel market exchange rate (SSP per US$)	The exchange rate depreciated sharply on the parallel market…



D:	Inflation	… increasing the risk of a rebound in inflation



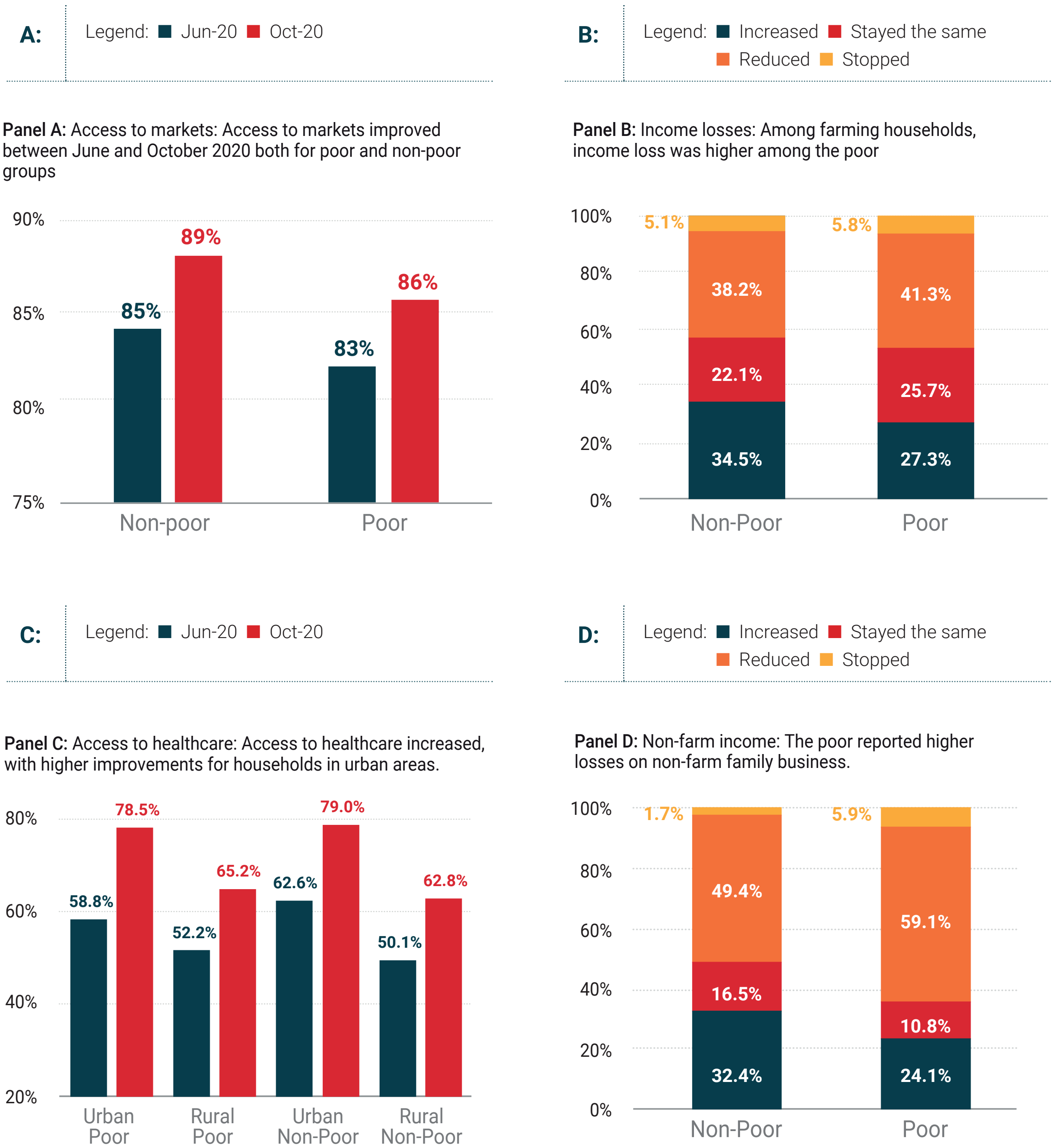
COVID-19 safety measures also affected the flow of cross-border trade, resulting in longer clearance times and declining regional trade. For South Sudan, there were delays at the border following the introduction of COVID-19 safety measures, such as the testing of truck drivers, with long queues emerging. In early 2020, the Nimule-Elegu One-Stop Border Post had been commissioned as the authorities sought to ease clearance of cargo along the South Sudan-Uganda border post, improving trade efficiency between the two countries, including trade among informal traders. However, the commission was disrupted by the COVID-19 containment measures. Nimule is the most important border crossing for South Sudan, controlling over 90 percent of all trade cargo destined for the country, and thus formal imports from Uganda declined 9.3 percent year-on-year over the three-month period March to May 2020 due to these disruptions.[33] Bank of Uganda data also showed that informal cross-border trade fell by 97 percent.

The World Bank conducted phone surveys in June 2020 to monitor the impact on livelihoods of COVID-19 measures to contain the pandemic that 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 2020 (Figure 24). Losses were largest among those households that depend primarily on non-farm self-employed business activities. Traders who offered consumer commodities reported larger declines in revenue (a 35 percent drop at the median) than food traders (25 percent drop), consistent with temporary closures of non-food markets and a loss of consumer disposable income. Four in five businesses (81percent) reported a decreases in income, including 59 percent who reported revenue had declined by half or more. The majority of market traders explained that they had fewer customers on a typical market day (63 percent), and that customers were buying less (60 percent).

33 Mawejje, Joseph; and others (2020). *South Sudan Economic Update: Socioeconomic Impacts of COVID-19* (English). Washington, D.C.: World Bank. Available at: http://documents.worldbank.org/curated/en/440961614950205838/South-Sudan-Economic-Update-Socioeconomic-Impacts-of-COVID-19

Figure 24: Changes in living standards due to the COVID-19 pandemic

Source: World Bank rapid surveys



The transmission of the impacts of the war in Ukraine have dampened the global economic outlook but may provide South Sudan with opportunities that should not be wasted (Box 1).

Box 1: Implications of the war in Ukraine for South Sudan

Source: World Bank. (2022). *Directions for Reform: A Country Economic Memorandum for Recovery and Resilience in South Sudan.* Washington, D.C.: World Bank.

The war in Ukraine impacts South Sudan through four major transmission channels: (i) the impact of higher food prices on food security; (ii) global commodity prices on the trade balance; (iii) global commodity prices on fiscal revenue; and (iv) the impact of higher oil revenues on growth.

Consistent with developments in the region, South Sudan has started experiencing rising prices of its food and basic household commodities. Despite not importing wheat from Russia and Ukraine, South Sudan is likely to be indirectly affected by the fallout of the conflict as it imports wheat and maize from neighbouring countries, that, in turn import grains mainly from the two countries in conflict. Higher oil prices have resulted in increasing transportation and production costs. At the same time, high frequency data shows that food prices of selected cereals at Juba's market rose by 10–25 percent during December 2021 to March 2022. Rising food prices arrive at a time when domestic cereal production has been impacted by significant climate and conflict events that led to a 4 percent reduction in cereal production in 2021, resulting in a 16 percent increase in the domestic cereal deficit to 540,000 MT in 2022. With more than 60 percent of the population (7.7 million) facing severe acute food insecurity in 2022, rising food prices will exacerbate an already-dire food insecurity situation.

Higher oil prices could improve budget revenues, but stronger mechanisms are required to improve accountability and reduce misuse. The impact of higher oil prices on budget revenues could be substantial and could lead to higher budget revenue in the order of 11–19 percent of GDP, significantly expanding fiscal space. However, past experiences show that oil price booms have been wasted with higher off-budget spending, while reserves remained critically low, salaries/payments in arrears, and the budget underfunded. If used well, the windfall could be used to expand service delivery and fund safety net programmes for the most vulnerable populations.

The impact of the Ukraine crisis on the trade balance is expected to be broadly positive at this stage. South Sudan exports about 57 million oil barrels a year. Crude oil exports represent about 98 percent of total exports. At unchanged volumes and current price assumptions, the increase in the oil price could raise export values by about 27–46 percentage points of GDP. However, part of this could be offset by higher imports of refined oil products. While data on refined oil imports are not available for South Sudan, the impact of higher oil prices flips South Sudan's current account balance from negative to positive territory.

If used well, higher oil prices could support a stronger economic recovery. South Sudan's recovery is constrained by falling oil production and climate shocks. Consequently, the economy is projected to contract by 0.8 percent in FY2021/2022 despite higher oil prices. Nevertheless, higher budget revenues are expected to support domestic demand, with growth in the services sector projected to recover to 4.7 percent in FY2021/2022 from a contraction of 9.7 percent in the previous year. Prudent use of higher budgetary revenues would support expanded service delivery, providing a social safety net to cushion adverse inflationary impacts on the most vulnerable, and support a diversified and inclusive economic recovery.

1.5 Climate change and economic development in South Sudan

According to the UNDP, there are undeniable indications that global warming is contributing to changes in South Sudan's climate and that these changes will only increase in the future.[34] The organization reports changes in the form of sudden shocks, such as extreme rainfall and flooding, and longer-term stressors, which include gradual increases in temperature and changes to seasonal precipitation patterns and averages. These processes are reported to have already had negative socio-economic impacts on the people of South Sudan in terms of increased crop losses, loss of pasture lands and water resources for livestock, reduction of critical habitats for biodiversity in wetlands and forests, reduction in river flows, and adverse impacts on key habitats in wetland ecosystems. Climate shocks have had a disproportionate impact on livelihoods across the economic spectrum.

A broad measure of the main sources of livelihoods indicates that households across the economic spectrum were chiefly engaged in farming and the raising of livestock. Figure 25 shows the breakdown of main livelihoods for each quintile (group of 20 percent) of the population among three main categories: agriculture (including crop farming and animal husbandry), wages and salaries, and other (business enterprise, property income, remittances, pension, aid and other.). Of those households in the poorest 20 percent of the population, 83.7 percent were chiefly occupied in agriculture. The household activities of the wealthiest 20 percent were more diverse: 57.4 percent worked chiefly in agriculture, and 27 percent lived mostly on wages and salaries. With a large dependence on agriculture, the most common threats to livelihoods were related to climate, pests and loss of livestock assets (Figure 26). While there were no striking differences by wealth quintiles, individuals living in rural areas were more likely to experience these shocks, particularly drought or flood.

34 South Sudan Ministry of Environment and Forestry and UNDP (2021). *First National Adaptation Plan for Climate Change: Republic of South Sudan*. Juba.

Figure 25: Livelihood sources by quintiles 2009

Legend: Agriculture Wages and salaries Other

Source: Demombynes, G. (2011). *A poverty profile for the Southern States of Sudan.* Washington, D.C.: World Bank.

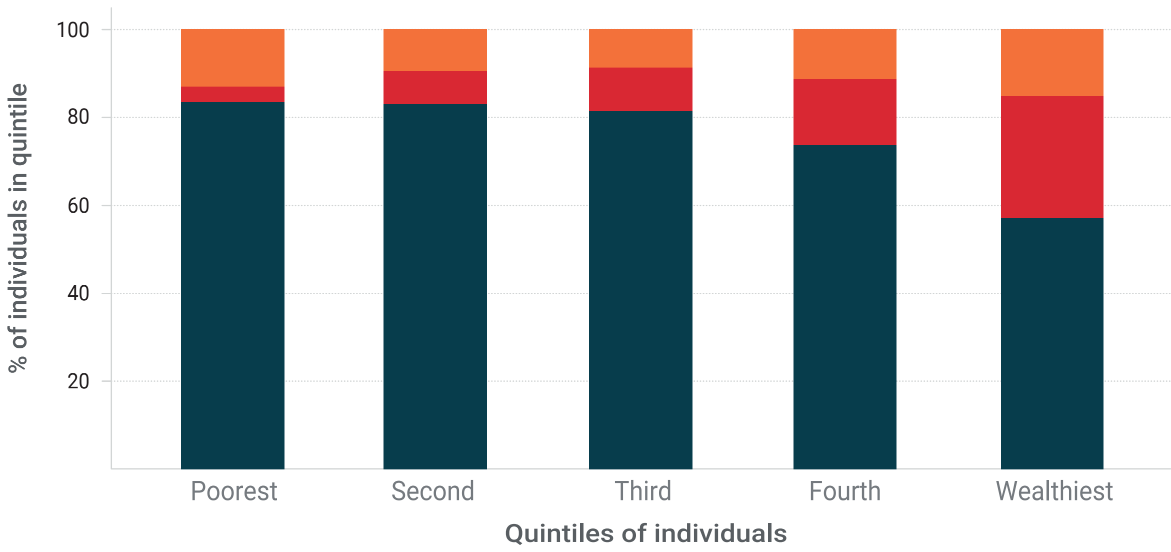
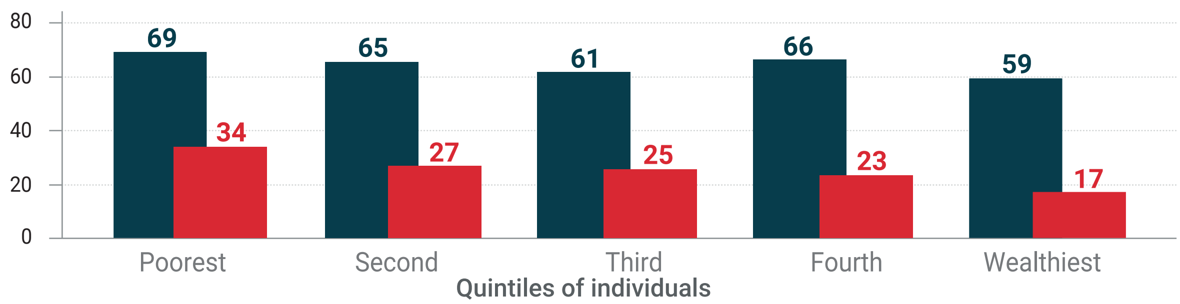


Figure 26: Individuals living in households affected by shocks by quintile of consumption, percentage

Source: Demombynes, G. (2011). *A poverty profile for the Southern States of Sudan.* Washington, D.C.: World Bank.

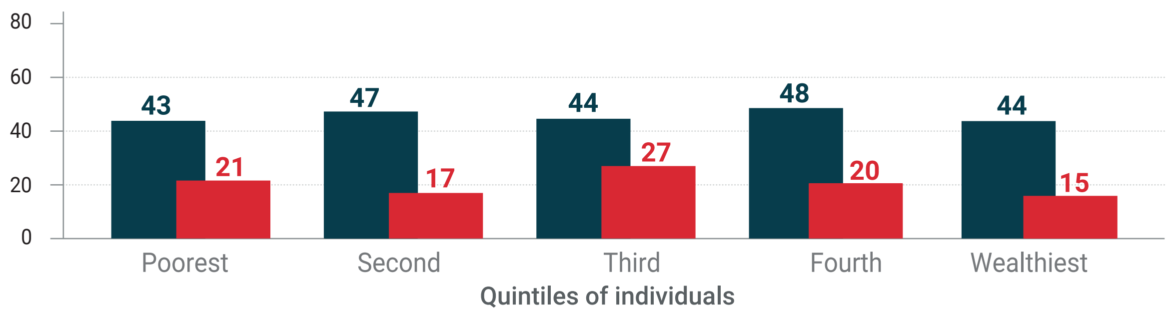
A: Drought or flood

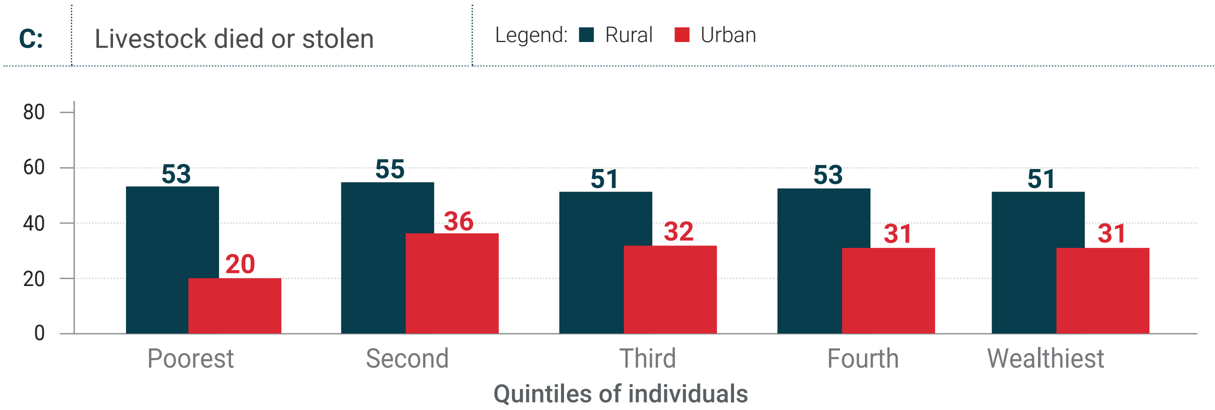
Legend: Rural Urban

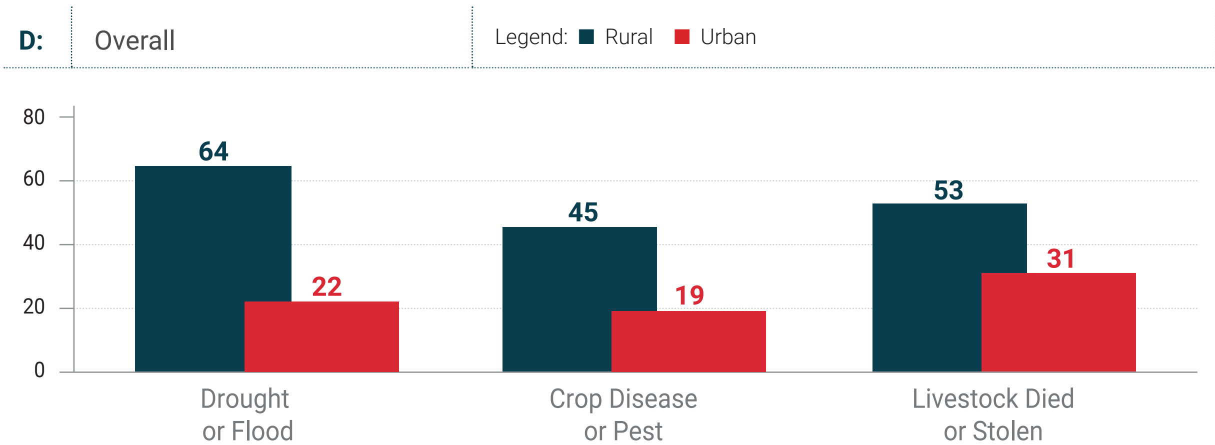


B: Crop disease or pest

Legend: Rural Urban







South Sudan formulated its first NDC to the Paris Agreement in 2015 and submitted its second in 2021. The Sub-Nationally Determined Contribution identified 14 sectors and includes adaptation and mitigation strategies for each. The proposed sectoral strategies, if implemented, will move South Sudan onto an ambitious decarbonization pathway compatible with the Paris Agreement's goal of holding global temperature rise to well below 2C, with efforts to limit temperature rise to 1.5C above preindustrial levels. The strategies also promote climate-resilient development and have positive implications for trade and development.

The country, through the Ministry of Environment and Forestry and in conjunction with UN Environment Programme (UNEP) and support from the Global Environment Facility also developed the Initial National Communication to the UNFCCC (INC) in 2018. The INC: "represents the commitment of the government and its people to address global warming and climate change, along with the strong belief that all countries must make an effort to greatly reduce GHG emissions in order to avoid the dangerous and potentially catastrophic impacts of climate change"[35] The INC identifies gaps and constraints relevant to the country's response to climate change, and those that were related to adaptation have been incorporated into this initial NAPA, with recommended actions for overcoming the gaps.

35 https://unfccc.int/sites/default/files/resource/South%20Sudan%20INC.pdf

It is expected that the implementation of these frameworks will support the country to:

- formulate and implement climate change adaptation policies, legislation, strategies and plans;
- establish clear mechanisms to address climate change adaptation in sectoral policies and regulations;
- build the capacity of relevant institutions to work on climate change issues;
- mainstream traditional adaptation measures and coping strategies in national planning;
- mobilize international climate funding for adaptation in South Sudan;
- harness the support of non-governmental organizations (NGOs) and civil society in adaptation work.

These actions will support the country's economic resilience and adaptation to climate change and have positive implications for trade and economic development.

1.6 Recommendations

1.6.1 Support to the real sector

- Support productive sectors of the economy including increased investment in agriculture and industry to foster economic diversification
- Increase investment in value addition, targeting key productive sectors
- Increase investment in human capital especially TVET-related courses and associated regulatory framework in line with regional and international standards
- Mainstream trade development priorities into sector plans and development strategies

1.6.2 Fiscal sector streamlining

- Improve transparency in oil revenue management to ensure oil revenue flows into the budget to enhance higher productive spending
- Fast track development of legal, regulatory and institutional frameworks to streamline public finance management (PFM) systems
- Intensify revenue mobilization to diversify the economy away from oil revenue dependency.

1.6.3 Exchange rate policy

- Formulate a sustainable and transparent exchange rate policy that promotes trade by continuing to harmonize the dual exchange rate system that is currently constraining the country's competitiveness
- Diversify revenue sources including non-oil revenues and taxes away from oil revenues

1.6.4 Socio-economic

- Strengthen understanding on the role of trade in poverty reduction during the formulation and implementation of the R-NDS and sector plans.

1.6.5 Climate change mitigation

- Establish and strengthen institutional, legal and regulatory arrangements for adaptation planning at the macro level
- Ensure taxes on carbon, fuel and inefficient technologies and tax reductions and incentives for green and energy-efficient products that could temporarily shield decarbonizing national firms from foreign competitors, although carbon taxes might merely create pollution havens for carbon-intensive industries in developing countries where such taxes are weakly enforced
- Ensure climate finance plays a key role in enabling South Sudan to meet their NDC goals, as it facilitates access to technical assistance, capacity-building and technology transfer
- Mainstream climate change adaptation measures into trade and private sector development programmes
- Catalyse private sector movement towards a green economy, including small-scale businesses
- Build greater technical capacity and awareness around trade and the climate change linkages
- Enhance capacity to collect and analyse climate-related data, information and knowledge management systems enhanced to support climate change adaptation planning processes
- Improve the human and institutional capacities to support NAPA processes at the ministries of finance and planning, and that of trade and industry.

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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, submitting its first Memorandum on the Foreign Trade Regime (MFTR) and participating in the first Working Party meeting in 2019. The country has indicated its commitment to continue with the WTO accession process despite inadequate understanding of the potential benefits and costs of 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 the WTO accession process and effective implementation of EAC and AfCFTA trade agreements. The GRSS is ready to consider policy options to ensure its commitments in the regional and multilateral integration process thus contributing to sustainable development and economic self-reliance. This chapter discusses the status of the accession process, as well as the 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.

2.2 South Sudan WTO accession

The WTO accession forms the backbone of a multilateral trading system and South Sudan has the potential to reap significant benefits through accession if accompanied by complementary policies. WTO serves as a forum for three primary activities: (a) trade liberalization and rule-setting negotiations; (b) resolution of disputes; and (c) monitoring and surveillance of trade policies. In other words, the WTO provides an institutional framework through which countries can come together to negotiate reciprocal market access opportunities in other countries for their exporters.

Accession to the WTO would likely provide other institutional benefits including assistance with the trade reform process and the development of modern trade policy institutions. Moreover, accession could potentially lead to enhanced FDI and increased trade in both goods and services. South Sudan is well positioned to take advantage of these opportunities since it has a permanent mission in Geneva that represents South Sudan's interests before United Nations agencies and other international institutions. While every negotiation is unique, all LDCs are given special consideration in the accession process. The Geneva mission can facilitate a strategic partnership to facilitate WTO accession process.

2.2.1 Implications

As part of the negotiating framework for WTO accession, countries agree to commit to a basic set of rules and obligations, including non-discrimination. Non-discrimination under the WTO takes two fundamentally important forms: through "national treatment" and through MFN treatment. The principle of national treatment requires that once an imported good has paid its imported tax at the border, it can no longer be treated differently from any comparable, domestically produced good. This means that governments may not apply discriminatory taxes or other NTBs, local content requirements or other government programmes that would treat imports differently to domestically produced goods once the import tariff has been paid. While "most favoured nation" (MFN treatment) requires members to accord the most favourable tariff and regulatory treatment given to the product of any one member at the time of import or export of "like products" to all other members.

2.2.2 Status

South Sudan applied to the Council of Ministers of WTO in 2017 in Argentina and South Sudan was accorded observer status, which ensures that the country enjoys technical support in terms of capacity-building of government officials and members of the private sector, and technology transfer in the form of IT support. A chairman was appointed from Afghanistan to support the WTO accession process. South Sudan submitted a MFTR in 2019 that facilitated its participation in the first Working Party meeting in 2019. South Sudan has been taking part in the WTO deliberations, including workshops organized by the WTO Secretariat for accession to WTO in locations such as Nairobi, Addis Ababa and Djibouti in 2018, 2019 and 2020, respectively.

The WTO accession is expected to integrate South Sudan into the multilateral trading system; improve access to other members' markets; foster institutional domestic reforms; enhance predictable and transparent rules; and improve access to dispute settlement. Accession provides an opportunity for South Sudan to participate in shaping the global trade rules, promoting international cooperation and opportunity to attract investment; broadening production capacity and enhancing the ability to trade freely and competitively in the global market. The accession aims to ensure South Sudan's trade-related legislation and practices are compliant with WTO rules.

Accession to the WTO may be a long and demanding process (Table 16). The length of time between application and actual accession has varied from one year and 9 months (the Kyrgyz Republic) to 19 years and 11 months (Seychelles). On average, it has taken 10 years and 2 months for the 36 concluded accessions, and 12 years and six months for the nine LDCs among them. Delays are attributed to the tardy supply of information and the making of necessary policy adjustments on the part of the acceding candidates. South Sudan is still in phase 1 of this accession process.

Table 16: WTO accession process

Phase 1
- A written accession request is submitted by applicant government.   - Request is considered by the General Council composed of representatives of the WTO members   - Observer status is automatically granted to the acceding government on the establishment of a Working Party on its accession.   - The purpose of the Working Party is to examine the government's application and to submit to the General Council or Ministerial Conference recommendations which may include a Draft Protocol of accession.   - The acceding government reports on all aspects of its trade and economic policies that are relevant to the obligations of the WTO through the MFTR.   - The Working Party examines the latter Memorandum.   - A Legislative Action Plan is also submitted.   - The acceding government provides responses raised by the member states.   - Involve development of Market access offers for Trade in Goods and Services.
Phase 2
- This is referred to as the "work out with us individually what you have to offer phase".   - The second phase is initiated once the Working Party has made satisfactory progress with the examination of the trade and economic policies based on the MFTR.   - The parallel bilateral negotiations on market access begin between the acceding member and individual members.   - The negotiations are bilateral because different members have different trading interests.

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Phase 3

- This phase is initiated after the acceding member has successfully concluded the parallel bilateral negotiations.
- The Working Party finalizes the terms of accession which are set out in a report, a draft membership treaty (Protocol of Accession) and lists (schedules) of market access commitments and concessions of the candidate of membership. This package is submitted to the General Council or Ministerial Conference.

Phase 4

- This is the decision phase.
- The Ministerial Conference or the General Council decides by consensus.
- If the decision is positive, the candidate for membership accedes to the WTO 30 days after deposit of its instrument of ratification of the membership treaty (i.e. the Protocol of Accession).

Adapting to WTO rules usually requires significant changes in national legislation and practices. It can take years to draft, approve and apply the new legislation required for accession to the WTO. This may take longer in the case of South Sudan depending on the overall political environment and the ability of the parliament to facilitate the required reform processes. In general, the duration of an accession process depends, to a large extent, on *inter alia* (Box 2):

Box 2: Determinants of speed of WTO accession

- the scope of domestic reforms to be undertaken
- the internal political situation and the priority given to the accession by the acceding government
- coordination at the national level
- the technical capacity of the acceding government.

2.2.3 Challenges

Similar to other LDCs, South Sudan has limited administrative and technical capacity to conduct complex negotiations and undertake the necessary policy adjustments to ensure compliance with WTO obligations. South Sudan has no WTO accession strategy to guide the negotiation process, nor does it have a chief negotiator. It also faces limited awareness among stakeholders on WTO accession and its development implications for socio-economic development. South Sudan must ensure that its capacity-building needs are given adequate priority in the context of the negotiations and the reforms required as it works towards the accession goal.

South Sudan will continue to require dedicated technical assistance towards updating MFTR; developing periodic responses to questions raised on the latter; undertaking a domestic legislative review against the WTO obligation to identify gaps; implementation of a reform action plan; developing sector studies to inform development of market access offers; developing market access offers for goods and services; and participating in WTO Working Party meetings. To ensure seamless accession and response to emerging challenges, the government is developing a WTO accession strategy to facilitate the implementation of the accession process.

The other challenge is that whereas South Sudan has vibrant private sector associations including the South Sudan Business Forum, South Sudan Business Council, SSCIA, and other industry-specific associations, engagement of the private sector has been limited in relation to WTO accession. However, some members of the private sector associations especially the South Sudan Business Forum participate in WTO accession discussions nationally through the ad hoc WTO accession committee. South Sudan has made some commitments on future tasks and the timelines of its accession process (Table 17).

Table 17: Commitments made by government to ensure seamless WTO accession

Source: South Sudan Trade Policy, 2021, MTI officials

Commitment	Status
Develop national WTO accession strategy	Pending
Undertake cost-benefit analysis to inform the WTO accession process	Pending
Ensure capacity-building needs are given adequate priority in the context of the negotiations and reform action required as it works towards WTO accession	No capacity undertaken at the national level

Table continued next page…

Commitment	Status
Undertake domestic legislative review against the WTO obligation to identify the gaps and implement a reform action plan	Pending
Establish a standing trade negotiation team with expertise on trade negotiation matters to oversee negotiation	Inadequate capacity
Establish a stakeholder trade negotiation committee and enhance stakeholder participation in trade negotiations	Pending
Establish WTO Accession Secretariat within MTI to support WTO accession	Pending
Undertake necessary reform to ensure a WTO-compliant trade regime	Pending
Undertake sector studies to inform development of initial offers for trade in goods and services	Not undertaken
Sensitize stakeholders on the opportunities and challenges associated with WTO accession.	No forum implemented at national level

2.3 South Sudan and regional integration

South Sudan has entered into regional trade agreements (RTAs) in the East Africa region and through the EAC, TFTA, the AfCFTA and IGAD. South Sudan continues to participate in the regional economic integration process to broaden guaranteed market access for its goods and services.

2.3.1 EAC regional integration

Kenya, Tanzania, Uganda, Rwanda, South Sudan, Burundi and DRC[36] form the EAC. The trading bloc brings the seven countries together on issues of economic, social and political cooperation. South Sudan joined the EAC in October 2016 by accession, becoming a party to the treaty that was already in force. On accession, South Sudan was bound by the EAC treaty, its protocols, other agreements and policies.[37] The country is expected to harmonize its laws and regulations in line with the broader principles of the EAC treaty and protocols. Membership of the EAC Common Market gives South

36 DRC acceded to the EAC on 8 April 2022 to become the seventh member of the EAC.

37 EAC (2007). "The Treaty for Establishment of the East African Community". Arusha Tanzania: EAC Secretariat.

Sudan access to a significant, neighbouring market, increases export potential, the availability of cost-effective imports from the region and reduces trade costs through elimination of NTBs and harmonization of laws and procedures.

2.3.1.1 Strategy

The implementation of measures to facilitate accession to the EAC was guided by the EAC roadmap. South Sudan was given a three-year transition period 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 Affairs, has drafted a comprehensive national strategy to inform South Sudan's 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 economy participating fully in regional and global trade and investment. The draft EAC integration policy has key strategic objectives (Box 3):

Box 3: **Strategic objectives of draft EAC integration policy**

- establish a cohesive institutional framework that maps the EAC and regional integration scope and commitments and spells out management structure and operational modalities
- support mainstreaming of regional integration agenda in legislation that is 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 GRSS wishes to work on 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 and including, policymakers, implementers, the private sector and civil society, in EAC regional integration matters
- ensure the full implementation of commitments entailed by GRSS signing the Treaty of Accession of South Sudan to the EAC.

2.3.1.2 Implementation status

Article 2(4) of the Accession Treaty[38] provides that South Sudan shall, within 12 months of the date of the treaty signing, secure the enactment of legislation to give effect to the treaty. This provision notwithstanding, South Sudan requested a grace period of three years from 2016 to ready itself before starting implementation. This transitional period ended in October 2019, at which point the country was expected to have undertaken the necessary reforms to commence the implementation of EAC protocols, in particular, the Customs Union[39] and Common Market Protocols.[40] To date, South Sudan's implementation of EAC provisions has been lagging. The country became a member of the regional bloc just before the second phase of the internal conflict erupted in 2016. With the implementation of the R-ARCSS, the Ministry of EAC Affairs was created in February 2020 to coordinate the harmonization of domestic laws and provisions in line with the EAC protocols. Regrettably, just a month later in March 2020, the emergence of COVID-19 worldwide affected the implementation of the EAC reforms. A rapid assessment depicts that South Sudan has made notable progress in the following: the implementation of the visa waivers for Tanzania, Kenya and Uganda; removal of unnecessary roadblocks between Juba-Nimule, Juba-Kaya and Juba-Nadapal; establishment of a EAC One-Stop Border Post; and training of customs officials on EAC Rules of Origin (RoO). While there is notable progress in certain workstreams (see Table 47) towards implementation of EAC protocols, significant work is required in harmonization of domestic laws with EAC protocols to trigger national administrative changes in line with the broader principles of EAC.

38 EAC (2016). Treaty of Accession of the Republic of South Sudan into the East African Community. Dar Es Salaam, Tanzania.

39 EAC (2004). Protocol on the Establishment of the East African Community Customs Union. Arusha Tanzania: EAC Secretariat.

40 EAC (2004). Protocol on the Establishment of the East African Community Customs Union. Arusha Tanzania: EAC Secretariat.

Box 4: Ensuring conformity with EAC laws and regulations

Source: Draft South Sudan EAC Strategy

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 ones on matters pertaining to implementation of the Treaty"*, However, national legislation must 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 East African Court of Justice (EACJ) in the case of inconsistencies between national and EAC laws and directives requiring 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 that the latter confers on individuals. Therefore, South Sudan is legally compelled by the Treaty of Establishment of the EAC to harmonize its laws and regulations with those 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 then elsewhere as the legal system in the country is still being developed. The process of harmonization 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, the full implementation of 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, and so on); 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 cooperative 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 microfinance, 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 Service Act 2013; 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 numerous South Sudanese legal texts be re-drafted. For this reason, this strategy proposes the creation of a special subcommittee on legal harmonization be administered by the Ministry of EAC Affairs but working with the Ministry of Justice and Constitutional Affairs and Law Review Commission.

The effective implementation of EAC protocols is, however, constrained by poor interministerial coordination; lack of clear action to be implemented in the EAC roadmap; inadequate capacity within the Ministry of EAC Affairs to coordinate the implementation of EAC protocols; and poor dissemination of information to stakeholders, including the Ministry of Justice and Constitutional Affairs, with the core mandate in facilitating the implementation of the key reforms. Given that the transition period expired in 2019 and there has been no assessment on the progress of implementation of EAC Customs Union and Common Market protocols, the government in collaboration with UNDP and EIF has undertaken an assessment on the status of the Customs Union (CU) and Common Market implementation that has informed specific actions and a timeline to fast track the harmonization of the domestic laws with the EAC treaty and protocols.

(A) Customs Union Protocol

The EAC Customs Union was launched in 2005 and is a critical foundation of the EAC. The union is based on key features (Box 5). The extent to which these features are operationalized determines the extent to which partner states can accrue benefits of the Customs Union and its foundation for the establishment of a single market. While the objectives of the EAC are broader and cover almost all spheres of life, as stipulated in paragraph 5(i) of the Treaty, the main objective of the Customs Union is the formation of a Single Customs Territory. Thus, trade is at the core of the union. It is within this context that internal tariffs and NTBs that could hinder trade between the partner states must be eliminated, to facilitate formation of one large single market and investment area. Similarly, policies relating to trade between the partner states and other countries, such as external tariffs, must be harmonized. Therefore, within the Customs Union, partner states must behave as a Single Customs Territory and trading bloc. In relation to harmonization of customs procedures, South Sudan is yet to adopt the EAC Customs Management Act (CMA) and associated EAC Customs Regulation, a broad-based legal text that outlines administrative procedures of the EAC-related protocols. The NRA, through SSCS, is expected to align its operations to the provisions of the CMA. The harmonization process should entail the identification of relevant South Sudan acts and regulations, including the Customs Act, the Penal Code, the Police Act, and so on, and amend these in line with the EAC; establishment of tax appeal tribunals in line with the provisions of the CMA; and preparation of a list of goods subject to customs control. Liability for a contravention should also be incorporated into domestic law (CMA, Section 16). This also includes other procedures such as customs exemptions etc.

Box 5: Key features of EAC Customs Union

- a common set of import duty rates applied by all partner states on goods from third countries (CET)
- duty-free and quota-free movement of tradable goods originating from within the Customs territory
- common safety measures for regulating the importation of goods from third parties such as phyto-sanitary requirements and food standards
- a common set of harmonized customs rules and procedures including documentation that facilitates trade within the Customs territory
- a common coding and description of tradable goods (common tariff nomenclature (CTN))
- a common valuation method for tradable goods for tax (duty) purposes (common valuation system)
- a structure for collective administration of the Customs Union
- a common trade policy that guides the trade relationships with third countries/ trading blocs outside the Customs Union i.e. guidelines for entering into preferential trading arrangements such as FTAs etc with third parties.

The EAC has also developed subsidiary legal instruments for operationalization under the CMA. South Sudan needs to implement the following legal instruments 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 with the CU, South Sudan must adopt the EAC Customs Procedure Manual that enables the uniform application of customs processes in the delivery of the customs services, and which is also benchmarked against the World Customs Organization (WCO) Revised Kyoto Convention on the Simplification and Harmonization of Customs Procedures.

Other procedures yet to be adopted 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. South Sudan should also implement the EAC RoO. The government needs to accept and issue CoOs—for instance, the CoOs issued by the EAC partner states should be accepted by the GRSS. The government should commence the issuance of CoOs to its domestic exporters and producers. The certificates should comply with EAC criteria and should certify that a particular good is "Made in South Sudan" to facilitate market access within the EAC market.

South Sudan is yet to adopt the EAC CET. One of the goals of introducing the CET structure is to encourage local firms to source raw materials from within the region. Unfortunately, South Sudan has very limited manufacturing and the country is reliant on imports, thus there is a likelihood that the adoption of the CET would increase the prices of goods originating outside the region, with no suitable regional alternatives, and to the detriment of the welfare of the South Sudanese population. Indeed, some literature shows that there would be welfare losses arising from South Sudan aligning (too quickly) to the CET (Box 6). It will therefore be important for the country to negotiate exemptions and grace periods that would minimize the likely impact of CET adoption. It would be useful to carry out a diagnostic study to inform the adoption of the EAC CET and mitigation of any potential revenue implications likely to arise because of its adoption.

Box 6: Implications of alignment with the EAC CET and policy recommendations

Source: Charalambides, N. (2017). A legal and economic assessment of South Sudan's possible accession to the East African Community. Tralac Working Paper No. T17WP01/2017. Stellenbosch, South Africa: Trade Law Centre.

The CET is high relative to the current tariffs in place in South Sudan. The largest tariff increase would be for animal products (30 percent), food stuffs (22 percent), hides and skins (20 percent), footwear (20 percent), and stone and glass (20 percent). Only a few imports such as vegetables and mineral products (which also include imports of petrol and diesel), would decrease in price significantly. Of particular concern are products on the sensitive items list. At the product level, the most significant increase in the tariff rate would be for raw sugar (which would increase from 5 percent to 100 percent), followed by rice (which would increase from 10 percent to 75 percent). ➔

➔ These two products alone account for roughly 10 percent of South Sudan's imports. The adoption of CET would increase the prices of imports originating from outside the EAC and consequently lower the prices of imports originating from EAC countries—including the SI list—and would decrease the imports of foodstuffs by 15 percent (which is 2.9 percent of total imports). Accession into the EAC with CET would therefore force South Sudan's consumers to continue to import products from outside the EAC region (owing to this low level of import substitution, but at a higher price because of the increased tariff). The adoption of the CET would also decrease government revenue by US$8.4 million, which corresponds to 24 percent or equivalent to customs revenue in 2012 and 4 percent of total non-oil revenue. The highest tariffs on goods with origins outside EAC cannot be compensated for by the net decrease in imports.

(B) Common Market Protocol

The Protocol on the Establishment of the EAC Common Market (the Common Market Protocol (CMP) came into force on 1 July 2010, following agreement by the then-five partner states: Burundi, Kenya, Rwanda, Tanzania and Uganda. The establishment of the EAC Common Market is in line with the provisions of the EAC Treaty. It provides for the "Four Freedoms": i.e. free movement of goods, labour, services and capital. These freedoms will extensively boost trade and investment and make the region more productive and prosperous. The specific objectives of the CMP are presented in Box 7.

Box 7: Objectives of the EAC Common Market

i) accelerate economic growth and development of the partner states through the attainment of free movement of goods, persons and labour, the rights of establishment and residence and the free movement of services and capital

ii) strengthen, coordinate and regulate the economic and trade relations among the partner states in order to promote accelerated, harmonious and balanced development within the Community

iii) sustain the expansion and integration of economic activities within the Community, the benefit of which will be equitably distributed among the partner states

iv) promote common understanding and cooperation among nationals of the partner states for their economic and social development

v) enhance research and technological advancement to accelerate economic and social development.

The objectives of the CMP are to be realized through the removal of restrictions on the movement of goods, persons, labour, services and capital, and guaranteeing the rights of establishment and residence. The operation of the EAC Common Market is guided by four principles, namely: non-discrimination of nationals of other partner states on the grounds of nationality; equal treatment of nationals of other partner states; transparency in matters concerning the other partner states; and sharing information for the smooth implementation of the protocol. Effective implementation of these principles usually requires setting up common institutions and harmonizing laws and regulations overseeing these freedoms and rights as guaranteed by the CMP. The extent to which the CMP can achieve its stated benefits will depend on both the efficiency of the newly created institutions and the extent to which agreed laws have been domesticated (converted into national legislation) and effectively implemented.

The EAC CMP aims to create a single market across the EAC partner states. According to Article 76 of the EAC Treaty, the CMP is to facilitate and guarantee the implementation of four major freedoms; labour, goods, services and capital and 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 programmes; 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 agree to eliminate all restrictions on the free movement of capital and payments connected to such movement. In order to achieve the objectives of the CMP of free movement of persons within the territories of EAC partner states, the protocol sets certain parameters or conditions of ensuring that this objective is achieved. These include guaranteed freedom of movement of persons within the territories of partner states; amendment of national laws to ensure non-discrimination against citizens of other partner states; and the issuance of common standardized national identification and travel documents.

Although South Sudan has removed visa requirements to some EAC citizens on a reciprocal basis such as Uganda and Rwanda, it has not seriously commenced engagement on implementation partly because it has not made much progress on the prerequisite Customs Union stage but also because the country's institutions such as the Ministry of Finance and Planning (MFP) and the NRA have not consistently been participating in the forums and committees related to the EAC Common Market. It is envisaged that full implementation of the EAC Common Market will only be realized on harmonization of the relevant domestic laws with the EAC Common Market protocols and effective implementation of the core pillars of the EAC CU.

(C) Monetary Union Protocol

The Monetary Union Protocol (MUP) was adopted in accordance with the EAC Treaty and signed on 30 November 2013. The protocol lays the 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 harmonize 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 differs from that of the other two economic protocols in that 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 ongoing preparatory work related to the establishment of a Monetary Union.

As far as the country's utilization of market access opportunities under the EAC, 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 action that would help accelerate access to EAC opportunities is the training of the private sector in SPS and RoO to enhance utilization of market access. This should also include adoption and implementation of the EAC Simplified Trade Regime.

2.3.2 AfCFTA

The AfCFTA entered into force in 2019. The Protocols on Trade in Goods and Trade in Services, respectively, each have several annexes. Negotiations aim to connect 1.3 billion people across 55 countries, with a combined GDP valued at $3.4 trillion (World Bank, 2020). Beyond its ground-breaking size, the AfCFTA signals a paradigm shift and a commitment to deeper integration of the continent by negotiating goods and services concurrently.

The AfCFTA is hailed as an economic game-changer for Africa's development owing to its potential to boost intra-African trade but also to provide an opportunity for countries in the region to competitively integrate into the global economy, reduce poverty, create jobs and promote inclusion. It is projected that the implementation of the agreement could help to lift an additional 30 million people from extreme poverty and 68 million people from moderate poverty by 2035. By providing a large and attractive market, the

AfCFTA offers: "an apt response to the reluctance of companies to invest in small, fragmented and uncompetitive national markets."[41]

The immediate benefits of the AfCFTA are expected to emerge from the reduction in tariffs and NTBs, and the establishment of a continental framework for trade in goods and services. The AfCFTA also provides an opportunity to harmonize regulation in other important trade-related policy areas that have not been substantially addressed at the regional level, such as investment, competition, IPR and e-commerce. Regulation in these areas helps shape how economies function and grow. For example, "trade and investment regimes determine the extent of economic integration; competition rules affect economic efficiency; and IPR protections matter for innovation".[42]

The preamble of the AfCFTA also recognizes the importance of international security, human rights, democracy, gender equality and the rule of law for the development of international trade and economic cooperation, suggesting the potential to address these non-trade policy objectives.

It is estimated that implementing the AfCFTA will increase the volume of intra-African trade by 81 percent by 2035 and increase the volume of total African exports by 29 percent (World Bank, 2020). By boosting intra-African trade and fostering regional value chains and production networks, the AfCFTA is expected to drive Africa's structural transformation. Implementing the AfCFTA could increase wages by 10 percent, with larger gains for unskilled workers and women (Ibid.). Freer trade under the AfCFTA is also expected to address gender inequality in Africa by increasing employment opportunities for women and helping to lower the gender wage gap on the continent (Ibid.).

Annex 5 of the AfCFTA agreement addresses NTBs and establishes a reporting, monitoring and elimination mechanism that the private sector can use to report specific trade barriers. The African Union (AU), in collaboration with the United Nations Conference on Trade and Development (UNCTAD), has developed an online mechanism designed to improve intra-African trade by offering a site for reporting and resolving NTBs experienced by businesses (Box 8). This is a welcome innovation, especially for many of Africa's informal cross-border traders—many of whom are women—and small businesses, who are disproportionately affected by NTBs, for example, cumbersome bureaucracy, lengthy clearance processes, unclear rules and corruption.[43]

41 Muchanga, A. M. (2020). "Preparing for trade under the AfCFTA Agreement". Great Insights 9(1): 4-7. Maastricht: European Centre for Development Policy Management.

42 World Bank (2020). *The African Continental Free Trade Area: Economic and Distributional Effects*. Washington D.C.: World Bank.

43 UNCTAD. (2019). *Borderline: Women in informal cross-border trade in Malawi, the United Republic of Tanzania and Zambia*. Geneva: United Nations Conference on Trade and Development.

Box 8: Reporting and monitoring on the elimination of NTBs

The online mechanism for reporting and monitoring on the elimination of NTBs provides a facility for online reporting of identified NTBs including via Short Message Services. Reported NTBs and the status of their resolution can be accessed on the public website. Various informative page on the website, including FAQs, assist in the use of the system. NTB notifications will be received by the local focal points of the reporting country, the responding country and the AfCFTA Secretariat for Processing. In a non-public space, the system then allows information exchange between the concerned state parties to monitor and resolve NTBs.

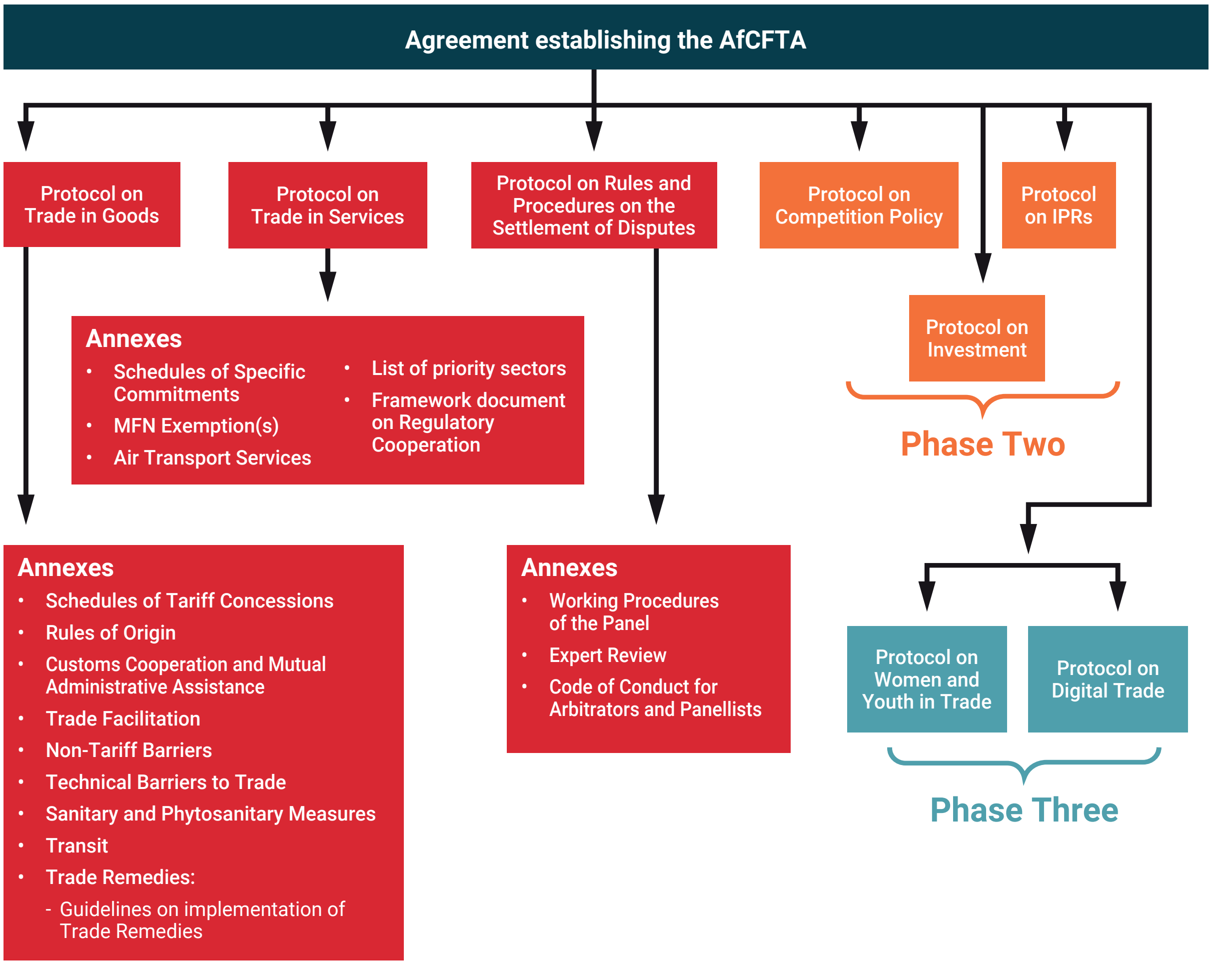
The AfCFTA can help reduce the trade costs associated with NTBs by creating a common set of rules for participating countries in areas such as TBT and SPS standards. Other regional initiatives supporting the implementation of the AfCFTA include the African Trade Observatory (ATO), which aims to create a continent-wide trade information portal to facilitate intra-African trade. The ATO will seek to collect trade-related data from member states and provide trade intelligence to both market players and government and non-governmental agencies. In addition, the Pan-African Payment and Settlement System has been developed by the African Export-Import Bank (Afreximbank) in collaboration with the AU and the AfCFTA Secretariat. The system is a cross-border financial market infrastructure for enabling payment transactions across Africa using local currencies.

2.3.2.1 Scope of AfCFTA

The AfCFTA is a comprehensive legal compact which includes the Agreement Establishing the AfCFTA, and various protocols on Trade in Goods, Trade in Services, Dispute Settlement, Investment, Intellectual Property Rights and Competition Policy. The phase 1 negotiations cover trade in goods, trade in services, and dispute settlement. Negotiations on a number of issues (e.g. tariff concessions, rules on origin for goods and schedules of specific commitments for services) are still ongoing, while negotiations for the protocol on dispute settlement have been concluded. Phase 2 negotiations covering investment, competition policy and IPR have recently started. Phase 3 of the negotiations will cover trade, and women and youth in trade (Figure 27). Despite the progress and ongoing negotiations, South Sudan's participation in the process has been notably limited due to budgetary constraints.

Figure 27: Architecture of the AfCFTA

Source: Trade Law Centre. (March 2022). *The African Continental Free Trade Area: A Tralac Guide: 8th Edition*. Stellenbosch, South Africa: Trade Law Centre.



2.3.2.2 Status of South Sudan's accession to AfCFTA

The Agreement Establishing the AfCFTA was signed on 21 March 2018 in Kigali, Rwanda. The agreement entered into force on 30 May 2019 for the 24 countries that had deposited their instruments of ratification by this date. The operational phase of AfCFTA was launched during the 12th extraordinary session of the assembly of the Union on the AfCFTA in Niamey, Niger on 7 July 2019. Start of trading under the AfCFTA agreement began on 1 January 2021, however training under AfCFTA is yet to begin.

As at October 2022, 44 of the 54 Signatories (81.5 percent)[44] have deposited their instruments of AfCFTA ratification and 36 countries have ratified the AfCFTA agreement. South Sudan is one of the signatories of the AfCFTA, although it is yet to ratify the agreement. While there is high visibility and political momentum around the AfCFTA and good progress has been made in the negotiations at the continental level, the impact of AfCFTA on South Sudan will depend not only on what is agreed in the negotiations, but also on whether South Sudan ratifies, domesticates, implements and complies with the provisions of the AfCFTA agreement. The impact of the AfCFTA will depend on the effectiveness of various complementary policies and initiatives put in place to enable African businesses and individuals to take advantage of trade and investment opportunities under the AfCFTA.

The GRSS has indicated a commitment to ratify and implement the agreement. South Sudan, however, lacks a national AfCFTA strategy and has failed to strengthen awareness among the key stakeholders on the objectives, opportunities and benefits of the AfCFTA. There is also a need to sensitize and train the private sector and policymakers on key provisions of the AfCFTA agreement including market access issues such as RoOs and trade facilitation-related measures, as recommended during the AfCFTA stakeholder's sensitization workshop in August 2021. The government should expedite the ratification process and undertake a cost-benefit analysis to inform the potential socio-economic benefits of implementing the AfCFTA. South Sudan, with support from ECA, is already developing an AfCFTA implementation strategy to provide policy options towards harnessing trade and socio-economic development benefits associated with AfCFTA.

2.3.3 Everything but Arms

South Sudan has some preferential market access to the EU under the EBA scheme.[45] The scheme grants 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 EU for the LDCs and is part of the GSP. EBA preferences can be withdrawn in some exceptional circumstances, notably serious and systematic violation of principles laid down in fundamental human rights and labour rights conventions. The private sector should be sensitized on EBA and how to take advantage of the preferential market access under the scheme.

44 As of October 2022, Ghana, Kenya, Rwanda, Niger, Chad, Eswatini, Guinea, Côte d'Ivoire, Mali, Namibia, South Africa, Congo, Djibouti, Mauritania, Uganda, Senegal, Togo, Egypt, Ethiopia, Gambia, Sahrawi Arab Democratic Rep., Sierra Leone, Zimbabwe, Burkina Faso, São Tomé and Príncipe, Equatorial Guinea, Gabon, Mauritius, Central African Rep., Angola, Lesotho, Tunisia, Cameroon, Nigeria, Malawi, Zambia, Algeria, Burundi, Seychelles, Tanzania, Cape Verde, Morocco, Guinea-Bissau and the Democratic Republic of the Congo are the latest countries to deposit their instruments of ratification.

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

2.3.4 EU-EAC-EPA

The 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 has been a member of EAC since 2016, was not involved in the negotiations, but can become a party to the EPA.[46] The EPA is not yet in force, as the signature and ratification process is currently stalled after EAC members failed to adopt a common position. Kenya is the only EAC country to have ratified the agreement, in order not to lose free access to the EU market. Other EAC member states, as LDCs, still enjoy free access and some of them have pushed for further clarification on the consequences of the EPA for their economies before the EAC endorses the agreement. The EPA contains detailed provisions on sustainable agriculture and fisheries, RoOs and SPS 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 have signed the agreement, but it has formally been ratified only by Kenya. The other parties under the agreement (excluding Tanzania) could still trade under EBA market access arrangement given their LDC status. South Sudan will need to make good use of AfT opportunities to develop the capacity required to export to the EU under the EPA. South Sudan may seek to join the EU-EAC-EPA as a sustainable and cost-effective market access opportunity for its products to the EU market.

2.3.5 African Growth and Opportunity Act

South Sudan, along with other beneficiary SSA countries, has potential to benefit from a preferential trade arrangement provided by the United States through the AGOA. The beneficiary countries must 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 US trade and investment, economic policies to reduce poverty, a system to combat corruption and bribery, protection of internationally recognized worker rights and compliance with internationally recognized human rights. This trading programme was initially expected to expire in 2015 but was extended in that year by another 15 years. South Sudan is thus far not among the eligible beneficiaries. The key challenge for the government is to deepen dialogue with the US government to facilitate trade under AGOA and to undertake assessments to understand the potential benefits for the country to meet and maintain the eligibility requirements.

46 European Union (2018). *Briefing paper: Economic Partnership Agreement with the East African Community* (First edition).

2.3.6 Common Market for Eastern and Southern Africa

The COMESA is the largest regional economic organization in Africa, with 19 member states[47] and a population of about 390 million. COMESA provides member states with an opportunity for expanding their trade with the region as a destination for exports or as a source for imports on a duty-free basis. In 2019, COMESA accounted for 44 percent of South Sudan's total exports, even though South Sudan is not a member of COMESA. COMESA offers opportunities for South Sudan to achieve market access diversification because of proximity.

2.3.7 EAC-COMESA/SADC Tripartite Free Trade Area

Formation of the EAC/COMESA/SADC Tripartite FTA is based on the directive of the Heads of State Summit of 22 October 2008. It was launched on 10 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 FTA.[48] South Sudan is yet to sign the declaration. It stands to benefit from the expanded regional market of 27 countries, to be accessed under a FTA arrangement.

2.3.8 Intergovernmental Authority on Development in Eastern Africa

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. Djibouti, Ethiopia, Kenya, Somalia, Sudan and Uganda took action through the UN 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 IGAD and expand areas of cooperation among member states.

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

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

The new 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 the priority areas of food security and environmental protection, economic cooperation, regional integration and social development, and peace and security. IGAD therefore provides a regional integration framework through which trade between the eight 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 the use of the IGAD framework. Pillar 2 of the IGAD regional strategy seeks to enhance trade in the region; increase mobility; increase cross-border trade, build tourism in the region; harmonize regulatory regimes; promote transparency of customs procedures, and harmonize competition rules. South Sudan's policy objective towards promoting pan-African trade and economic integration is designed to increase market access opportunities for South Sudan's goods and services.

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

The EAC has an extensive work agenda related to improving gender opportunities and South Sudan can take advantage of these. This is relevant given that there is overwhelming evidence that offering women economic and social opportunities leads to superior sustainable development outcomes. EAC's work in gender, youth, children, persons with disabilities, social protection and community development is spearheaded by the Sectoral Council on Gender, Youth, Children, Social Protection and Community Development. To date, four meetings of this committee have taken place. 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 2012–2016. It outlined key interventions in the six distinct components. It noted the broad strategic objectives as well as the specific targets to be achieved during the period. Recently a new strategic plan was developed for 2017–2022.

The strategic plan envisages promoting gender equality, equity and women's 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, the conduct of relevant assessments on the status of gender equality in the EAC, and the undertaking of 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 young people within the EAC.

In 2017, the EAC enacted a legal instrument that promotes gender equality. The EAC Gender Equality, Equity and Development Bill was tabled at the East African Legislative Assembly (EALA) as a private members' bill and later passed by the same body on 8 March 2017. The bill mandates partner states to undertake gender mainstreaming in their development planning and implementation. This should ensure that the rights of women and men, boys and girls are promoted, protected and realized on an equal footing. The 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.

Another 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; extractive 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 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 areas and thereby facilitate a regional conversation on strategies for the enhancement of substantive gender equality and sustainable development.

South Sudan will need to domesticate the aforementioned instruments to ensure that gender equality is mainstreamed into its trade development practices. Similarly, the country's ratification of the AfCFTA and WTO will present other opportunities and challenges for women.

2.5 Trade policy instruments and WTO accession[49]

2.5.1 Trade remedies and instruments

As a developing country, South Sudan uses and has recourse to the following trade remedies to support its 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 the original country. The government has no appropriate mechanism to monitor the behaviour of imports, their impact on domestic producers nor where necessary to invoke anti-dumping measures to protect South Sudan producers against this unfair practice in line with WTO rules. The capacity of the country to safeguard its industries is limited and it is made to compete with imports from neighbouring countries that often have lower product costs advantages that sometimes cannot matched by South Sudan or are unfairly imposed in exporting countries.

(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. restricting 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 government has no appropriate mechanism to monitor and where necessary invoke safeguard measures in line with WTO rules and commitments to RTAs. However, the agencies responsible such as the South Sudan National Bureau of Standards (SSNBS) have inadequate capacity to undertake these measures. Safeguard measures should be implemented by the agency responsible for industry. South Sudan must implement safeguard measures in line with RTAs such as the EAC. The implementation of the legislative framework must ensure uniformity with other partner states in the application of safeguard measures and ensure that, to the extent possible, the process is transparent, accountable, fair, predictable and consistent with the provisions of the protocol. Hence the national application of the safeguard measure must be mindful of the EAC integration and WTO framework. There is a need to develop the capacity of the responsible agencies to develop and implement these safeguard measures.

49 These remedies are outlined in the unpublished draft South Sudan Trade Policy Framework 2020.

(C) Countervailing measures

Countervailing duties can be imposed to neutralize 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 policy objective for government here is to protect the domestic market and industries from unfair trade practices and threats arising from dumping and subsidies.

The government, however, has no appropriate mechanism to monitor and invoke countervailing measures where necessary. South Sudan is required to implement provisions of Articles 17 and 18 of the EAC CU Protocol and to ensure that application is consistent with the partner states in the application of subsidies and countervailing measures.

(D) Export taxes

Export tax is a tool often used by countries to promote and encourage the value addition of unprocessed raw materials and primary products with a view to boosting export earnings. South Sudan exports mainly primary raw materials, which is threatening trade and environmental sustainability. Most countries no longer impose export taxes, including South Sudan. However, a country such as South Sudan, requires an assessment to evaluate whether it can be used to promote value addition in few select products to achieve industrial growth aspiration and to promote sustainable trade and investment.

(E) Import permit

The licensing procedures are outlined in the Import and Export Act 2012. Importers are required to obtain import licences from the MTI. The validity of the licence is one year and it 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 regulate the import of products with additional requirements in terms of health, safety and security. The current import licensing regime increases cost and makes trade more cumbersome, as well as providing opportunity for rent-seeking. The key challenge for the government is to streamline the import licensing regime in line with international best practice, to make it less of a burden, with a view to improving overall trade competitiveness.

(F) Tariff regime for industrial development

With the coming into force of the CU, the EAC partner states eliminated tariffs on intra-regional trade and adopted a fourth-band CET structure for imports into the region. These are a 0 percent tariff for raw materials and capital goods; 10 percent tariff for intermediate goods; 25 percent tariff for finished goods and 35 percent to develop priority value chains. South Sudan is still using 5 percent, 10 percent, 15 percent, and 20 percent, respectively, as its tariffs.[50] Tariffs in the country are relatively high for primary agricultural activities and low for manufacturing and other activities with a higher degree of processing. Such a tariff structure increases South Sudan's food costs with negative consequences for food security and industrial development. The government will need to review the tax policy regime to improve the international competitiveness of its economy, and minimize the potential adverse effects of tax reform on revenue, industrial development, food security and private sector development. The government should undertake a tariff policy review to address the latter and ensure compliance with international tariff commitment obligations.

2.6 Recommendations and policy measures

2.6.1 International trade and market access

2.6.1.1 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 reforms required as South Sudan works towards WTO accession
- Undertake domestic legislative review against the WTO Obligation to identify gaps and develop reform action plan
- Establish standing trade negotiation team with expertise on trade negotiation matters to oversee negotiation
- Establish a stakeholder trade negotiation committee and enhance stakeholder participation therein
- Establish WTO Accession Secretariat to support WTO accession
- Undertake sector studies to inform development of initial offers for trade in goods and services

50 South Sudan National Bureau of Statistics.

- Sensitize stakeholders on market access opportunities associated with WTO accession.

2.6.1.2 EAC

- Adopt and effectively implement the draft South Sudan Policy on EAC integration to ensure compatibility with the EAC trade regime, while creating a predictable environment to facilitate trade and investment
- Review and develop a new results-based EAC roadmap with clear actions to facilitate implementation of the EAC CU and Common Market obligations
- 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
- Sensitize 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 the EAC market for both goods and services
- Establish EAC Integration Monitoring Committee to oversee the implementation of the EAC obligations
- Review the Customs Act and develop associated regulations to ensure its compatibility with the revised Kyoto Convention Protocol and WTO TFA.

2.6.1.3 AfCFTA

- Expedite ratification of AfCFTA
- Develop national AfCFTA strategy to guide implementation of the agreement
- Undertake a cost-benefit analysis to inform of the potential socio-economic benefits of implementing the AfCFTA
- Sensitize stakeholders on AfCFTA, including potential opportunities and challenges.

2.6.2 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 RECs and FTAs
- Build the institutional capacity to support South Sudan's participation in various RECs or FTAs such as EAC–COMESA/SADC Tripartite FTA, AfCFTA, IGAD
- Identify, develop and promote products for which South Sudan has potential to trade under the various RECs and FTAs
- Sensitize the private sector and community on the potential trade- and investment-related opportunities under EAC–COMESA/SADC Tripartite FTA, AfCFTA, IGAD
- Ensure the interests of South Sudan are 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.

2.6.2.1 EU–EAC–EPA

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

2.6.3 Trade policy instruments and remedies

2.6.3.1 Tariffs

- Review tax policy regime in line with the national development objectives and commitments in the regional and multilateral trade regime
- Pursue CET review within the EAC regional integration framework to ensure zero ratings of tariffs on raw materials and intermediate products that the EAC industry determines as having inadequate or lack of regional supply to meet regional demand in terms of volume and quality
- Support manufacturing industry application for duty remission scheme for raw materials and intermediate products that experience regional seasonal supply shortages

- Pursue the EAC CET rate to support local production in the process of harmonization of the national tariff regime with the EAC framework.

2.6.3.2 Import permit

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

2.6.3.3 Internal taxation

- Harmonize the local taxation regime with the national trade development priorities, with the view to eliminate multiple taxation, support SME growth, industrial development, economic diversification, and export development strategies

2.6.3.4 Rules of origin

- Support application of a RoO system, which is transparent, accountable, fair, predictable and compatible with WTO and RTAs
- Support awareness creation and capacity-building among the private sector on applicable RoOs in EAC, AfCFTA, EU, AGOA, EBA and other trade agreements that South Sudan is a party to or is eligible to take advantage of

2.6.3.5 Export taxes

- Review export tax policy to promote value addition in selected products to achieve industrial growth aspirations and promote sustainable trade and investment

2.6.3.6 Trade remedies

- Develop legislative framework for trade-related remedies
- Develop human resource and institutional capacity to implement the provisions of the trade remedies legislation.

2.6.3.7 Unilateral preferential agreements

- Strengthen 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 the AGOA framework
- Identify, develop and promote products for which South Sudan has potential to trade under preferential schemes
- Assist South Sudan exporters to cope with the requirements of preference schemes in terms of RoOs, including the issuance of CoOs, and other non-tariff measures
- Ensure reciprocal participation in exhibitions and trade fairs as well as promotional events
- Raise awareness of the benefits among South Sudan producers of these preference schemes, notably the associated RoOs requirements; ensure the net positive balance is achieved between internal and external costs and benefits in commitments are made while negotiating bilateral trade agreements.

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Pillar 3:
Improving Trade Competitiveness

Chapter 3: Standards and Quality Infrastructure[51]

3.1 Introduction

South Sudan trades in agriculture and livestock products and is also keen to diversify its economy through value addition and manufacturing. An effective National Quality Infrastructure (NQI) system including a NQP, a TBT/SPS regulatory framework, and other types of accreditation and standardization, can facilitate exports especially for SMEs, and protect the health and safety of the population and the environment. Accession to WTO and participation in AfCFTA, EAC and Generalized System of Preferences (GSP) programmes would mean that the domestic SPS/TBT legislative framework would conform to the provisions of the WTO TBT/SPS Agreement. South Sudan is keen to support producers to meet international standards both in the regional and global markets.

The policymakers and private sector stakeholders are daily faced with quality-related issues. These include meeting the 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's export competitiveness and the ability for citizens to enjoy a healthy and safe life, protecting the natural environment and its resources. This chapter provides an understanding of the recent developments regarding NQI, along with the main gaps and recommendations for improvement. It analyses the status and effectiveness of the QIS in supporting key export products/value chains to access markets; and recommends key strategic policy measures to support the evolution of the QIS in South Sudan.

51 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. The material was used with consent from the ITC.

3.2 Recent developments in the area of QIS

3.2.1 Key functions of QIS

3.2.1.1 Status of National Quality Policy

The regulatory framework, policies, practices and systems are essential for effective QIS. Findings from the ITC survey show that South Sudan is still largely lacking in a complete and sound policy regulatory environment for the NQP and regulatory environment for trade. Whereas the country has a draft NQP developed in 2021, with technical support from the ITC, it is still awaiting endorsement of the Council of Ministers after a cabinet memorandum was submitted. The survey also found that an SPS strategy has been developed with the funding from IGAD-EU. On the regulatory and legislative agenda, several laws have been developed and are in force. They 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. However, most of these laws still lack the regulations to support implementation of the NQP. South Sudan National Bureau of Standards (SSNBS) and Drug and Food Control Authority (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 at the informal way.

The SSNBS is responsible for the country's national infrastructure in terms of standardization, metrology and accreditation. However, the accreditation body has not been activated. The other stakeholders of the NQI system include various government ministries such as the ministries of: health, environment and 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 DFCA, National Communications Authority (NCA), South Sudan Roads Authority (SSRA), South Sudan Urban Water Corporation (SSUWC), South Sudan Electricity Corporation (SSEC) and South Sudan Civil Aviation Authority (SSCAA).

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. The SSNBS's 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 trading agricultural and livestock products, which have direct impacts on the incomes and livelihoods of the population. However, South Sudan does not currently have a National SPS Committee (NSPSC) nor an effective SPS framework to assist the protection of animal, human and plant health. Nevertheless, the draft SPS strategy is expected to provide not only guidance towards strengthening SPS-related regulations but the institutional framework also. As an Observer member of the WTO, South Sudan is a member of three standard-setting organizations, namely: the World Organisation for Animal Health (WOAH); the Codex Alimentarius Commission (CAC) for food safety; and the IPPC for plant health. The SPS inquiry points for WOAH, CAC and IPPC are the Ministry of Livestock and Fisheries, the SSNBS and Ministry of Agriculture and Food Security, respectively. Presently, the Directorate of External Trade of the MTI serves 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 the need to amend the acts, regulations and standards in compliance with WOAH, CAC and IPPC. The following are some of the other important issues facing the SPS regime in South Sudan:

- inadequate technical capacity 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 (Good Agricultural Practices (GAP), Potentially Hazardous Products (PHP), Good Manufacturing Practices (GMP), Hazard Analysis Critical Control Point (HACCP), International Organization for Standardization 22000 (ISO 22000) in food-processing entities
- limited human resources, laboratory space, inadequacy of outdated laboratory equipment to perform reliable services. This is clearly against the interests of consumer protection and makes access to foreign markets very difficult
- slow progress in adoption or harmonization of regional and international standards, as well as the lack of enforcement of compulsory requirements in the regulatory area

- lack of understanding and 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, do not systematically follow good regulatory practice
- absence of a national SPS strategy to guide institutions implementing SPS measures.

Although the country is largely an importer of most commodities, i.e. of food and non-food products, it has a great agricultural and livestock potential that it needs to safeguard from pests, diseases and other harmful contaminants. There are also a few emerging agricultural products that may have export potential but must comply with regional and international SPS requirements. Because of the current weak SPS regime, the country continues to lack growth in exports, especially of agricultural commodities, while at the same time allowing into the country products that may harbour pests and diseases. To improve compliance with international market requirements and increase exports, a report on QI assessment recommends that the country builds the skills and knowledge of technical staff and value chain actors, ensures harmonization of regional and international standards, strengthens SPS NNA and National Enquiry Points (NEPs), and creates awareness on SPS issues through enhanced public sensitization programmes. The ITC report also recognizes the urgency of strengthening coordination among SPS actors, reviewing and updating 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 certifies that consignments meet the phytosanitary requirements of the importing country. It must comply with the International Standards for Phytosanitary Measures (ISPMs) of the IPPC, which depends on FAO. Its implementation is entrusted to the national organization of plant protection (in South Sudan’s case, the NPPO) of the exporting country; for most countries, this is usually issued by the ministry of agriculture, livestock and fisheries.

For South Sudan where even paper certificates are still an issue, the country might need to think move rapidly instead to e-Phyto as it moves towards digitization of government services. Today, the preparation, issuance and transmission of phytosanitary certificates for export are manual processes. On importation, paper certificates are required and attached to the customs declaration. e-Phyto certificates are the electronic equivalent of paper certificates and can be used if they are accepted by the NPPO of the importing country. The exchange of electronic certificates using the e-Phyto solution will cause a reduction in customs clearance times, related costs and risk of falsification. A feasibility study would need to be undertaken to inform the adoption and integration of the e-Phyto system considering the possible existing infrastructure and institutional challenges in South Sudan.

3.2.1.4 Accreditation

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

3.2.1.5 Standardization

The SSNBS is the sole statutory body that is responsible for standardizing and regulating the quality of all products in South Sudan. Following the establishment of the SSNBS, three more acts were enacted including: the Weights and Measures Act 2012, the Imports and Exports Act 2012 and the Consumer Protection Act 2011, with the aim of providing legal frameworks governing the conduct of the SSNBS. SSNBS's mandates include: the preparation of standards related to products, measurements, materials, processes and services, among others; their promotion at national, regional and international levels; the certification of products; testing; inspection; market surveillance and the circulation of information related to standards.

The latter activities comprise services being performed throughout the country at state capitals, border posts and trading centres. The agency functions as an independent authority, currently supervised by the MTI. The SSNBS is governed by a board consisting of representatives from various ministries and private sector organizations, 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 are located at strategic points at border posts and along main transport routes. Some of the SSNBS state offices include Wau/Aweil, Malakal/Renk, Nimule, Kaya and Nadapal, among others.

However, SSNBS is beset by major challenges that makes it less effective in delivering on its mandate including:

- lack of adequate funding (or resources) to buy reagents, setting up of standards committees, testing equipment, incentives, metrological equipment to reach out beyond the capital

- inadequate laboratories, especially for the metrological department
- the bureau has been badly affected by the delay in passing laws and policies. The original Act of 2012 has been reviewed but has been delayed at the Ministry of Justice and Constitutional Affairs since 2019. The national policy for standards for 2018–2021 is now expiring before it has passed
- SSNBS lacks the funds to support the membership of bodies such as the International Organization of Legal Metrology, International Bureau of Weights and Measures (BIPM) and others
- equipment in the metrology department requires calibration, which is done every five years, but this has not been possible because SSNBS is not a member of the relevant bodies that support calibration.

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 gazetted standards and how users can purchase such standards. As a result, users are required to come to the office of standards development headquarters to purchase standards or obtain information. Alternatively, SSNBS promotes and disseminates standards through a variety of channels, mainly the local media such as radio, TV and newspapers, workshops and seminars, and the World Standards Day. Presently, SSNBS has only developed and adopted seven national standards. It is unclear as to why the development and adoption rate for standards is so slow.

3.2.3 Membership and conformity to regional and international standardization 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 harmonization with regional and international standards, especially with the EAC. SSNBS has membership with the African Organisation for Standardisation, East African Standards Committee (EASC), and Codex. This membership grants SSNBS opportunity to actively participate in the regional standard-setting through the EASC within the EAC legal framework to develop and promote harmonization of standards. However, SSNBS is not a member of International Organization for Standardization (ISO), thereby limiting the country's representation on ISO technical committees. It is worth mentioning that the information obtained from the SSNBS management during the writing of this report indicated that the SSNBS is intending to apply for membership of ISO and other bodies. In addition, SSNBS has signed a Memorandum of Understanding (MoU) with other regional bureaux of standards—the Uganda Bureau of Standards, Kenya Bureau of

Standards, Rwanda Standards Board and Sudan Standards and Metrology Organisation. As an observer to the WTO, South Sudan has not yet ratified the TFA nor notified its category "A, B and C" commitments after earlier notification of category. Therefore, South Sudan is not yet obligated to meet any of these commitments except for those it has signed up to, such as the aforementioned regional ones.

3.2.4 Metrology

SSNBS 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 writing, the directorate of metrology is not a signatory to any mutual recognition arrangement 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 size or financial standing, follow the same rules and have equal opportunity to compete. The SSNBS, a semi-autonomous institution of the MTI, is responsible for the regulation of the national legal metrology system. The Weights and Measures Act 2012 is the main legislation providing a 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 issues some certificates for pattern approval for trade measurement instruments such as the weighing scale, it does not issue 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 programme is designed 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 the 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.

The ITC survey could not find any other legal metrology bodies such as servicing licensees and their verifiers, public weighbridge licensees, certifying authorities, utility meter verifiers nor any accreditation bodies that are taking part in the legal metrology system of South Sudan. The directorate of metrology is also not a member of International Organization of Legal Metrology (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 legal metrology in South Sudan include the RBA, DFCA, NCA, Energy and Dams, and Civil Aviation. As per the NCA Act 2013 and regulations, the NCA issued pattern approval for electronic equipment.

3.2.6 Industrial metrology (calibration services)

According to an assessment report on South Sudan quality infrastructure undertaken in 2021, there is limited scope for calibration services in the country. As per the Weights and Measures Act 2012, the directorate of metrology provides calibration services in South Sudan. Presently, this includes a limited scope of services in the fields of dimensional, mass and volumetric calibration. The laboratory does not provide calibration services in the areas of electrical, temperature, force and pressure because of the human and financial resource constraints.

Although SSNBS provides some calibration services, the traceability of measurements to the International System of Units (SI) is limited—this means the SSNBS's measurement capability and systems are not recognized by the international measurement community as complying with international norms and practices. It was therefore observed in the assessment report that the 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 underline 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 NQP, to ensure measurements taken in South Sudan are traceable to the SI and that the legal framework is effective in enforcement of the legal metrology framework. A capacity needs assessment will need to be undertaken to inform the development of the metrology system in South Sudan.

3.2.7 Conformity assessment

3.2.7.1 Membership of regional and international standardization bodies

3.2.7.1.1 System certification

Responsibility for systems and product 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. SSNBS is in the process of developing a certification scheme to improve market access for these products. For instance, with funding support and assistance from the TradeMark East Africa (TMEA), SSNBS has started training SMEs on some food safety quality assurance programmes most notably HACCP and GMP. In summary, SSNBS has not yet certified any organization into different systems (ISO 9001, HACCP, ISO 22000, ISO 14001, ISO 27001, ISO 50001, etc.). At the time of writing, there are no listings 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 SSNBS. As a result, SMEs continue to produce goods that are already on the market shelves in supermarkets and shops across the country. To cope with the private sector demand for product 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 Department of Certification is now working on the procedures for product certification in accordance with ISO 17065 and the EAC Standardisation, Quality Assurance, Metrology and Testing Act 2006.

3.2.7.1.3 Inspection services

In accordance with the SSNBS Act 2012 and Weights and Measures Acts 2012, SSNBS has the mandate to conduct inspections at all levels for imports, exports and services provided to consumers. Inspection services are undertaken by the quality assurance department to ensure both local and imported goods and/or services comply with quality requirements, with the aim of protecting consumers from unfair trade practices in terms of quality, quantity, presentation and labelling, based on certification practices that are recognized internationally. The other public stakeholders involved in the inspection services are mainly the ministries of: Agriculture and 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 and Irrigation; and Wildlife Conservation and Tourism. Other institutions include parastatal/semi-autonomous institutions, most notably DFCA, NCA, Road Authority, SSCAA, SSUWC, SSEC, Nile Petroleum Corporation, Gas and Oil Commission, Petroleum Authority, Engineering Council, and Medical Commission. Public sector institutions are tasked with the formulation and implementation of policies, legislation and regulation regarding product safety. The inspection of medicines and other regulated products is conducted by DFCA.

The NCA undertakes general inspections of telecommunications equipment at ports of entry as well as in the field 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 installation 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 private companies to conduct pre-export verification of conformity on behalf of the SSNBS on all consignments coming to South Sudan.

3.2.7.1.4 Testing

The SSNBS testing services department was established in 2012 with the aim of providing laboratory facilities meant for the examination and testing of commodities and materials, whether in raw form, semi-processed or fully processed. The department is under the Directorate of Technical Operations of the SSNBS. It 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. The testing services department is composed of four units namely: General Chemical Laboratory, Microbiology Laboratory, Cosmetic, and Genetic Modified Organisms testing laboratories. Generally, there is no reliable information about the number of testing laboratories in South Sudan. Based on the information provided during the writing of this report, the laboratory testing covers more than 200 tests in various food and non-food products per year.

SSNBS testing services department test mostly compositional and quality parameters such as ash, water content, carbohydrates, fat, peroxide value and acidity testing. The testing laboratories are limited in the testing of other chemicals of safety concern, such as mycotoxins, pesticides and environmental contaminants, to name a few. Some SSNBS laboratories especially the general chemistry and microbiology laboratory are equipped with modern and automated instruments such as high-performance liquid chromatography (HPLC), ultraviolet visible spectroscopy, and atomic absorption spectroscopy. There is no quality management system for the 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. Apart from the central veterinary laboratory run by the Ministry of Livestock and Fisheries, most of the analytical instruments are not being fully utilized due to lack of technical capacity, compounded by the lack of stock of reagents and consumables. Although some of these laboratories have been established in compliance with ISO/IEC 17025, the laboratories are not functioning optimally and do not participate in the inter-laboratory comparisons and proficiency testing schemes.

The assessment report on quality infrastructure found that no testing laboratories in the country have been accredited in all the analytical methodologies. In addition, there is no accredited scheme for competency assessment of the laboratory analysts. The exception is the National Public Health Laboratory (including the national microbiology laboratory, national tuberculosis reference laboratory, national HIV molecular laboratory, and measles laboratory) that has been enrolled in external quality assurance with the aim to accredit certain specialist laboratories. Currently, no testing services are available in South Sudan in terms of telecommunications and ICT equipment. The NCA relies only on test results from accredited and internationally recognized test laboratories around the world. SSRA/Ministry of Roads and Bridges has a central testing material laboratory, where soils, concrete and asphalt are tested for roads and other construction activities. It is worth mentioning that some of the road construction companies have small laboratories under the supervision of SSRA and the Ministry of Roads and Bridges.

3.2.7.1.5 Quality promotion

Several projects aimed at improving productivity and capacity-building; boosting food production at the household level through support services; micro credit for farmer groups, farmers and training; rapidly increasing agricultural productivity in selected commodities; increasing trade, and improving the capacity of producers, the private sector and public sector actors 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 a few programmes being implemented by the GRSS and development partners. Some of the projects are being implemented by TMEA, FAO, United Nations Industrial Development Organization (UNIDO), Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), IGAD, Codex, African Development Bank (AfDB), etc. Other projects implemented at the EAC and IGAD regional levels include the following:

- The Market Access Upgrade Programme 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 (pharmaceutical, leather, and fruit and 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 national standards and harmonizing these with regional (EAC) and international standards. The SSNBS facilitates the processes of standards development and other deliverables through its technical committees. Given this common approach, the scope has remained limited within the standards development department of the SSNBS since its establishment. To date, only a few national standards have been developed and adopted nationally without being harmonized with regional and international standards as required by the act.

For instance, South Sudan has developed seven national standards. About 300 regional standards (East African Standards or EAS) are available but these have not yet been adopted in South Sudan. Of the seven adopted national standards, it is unclear whether these standards are mandatory or partly voluntary. The Act of 2012 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 a consensus approach—as required by ISO/IEC Guide 59 (2019) and the principles in Annex 3 of the WTO TBT Agreement. The available national standards in use include those for gum arabic; roads and bridges; petroleum; leather and leather products; vehicles and minibuses; cement blocks and red bricks; and textiles and textiles products.

Furthermore, SSNBS has joint technical committees (TCs) with EAC under the EASC. There are nine major committees and their respective subcommittees, namely:

- animals and animal products TC, with five subcommittees
- agriculture, agroforestry and agrochemicals TC, with 11 subcommittees
- alcoholic and non-alcoholic beverages, drinking and wastewater, with three subcommittees

- packaging materials, additives and contaminants, with three 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.

3.3.1 Capacity for trade facilitation

The country's capacity for trade is constrained by an acute lack of infrastructure and other logistical facilitation enablers. This impedes seamless trade facilitation by slowing down operations and hampering quality and standard conformity in trade. The following are the quality and standard capacity issues in the country:

3.3.1.1 Laboratory testing capacity

Food safety laboratories

The ITC survey found that there are six laboratories owned by the GRSS. 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 the analytical capacity and capability to detect every food safety hazard. 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 reveal the number of food samples tested for specific pathogens and the number of positive cases in the past five years. There is no available information on the origin of most of the samples.

Central Veterinary Laboratory

According to the ITC survey, the 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 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 at both the state and national level. The laboratory is able to detect important livestock diseases such as Foot 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 various states to offer basic veterinary diagnostic services.

3.3.1.1.3 Equipment and human resource personnel

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

3.4 Sanitary and phytosanitary compliance issues—policy and strategy

Food and agricultural exports (primarily unprocessed) often trigger SPS compliance challenges and therefore an adequate capacity to control SPS risks is crucial for the LDCs to gain and maintain access to foreign markets.[52] Repeated rejections of shipments for non-compliance with SPS requirements result in stricter scrutiny by importing countries, increased transaction costs, damaged reputation, and a loss of confidence in the exporting country's competent authority. According to the joint report undertaken by Standards and Trade Development Facility (STDF) and EIF, a strong SPS control system is also an essential asset to protect a country's productive capacity, biodiversity and ecosystems from the entry, spread and establishment of invasive alien species and increased incidence of pests and diseases that negatively impact agricultural production, the effects of which can sometimes be long-lasting on the country's ability to export.[53]

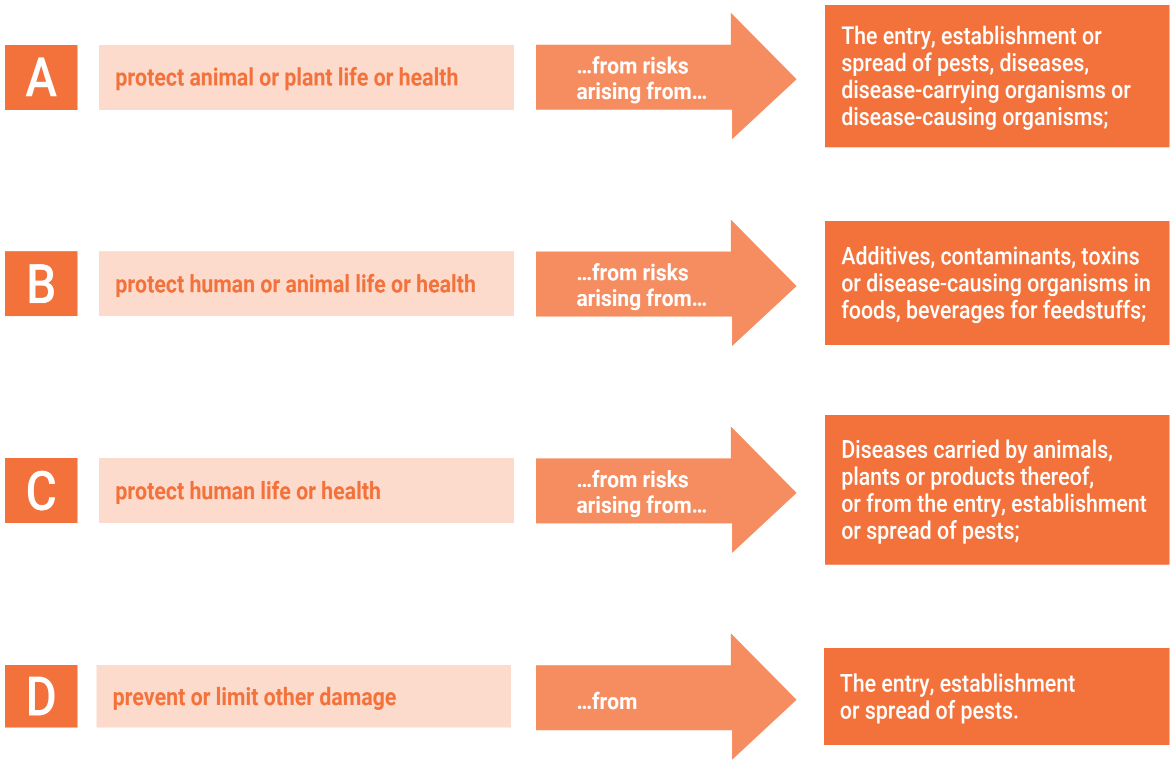
The WTO defines SPS measures as all relevant laws, decrees, regulations, requirements and procedures including, *inter alia*, end-product criteria; processes and production methods; testing, inspection, certification and approval procedures; quarantine treatments, including relevant requirements associated with the transport of animals or plants, or with the materials necessary for their survival during transport; provisions

52 EIF, STDF (2016). *Enhancing Sanitary and Phytosanitary Capacity to Promote Trade for Development in Least Developed Countries*. STDF Briefing Note.

53 EIF, STDF (2016). *Enhancing Sanitary and Phytosanitary Capacity to Promote Trade for Development in Least Developed Countries*. STDF Briefing Note.

Figure 28: Elements of the SPS measures

Source: EIF, STDF (2016). *Enhancing Sanitary and Phytosanitary Capacity to Promote Trade for Development in Least Developed Countries*. STDF Briefing Note



on relevant statistical methods, sampling procedures and methods of risk assessment; and packaging and labelling requirements directly related to food safety.[54]

South Sudan is party to a number of international treaties relating to the trade of goods that confer rights and obligations. As an observer member of the WTO and a member of EAC, the country 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 IPPC is recognized as the international organization that sets ISPMs. 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 enactment. The current situation is described as follows:

54 EIF, STDF (2016). *Enhancing Sanitary and Phytosanitary Capacity to Promote Trade for Development in Least Developed Countries*. STDF Briefing Note.

3.4.1 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 litigation. Foodborne illnesses can occur a result of action or inaction by stakeholders along the farm-to-fork continuum. Food safety is in the public interest and best led by national governments. Understanding the governance and public health problems regarding animal, fruit and vegetable value chains is a first step to developing strategies to address food safety in South Sudan.

3.4.1.1 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 organizations 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 component of food safety. Several agencies share responsibilities in food safety. These responsibilities are shared among inspectorate agencies such as the SSNBS, and regulatory agencies such as the 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. It is important to note 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 mixture of responsibilities and mandates in the food safety system in South Sudan. Between all the abovementioned institutions of food safety stakeholders, there is no clear coordination mechanism reflected along the food production chain in their policies and regulations.

For example, the MAFS at the national level works independently on issues related to food production along the fruit and vegetable food chain and likewise the MLF in the animal food production chain. The Ministry of Health has the role of ensuring adequate health and nutrition for the general population. SSNBS and DFCA have regulatory and inspectorate mandates that work in parallel. The SSNBS has a role 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 the 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 the general hygiene and sanitation of premises selling food and food commodities.

3.4.1.2 Food safety legislation

Most of the policies are either at the draft stage or have not been updated to reflect the current regulatory environments. South Sudan is subject to national and international regulatory frameworks for food safety, via its memberships of the United Nations, AU, EAC, WTO (SPS Agreement). Modern food laws that recognize the need to apply preventative control measures need to be present; that said, an effective food safety control system must have legislation that guides practice and provides appropriate penalties as per the applicable laws. Because of this, it appears the domestication of international standards and requirements into national laws have continued to lag and have not been achieved so far.

International standards and requirements are supposed to be gazetted by the SSNBS; however, it appears this is not being done. Consequently, there is no clear policy, in particular: codes and practices that guide inspection and laboratory services. The current system seems to lack a clear delineation of roles between the ministries and agencies responsible for the food safety control system. This results in duplication of service and a burden on businesses due to the unnecessary doubling of inspection costs.

3.4.1.3 Focal point for Codex Alimentarius

The SSNBS, which is under the jurisdiction of the MTI, is the Codex Alimentarius contact point. South Sudan National Codex Committee (SSNCC) was established in 2020. The committee 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 represents the interests of 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 within the Codex. However, the activities of the committee remain limited due to weak coordination among the organizations dealing with control, standards, enforcement and testing; inadequate training and limited capacity of staff; and a 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 the private sector's awareness and understanding of functioning of the SSNCC, the Codex itself, and the passing of appropriate legislation.

3.4.2 Animal health

The MLF, through the Directorate of Veterinary Services, is responsible for animal health service delivery, including disease surveillance, control and prevention, laboratory diagnostic services, clinical services, animal health and welfare, inspection and certification to facilitate animal production and trade. The ministry must also ensure or supervise the implementation of animal health and welfare measures, international veterinary certification and other standards and recommendations in the terrestrial code and in the WOAH Aquatic Animal Health Code.

3.4.2.1 Animal health legislation

Veterinary legislation is a crucial legal instrument that governs the practice of veterinary delivery services, animal health, animal welfare and production for sustainable development and promotes the commercialization of livestock. The country has legislation and several regulations and bills that govern animal health. Some of the bills are submitted to the Ministry of Justice and Constitutional Affairs for enactment.

They 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 and Animal Welfare Bill, 2013; Fisheries and Aquaculture Bill and National Agriculture and Livestock Extension Policy, 2011. The MLF 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.

3.4.2.2 Focal point for the World Organisation for Animal Health

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

3.4.2.3 Competent authority for export of food of animal origin

MLF is the competent authority for export of all animal origin products. In collaboration with the MTI, the Directorates of Veterinary Services and Animal Production are the main pillars facilitating the export and import of food of animal origin. The MTI is responsible for formulating and administering policies, as well as regulating activities in trade and industrial sectors.

3.4.3 Plant protection

The MAFS is the primary representative of, and advisor to, the GRSS on all matters relating to the maintenance and improvement of South Sudan's plant health status and the systems that support it. The directorate of plant protection, in collaboration with the broader ministry and external stakeholders, also works to address major plant health issues of national interest, such as the threat of desert locusts, and to enhance the trade and market access for plants and plant products.

3.4.3.1 Registration and control of the use of pesticides

The Directorate of Plant Protection of the 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. The staff members of the plant protection departments are involved in the training of field extension workers and farmers. Local distribution of pesticides to the counties is carried out by the state MAFS. It is important to underscore that, at the time of compiling this report, there was no regulatory framework for the importation and the use of pesticides in South Sudan. However, based on discussion with officials in the ministry, there are ongoing plans to develop a national regulatory framework for the importation and use of pesticides.

Nevertheless, MAFS recently finalized 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 the illegal importation of unapproved pesticides. 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, and therefore, has not established this in domestic law.

3.4.3.2 Summary of the main provisions of the plant protection/ health legislation

The GRSS is committed to achieving food security and reducing poverty, and this is guided by the CAMP 2015. The country has legislation and several regulations and bills that govern plant health. The legislation and regulations include: the Transitional Constitution of the Republic of South Sudan (2011), draft Pesticides Policy, Integrated Pest Management 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 FAO and other development organizations. The ministry has already submitted some bills to the Ministry of Justice and Constitutional Affairs for enactment. It is also working with the Ministry of Cabinet Affairs for some policies to be presented to the Council of Ministers for consideration.

3.4.3.3 Plant protection laboratories

MAFS has a plant protection, 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 plant pests and diseases in the country. It also offers training to the staff from that directorate and other directorates in the ministry. It is worth noting that this laboratory is underresourced, both in terms of human resource and financially, limiting its analytical capacity and capability in terms of skilled workforce, adequate instruments and equipment. In addition, the laboratory is not accredited to ISO 17025, casting doubt on the compliance and reliability of its results. It is the only plant protection and seed laboratory in the country, although there were plans to open three additional laboratories at the border towns of Nimule, Kaya and Nadapal. However, the plans were stymied due to the conflicts that erupted in 2013 and 2016. Despite the security challenges, there is a strong commitment towards opening more laboratories in the country.

3.4.3.4 Focal point for the IPPC

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 FAO. The directorate of plant protection of the MAFS is a focal point for IPPC. The directorate works closely with the 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 fair and are not used as unjustified barriers to international trade.

3.4.3.5 Status of adoption of risk assessment concept

The 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 a regime creates leeway for corrupt practices and causes losses. Unfortunately, there is inadequate capacity for risk management neither by the customs authorities from SSRA nor by other agencies such as the ministries of trade and agriculture. No risk management system has been developed that prompts all agencies to continue checking and inspecting every consignment. South Sudan has abundant fruit and vegetable potential, but such an inspection regime would be detrimental to the trade of such perishable products.

3.4.3.6 QI and interagency coordination at the border

While there are ongoing plans to develop and improve on an information-sharing system, there are challenges in terms of lack of communication and awareness of SPS issues across the majority of stakeholders and value chain actors. Generally, there is no formalized structure for coordination and communication between the relevant ministries and other stakeholders on events of national and international interest. This often leads to duplication of effort and delays in response. In recent years, the committee for the EAC TBT forum has been formed. However, a proposal for the formation of a national committee on TBT, in accordance with WTO, is yet to be approved by the Council of Ministers. The MTI works with South Sudan's trading partners and other government agencies to hold open discussions on TBT measures impacting both the 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 has not yet been formed, but a cabinet memo has been prepared and lodged through the MTI 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 MAFS and the MLF have shared responsibilities for setting and administering the country's SPS measures, and for overseeing South Sudan's exports through maintaining and improving technical market access along with the MTI.

The latter works closely with South Sudan's other government ministries and agencies in meeting its rights and obligations under the SPS Agreement. Under the transparency provisions of the WTO Agreement on the Application of SPS Measures (SPS Agreement), and the TBT Agreement, South Sudan is required to have a NEP, and a NNA responsible for receiving inquiries and providing information on the country's SPS/TBT-related measures and notifying the WTO of these. The GRSS has the MLF, SSNBS and the MAFS as SPS inquiry points for WOAH, CAC and IPPC, respectively. The Directorate of

External Trade of the MTI is the designated NNA focal point. The TBT contact point is mainly located within the MTI. In addition to its obligations set out in the SPS and TBT agreements, South Sudan's SPS and TBT contact points distribute all relevant notifications to interested stakeholders and liaise closely with these stakeholders when a comment on a notification is required.

3.4.4 Review of QIS to address TBT

3.4.4.1 Legal and regulatory framework

The NQP was developed in 2021. This policy is the basic governing instrument for establishing, formalizing and overseeing the development and performance of quality infrastructure. The country has legislation and several regulations and administrative documents that govern the regulatory framework. However, many of the documents are still at the draft stage.

3.4.4.2 Governance

The governing system within the NQI is varied across the governance and regulatory framework levels. First, the NQP developed in 2016 was not implemented until it was reviewed in 2021. Second, the National Quality Council, which should oversee the implementation of the NQP, could not be constituted owing to a delay in the enactment of the NQP. These setbacks, in turn, affect the decision-making and regulatory capabilities of the government in terms of quality infrastructure. In South Sudan, the private sector is the dominant provider of goods and services. The limited governance capacity of the government, due to the civil war and the complex political system, has led to the rapid growth and expansion of the private sector in a highly unregulated manner. For instance, the country has legislation and several regulations and administrative documents that govern its regulatory framework. However, many of the documents including NQP and SPS strategy are all in draft form and therefore cannot be put into operation.

The technical regulation systems that currently exist 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 that is not commensurate with the benefits it has to offer to society. The government should act quickly to enact both legislative frameworks and technical regulations in an endeavour to comply with regional and international trade obligations based on the WTO agreements.

3.4.4.3 Institutional framework

3.4.4.3.1 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 an information-sharing system, there are challenges pertaining to lack of communication and awareness of SPS issues across the majority of the stakeholders and value chain actors. Generally, there is no formalized structure for coordination and communication between relevant ministries and other stakeholders on events of national and international interest. This often leads to duplication of effort and delays in response.

3.4.4.3.2 National TBT or SPS Committee

In recent years, the committee for the EAC TBT forum has been developed. However, the 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 MTI 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 a 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 MAFS and MLF 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 MTI. 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 NEP, and a 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 MLF, SSNBS and MAFS as SPS enquiry points for OIE, CAC and IPPC respectively. The Directorate of External Trade of the MTI is designated as the NNA focal point. The TBT contact point is mainly domiciled within the MTI. 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.

3.4.4.3.3 National Codex Committee

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

3.5 Summary of trade quality and standards challenges

3.5.1 Quality and standards

- There is a lack of SPS policies—their absence has meant no clear roadmap to facilitate implementation of SPS measures in line with the WTO agreement to facilitate market access and protect human/animal and plant health
- A lack of an accredited standard has meant that some export sectors must rely on private standards from various markets. Audit costs for these market standards are very high and sometimes 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 NEP has very limited capacity for this mandate. This has allowed poor quality products to exist in the chain, consequently delaying exports at the border points and sometimes prompting rejection and losses.

3.5.2 Risk management issues

- The physical inspection regime of shipments continues to cause significant delays at border crossings and at Juba Airport. Such an inspection regime creates room for corrupt practices and causes losses.
- No risk management system has been developed, prompting all agencies to maintain checks and inspections of every consignment. South Sudan has abundant fruit and vegetable potential, but such an inspection regime is detrimental to trade in relation to perishable products.

3.6 Recommendations to improve trade quality and standards

3.6.1 Trade

- South Sudan should participate in regional, continental and international standard-setting bodies and related fora to inform future standard-setting, represent the country's interests, gain experience for setting future standards for the country, and to ensure these standards do not become barriers to South Sudan's exports.
- The national standards body (NSB) should streamline its operations to international standards and best practices by formulating national standards and adopting regional and international standards.
- The country should strengthen market surveillance, state supervision and state metrology by inspections. One way could be by separation of the individual quality infrastructure institutions functions that are currently embedded into SSNBS to remove conflicts of interest.

3.6.1.1 Specific recommendations pertaining to these measures

- Develop and complete the TBT/SPS policy and regulatory-related framework
- Enhance the NQI to develop and implement standards and regulations as well as adopt regional and international standards on the national priority products
- Strengthen metrology to provide calibration services to laboratories and companies with traceability to the international system of measurement (SI). Metrology laboratories should be improved to provide a conducive testing and calibration regime that takes into consideration environmental conditions—laboratory space, stock and measurement capability of equipment for providing traceability to meet national and regional needs in a timely manner.
- Due to the limited number of conformity assessment bodies in South Sudan, the country should designate a national accreditation point within MTI to ensure that conformity assessment bodies have access to accreditation services either from nearby accreditation bodies such as Kenya Accreditation Services, the SADC Accreditation Services and Egyptian Accreditation Council, among others.
- Promote SSNBS quality and certification marks
- Strengthen capability and capacity of testing services

- Upgrade the capacities of institutions dealing with inspections
- Strengthen capacity of SPS and supporting institutions and agencies
- Improve the food safety and food control system
- Improve market access for crops/crop products and livestock/livestock products
- Support MTI to operationalize the industrial and private sector strategy
- Set up within the MTI a coordination and networking system in the areas of quality promotion.

3.6.2 Risk management measures

- Review of the profiling mechanism and procedures in customs and other government agencies
- Training and build capacity of border agencies on risk management
- Establish an ICT infrastructure to support the 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.

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Chapter 4: Trade Facilitation

4.1 Introduction

South Sudan has a significant infrastructure deficit, which needs addressing to provide the necessary impetus to 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, agricultural technology and infrastructure. The R-NDS 2021–2024 has broad strategies to develop the country's infrastructure. As a landlocked 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 chains. Delays in the process of clearing goods translate to higher costs, with wider impact on trade competitiveness and private sector development.

Trading across borders has not been efficient for South Sudan, with a total cost of export and import compliance at $987 and $1,131, respectively. South Sudan was ranked 180 out of 190 regarding trading across the borders in the World Bank *Doing Business 2020* report. Improved and modern trade facilitation systems are expected to increase the competitiveness of the private sector, especially 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 ongoing trade facilitation measures to increase the efficiency of import and export administration to connect national, regional and global value chains. On that measure, in the region South Sudan dedicates one of the lowest amounts of resources to infrastructure development. At $60 million in 2018, the country only outspends Somalia, and the very small Burundi (Table 18). This is despite the country being the biggest in land area.

Table 18: Infrastructure budgets: national government budget allocations ($ millions), 2018

Source: SSNBS, 2022

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

4.2 Infrastructure quality

This section looks at 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 telecommunications services is a vital contributor to economic access to reliable and high-quality ICT infrastructure and services and has become a necessity for traders in the era of globalization to exchange information on products and markets quickly, effectively and efficiently. Likewise, ICT infrastructure is the precondition to facilitate trade by allowing computerized online import and export administration. Lastly, 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 them to access potential markets throughout the world. Global telecommunications 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 to provide an enabling environment to facilitate trade and investment, South Sudan is hampered by low connectivity and weak communication infrastructure.

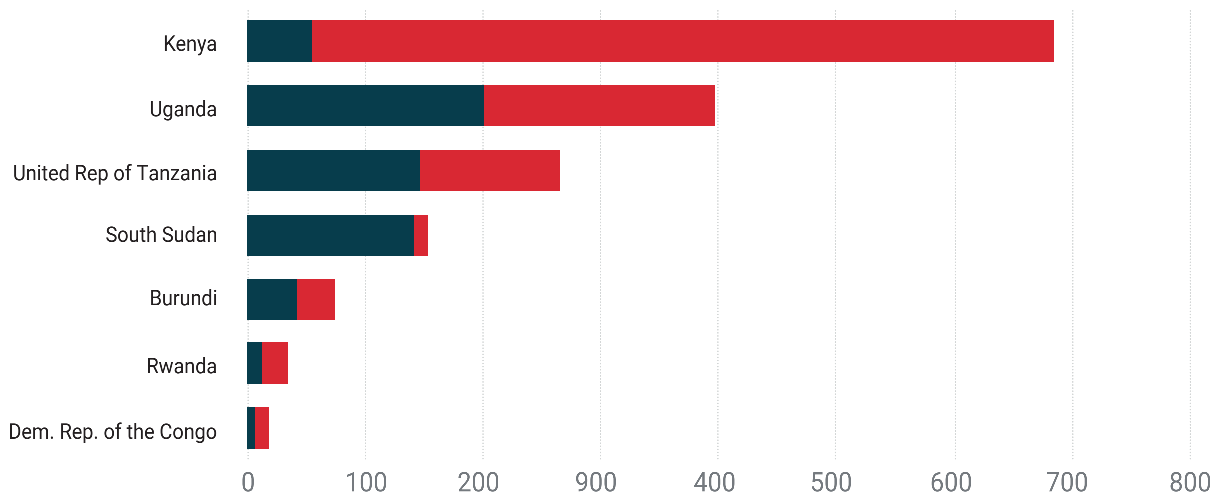
One of the measures of the quality or depth of infrastructure of a country, is the level of trade in infrastructure services. Although for the period 2015–2019, South Sudan's exports of ICT at $11 million were slightly higher than those of DRC at $10 million, the country does much worse than its other peers in the region on the ICT export measure (Figure 29). In terms of imports, South Sudan's ICT services are one of the highest in the region, only fewer than Uganda's at $199 million and Tanzania at $147 million, respectively (Figure 29). The GRSS has made efforts to improve the access and quality of ICT in the country.

Figure 29: South Sudan and EAC states' ICT services exports and imports ($ millions) (2015–2019)

Legend: Imports Exports

Notes: Kenya data is for 2019 only, Rwanda data is for 2015 only, while the rest of the countries include data for 2015–2018. The ICT services analysed are telecommunications, computer and information services, and communications.

Source: COMTRADE (2021)



	Democratic Republic of the Congo	Rwanda	Burundi	South Sudan	United Republic of Tanzania	Uganda	Kenya
Imports	6	12	42	142	147	199	55
Exports	10	22	31	11	118	197	629

Even though statistics on the country are scant, available data shows that South Sudan has one of the worst ICT indicators in the region and globally. For example, in 2017, only 8 percent of the population used the internet, compared with 22 percent in Rwanda, 18 percent in Kenya and way below the sub-Saharan average of 22.3 percent (Table 19).

Table 19: Individuals using the internet (percentage of population) in South Sudan with comparators (2011–2019)

Source: WDI, 2021.

Country	2011	2012	2013	2014	2015	2016	2017	2018	2019
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

Similarly, even considering population numbers, South Sudan has one of the lowest mobile cellular subscribers in the region and globally. For example, 2019 had 2.2 million subscribers, which is only 18 percent of the population, compared with 25.4 million (56 percent of the population) for Uganda and Rwanda at 9.7 million (80 percent of the population) (Table 20).

Table 20: Mobile cellular subscriptions (millions) (2012–2020)

Source: WDI, 2021.

	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	-

However, recently there have been very positive developments in ICT, with acceleration in connectivity and infrastructure. According to the R-NDS, there were 900,000 internet users in South Sudan, of which 13,000 (more than 1.5 percent) had been added between 2020 and 2021, and internet penetration in the country stood at 8 percent.[55] The number of mobile connections in the country according to January 2021 data was 2.61 million, equivalent to 23.1 percent of the total population, an increase in users between January 2020 and January 2021 of 17 percent.

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

- develop an expanded high-quality and affordable ICT infrastructure that enables traders to participate in the global marketplace
- expand the use of ICT in all relevant government ministries and agencies for the development and facilitation of trade
- encourage the use of ICT in the private sector and thus increase efficiency to facilitate trade development

55 R-NDS

- continuously improve laws and regulations to meet global best practices and to ensure competition is upheld in a fast-changing technological sector.

4.2.2 Transport and logistics

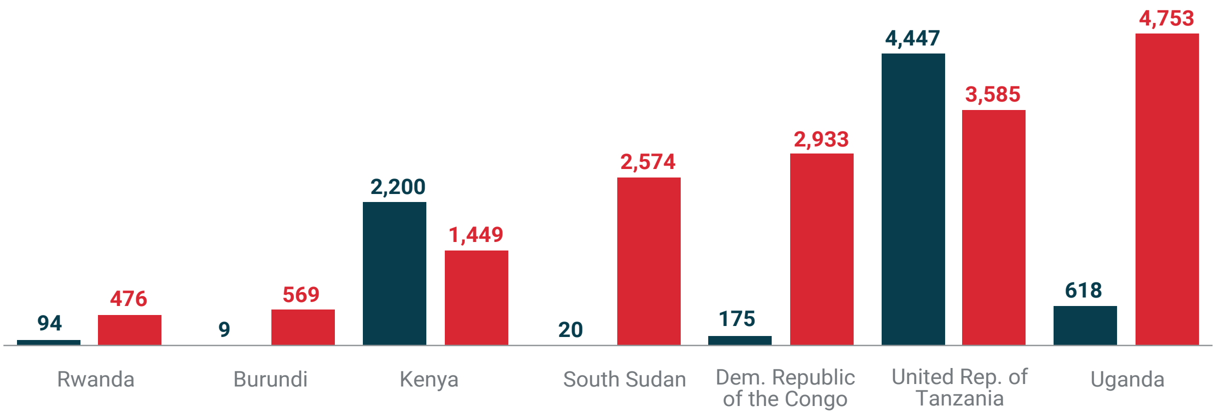
South Sudan's transport sector is underdeveloped. In the East African region, the average of South Sudan's exports of transport services for the period 2015–2019, at $20 million, is much lower than that of peers such as Uganda at $618 million, Kenya at $2.2 billion and Tanzania $4.4 billion (Figure 30). In terms of imports, South Sudan's figures are only lower in the region than Uganda, at $4.7 billion, Tanzania at $3.5 billion, and DRC at $2.9 billion. The large numbers of imports of transport services reflects 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 reduce the reliance on imports. This will, in turn, improve its competitiveness in terms of infrastructure quality.

Figure 30: South Sudan and EAC states' exports and imports of transport services ($ millions) (2015–2019)

Legend: ■ Exports ■ Imports

Notes: Kenya data is for 2019 only, Rwanda data is for 2015 only, while the rest of the countries include data for 2015–2018.

Source: COMTRADE (2021)



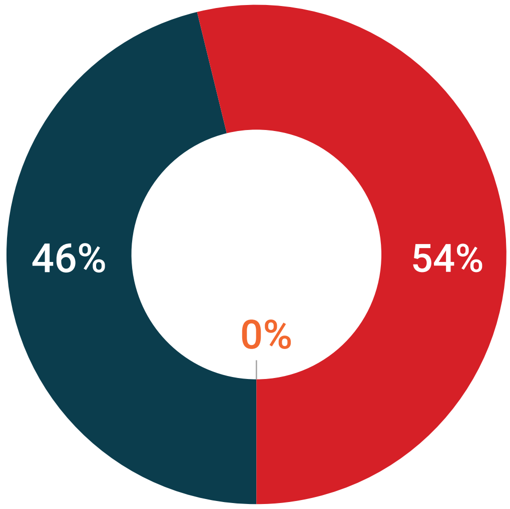
4.2.3 Road transport

South Sudan has one of the lowest road densities in Africa. The country has a total road network of 7,756 km, with most of those gravel roads that are impassable during the rainy season (Figure 31). The only trunk road that is paved is the 193 km road from Juba to Nimule.

Figure 31: Classification of South Sudan's roads

Legend: Gravel/Murram Earth Paved

Source: Ministry of Roads and Bridges



However, the country is regionally connected to trunk roads emanating from neighbouring countries (Figure 32).

Figure 32: South Sudan regional connectivity

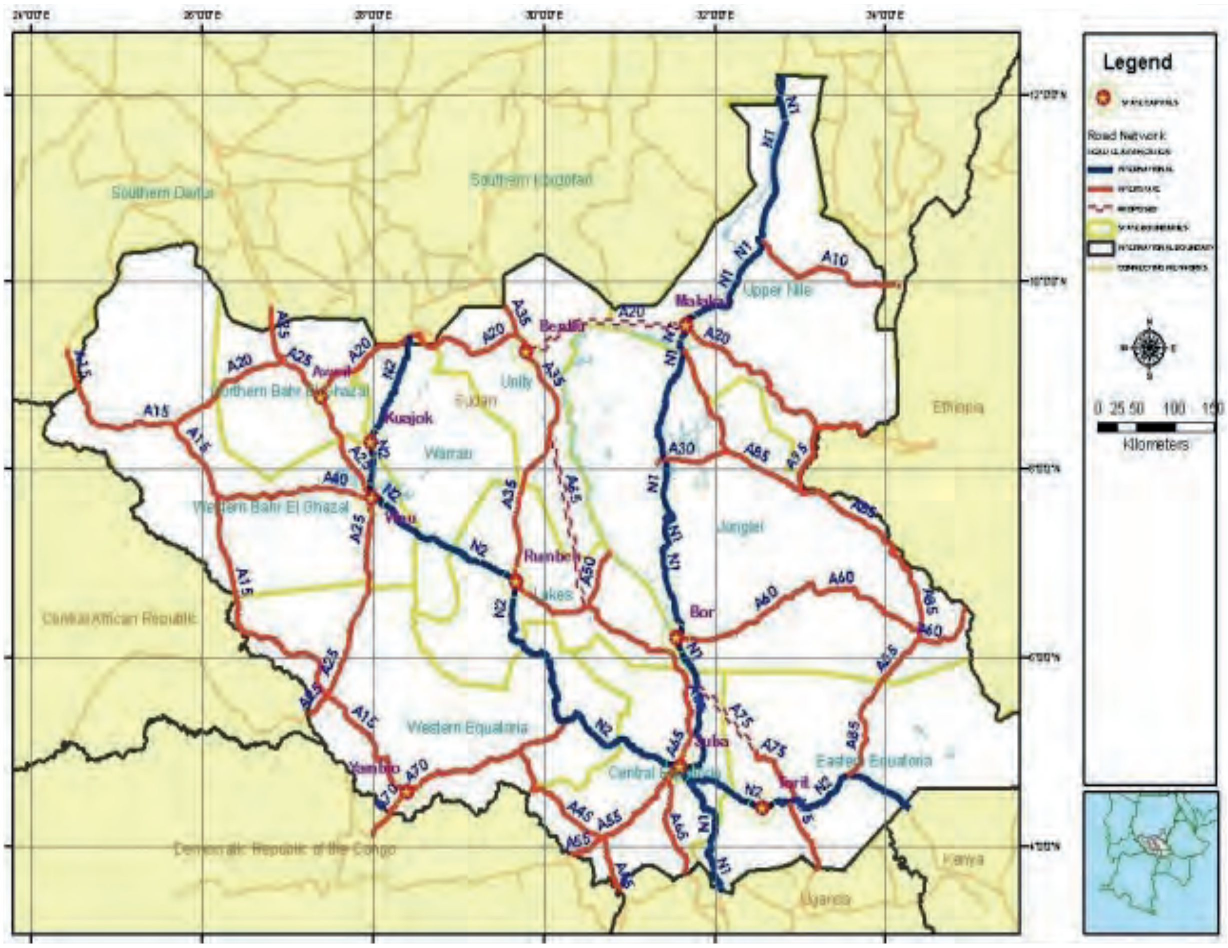
Source: Ministry of Roads and Bridges

N1 and N2 corridor - a catalyst for growth in the sub-region

This means that the country needs to work on its transboundary roads helping it to connect to the regional trunk roads (Figure 33).

Figure 33: South Sudan international and national road network

Source: Ministry of Transport, Infrastructure Master Plan, 2020



South Sudan has well-established transport corridors with major connections to its main trading partners (Figure 34) and these transboundary connections would improve the country's integration with regional trade.

Figure 34: South Sudan principal transport corridors

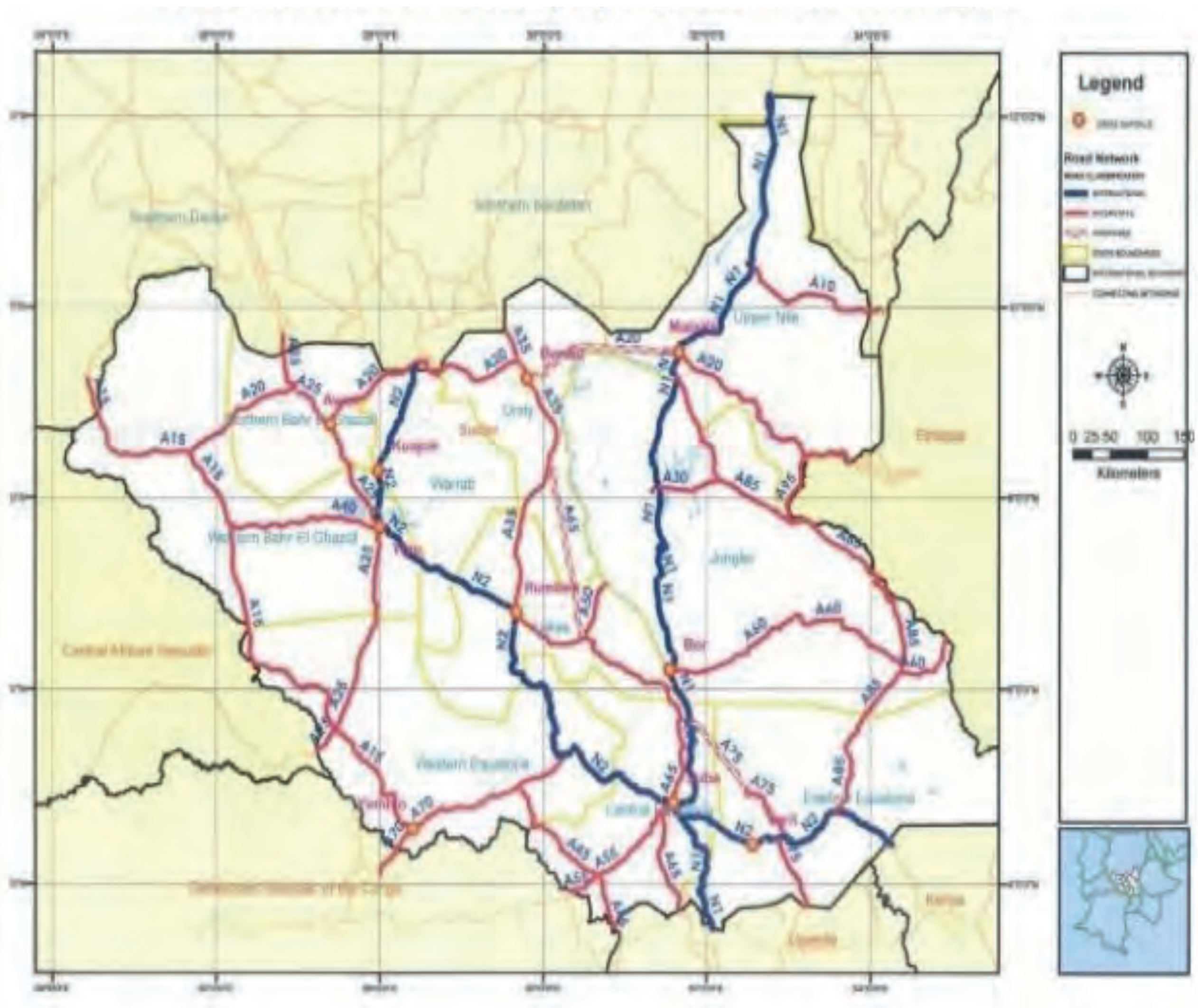
Source: Ministry of Transport, Infrastructure Master Plan, 2020

South Sudan is prioritizing the development of its strategic road network (Figure 35).

Figure 35: South Sudan strategic core road network

Source: Ministry of Transport, Infrastructure Master Plan, 2020

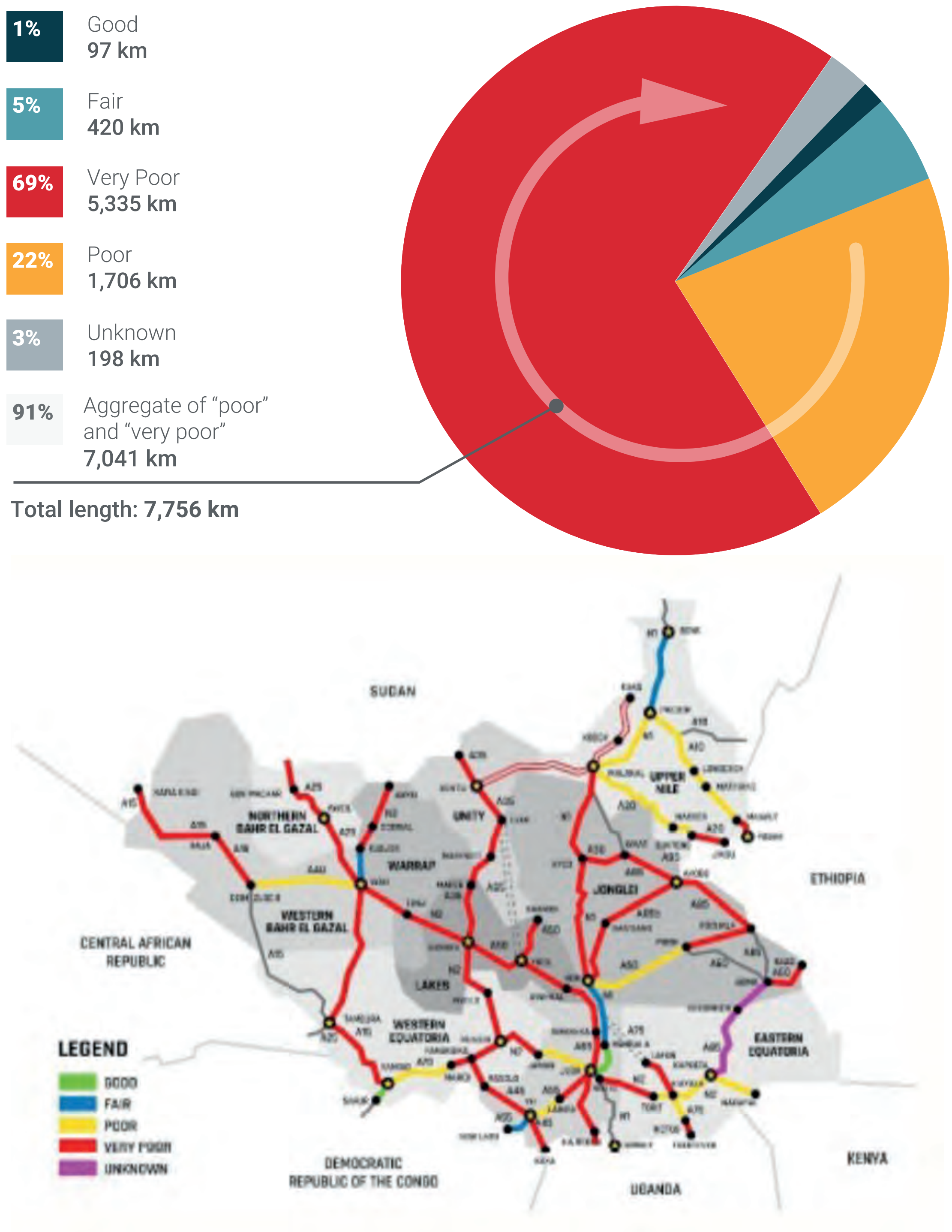
N1 and N2 corridor - a catalyst for growth in the sub-region



However, most of the core road network is poor and will require immense amounts of resources (Figure 36).

Figure 36: South Sudan road network condition

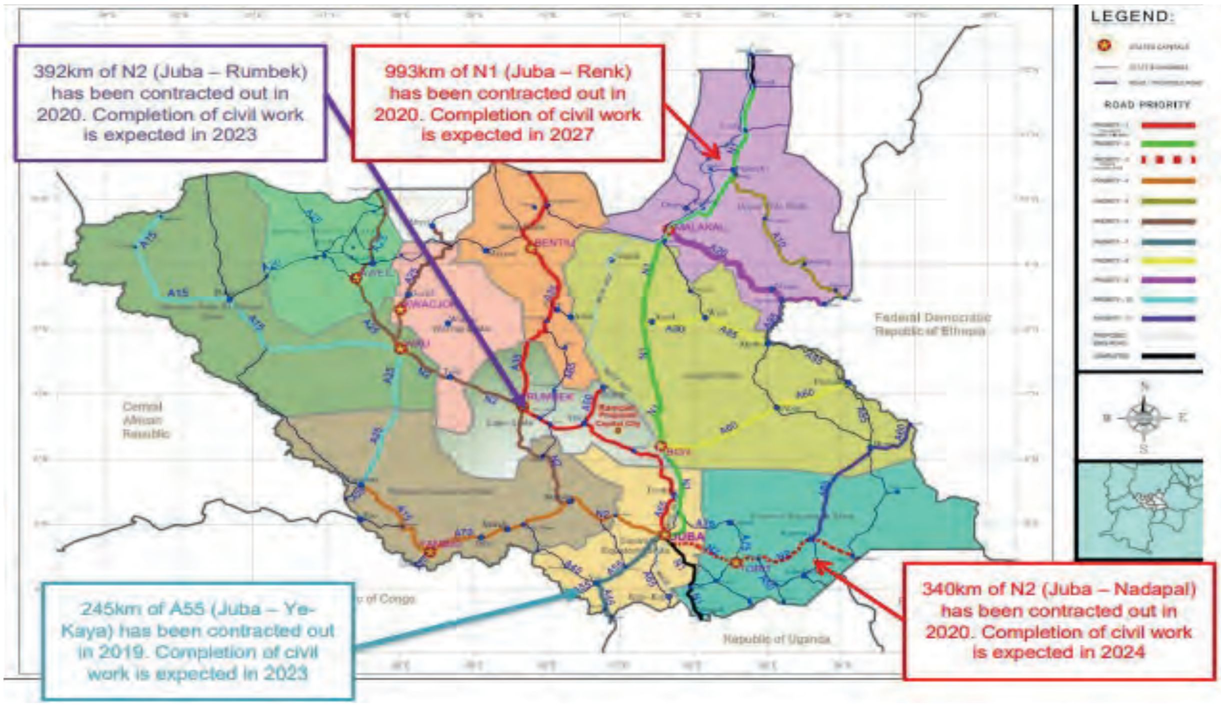
Source: Ministry of Transport, Infrastructure Master Plan, 2020



The country has set an ambitious programme to develop all core roads, starting with the strategic core roads, with some of them already contracted and undergoing construction (Figure 37).

Figure 37: South Sudan: prioritization of the strategic core road network

Source: Ministry of Transport, Infrastructure Master Plan, 2020



The funding for these roads comes from dedicated pre-financed oil agreements with contractors. However, there is still a huge funding gap of about $9.87 billion for the 10-year development programme, which the country needs to mobilize.

Figure 38: South Sudan: magnitude of the strategic road network

Source: Ministry of Transport

...about 5,000 km of international and interstate road upgrades immediately needed to jump start the economy over next 10-years

- N1 Corridor (Nimule-Juba-Bor-Malakal-Renk) - **993 KM**
- N2 Corridor (Nadapal-Juba-Rumbek-Wau-Abyei) - **1208KM**
- Malakal - Jikou - **329KM**
- Kapoeta-Boma-Raad - **278KM**
- Mundri-Yambio (Nabiapai)-Tambura (South Yobu)-Wau - **724KM**
- Kaya-Yei (Lasu)-Juba - **301KM**
- Juba-Terekeka-Ramciel - **200KM**
- Wau-Aweil-Meiram - **290KM**
- Rumbek-Bentiu-Jau - **371KM**
- Palouchi-Pagak - **300KM**
- 10 No. Major bridges - **1500M**

A 10-year programme to upgrade the 10-strategic roads (4,994 km) and 10 No. Bridges (2000m)

With government commitment in the road sector (2020-2030) of $12.3 billion

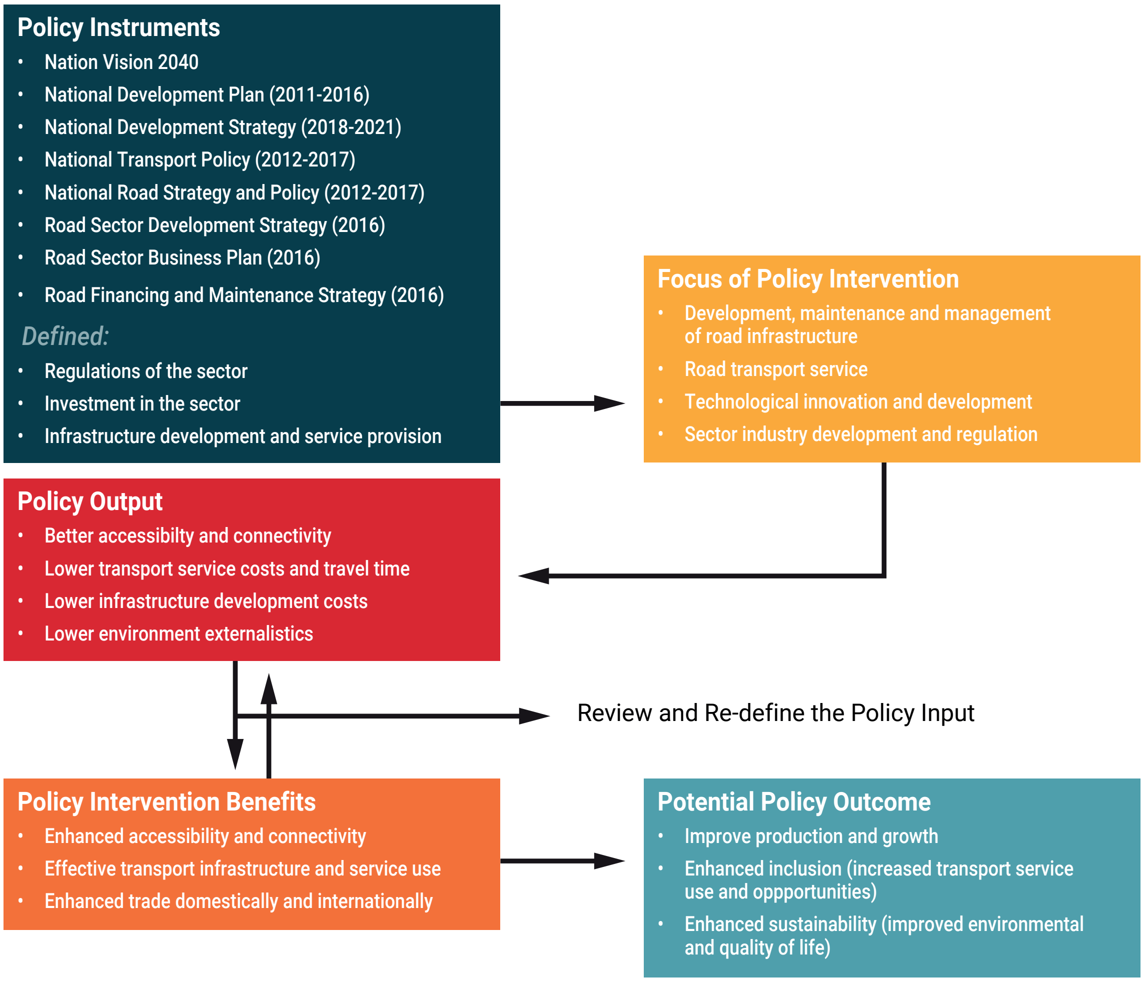
Estimated Financing Gap in Road Sector $9.87 billion

Institutional and policy framework

The regulatory framework for the road sector is well developed (Figure 39). However, due to the conflict, there was a setback in the institutional framework after the Roads Authority that was already established and in charge of road developments was reintegrated into the umbrella ministry, with associated issues of inefficiency and red tape.

Figure 39: Road sector policies and strategies

Source: Ministry of Transport

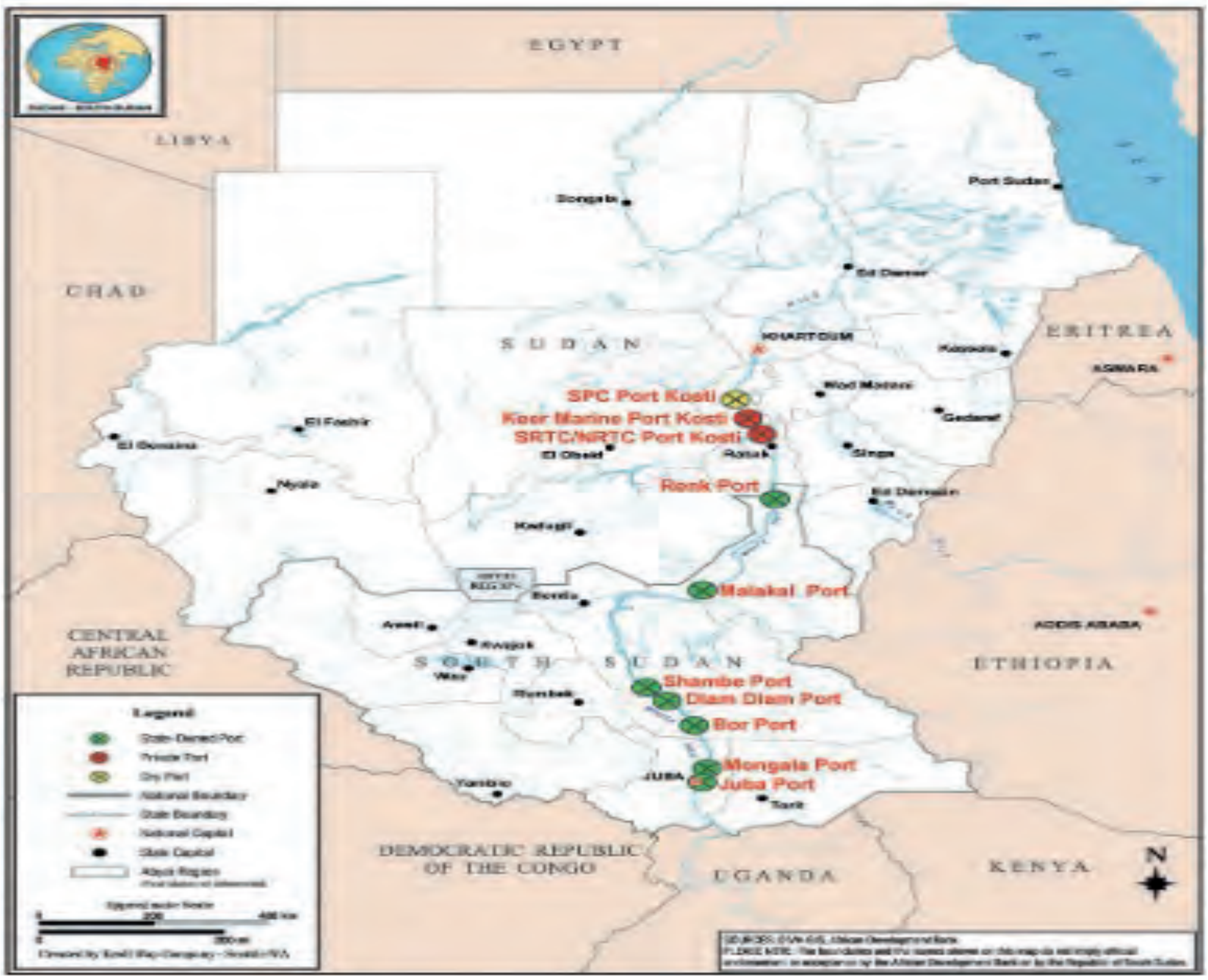


4.2.4 Water transport

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 and the White Nile and is 1,393 km. In addition, there are other navigable tributaries such as the Sobat River and Bahr El Ghazel-Meshra Achol. The White Nile is the country's largest waterway and amid insecurity and numerous checkpoints, were the border between Sudan and South Sudan to be open, barges would be navigating from Juba to Kosti, allowing the movement of food and other goods due to a reasonable number of ports on the corridor (Figure 40). With six rivers in states having access to navigation along the Nile, the waterways have the potential to support trade and job creation.

Figure 40: White Nile river: main ports on Kosti-Juba Corridor

Source: African Development Bank Infrastructure Master Plan, 2013 (unpublished)



During the rainy season, river transport is more feasible and easier to transport people, goods and livestock compared with 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 condition, mainly because of a lack of docking banks and storage facilities (Table 21). With the cooperation agreement between South Sudan and Sudan, there is a plan to operationalize water-borne transport between the two 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 a harmonized regulatory framework to facilitate water-borne transport. The barges are moving between Mangalla and Renk and have been used for transporting humanitarian cargo since 2017 but previously they were used to transport commercial cargo. Currently, transport of commercial goods across the border between South Sudan and Sudan is problematic mainly because of the insecurity along the river and businesspeople fearing the loss of 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: (i) Nile Barge for river transport, (ii) B&S for river transport, (iii) Mango Tree, and (iv) Keer Marine for river transport. Other river transport companies include small companies such as Malakal Commercial Boats; Tonja for trading and investment; and North Gate for trading and investment. Before 2005, the Sudan government privatized river transport. This meant that all the assets were sold to a private company. In that arrangement, the government of Sudan had 30 percent and 70 percent was owned by the company. The main river ports include:

Table 21: Main river ports in South Sudan

Source: Ministry of Transport, Infrastructure Master Plan, 2020

River port	Description and developments
Juba	Japan International Cooperation Agency (JICA), as part of a pilot programme, constructed a jetty/stop pier that could accommodate one barge at a time. As the traffic volume increased with the trade between South Sudan and Sudan, the facility became limited and hence the Juba River port requires expansion of 205 metres in jetty length. The scope of this project work is the jetty along with construction of an administration block with warehousing and a workshop. Cargo handling equipment and so on can be supplied (e.g. mobile crane, crawler crane, forklift).
Mangalla	This is a small pilot facility constructed in 2010 funded by Unity Support Fund. It is used currently for dangerous goods such as petroleum to be offloaded far from the city, mainly by Tri Star Energy LLC.
Bor	This is an old port that has a natural bank, with no jetty, but there are plans to construct a jetty with all the accessories but there are no funds at present.
Shambe	This is a central and strategic port that could supply both WES and Lakes State. There was a pilot project for a jetty in 2010 under the Unity Support Fund but the port now requires rehabilitation, maintenance and expansion.

Table continued next page...

River port	Description and developments
Bentiu	This port was built in 1989 and is now silted with overgrown grass and is not being used currently.
Adok	This port functions with a natural bank and is being used for fishing purposes. This port requires a connectivity/link between Ado and Yirl and to WES by road.
Dhiam	This port was part of a pilot project for a jetty under the Unity Fund in 2010. However, there is no access road to the port and it is situated in a swampy area and is isolated.
Malakal	This port was devastated by the conflict in the country which erupted in 2013. It is functional but has no facilities and requires reconstruction, which has been hampered by lack of funds.
Melut	This is an old port but currently has no natural bank and requires construction of the jetty.
Renk	This a decrepit port with an old jetty that eroded and requires reconstruction. There is a plan for the reconstruction of the jetty but it is hampered by lack of funds.

4.2.5 Rail transport

Since 2014, not much has changed regarding rail transport in the country. The rail infrastructure in South Sudan still consists of approximately 250 km of track 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 Lamu Port-South Sudan-Ethiopia Transport 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 require feasibility studies. The GRSS has been discussing these with some development partners, including the World Bank.

4.2.6 Air transport

Similar to the situation 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 designed to improve the airport's operational efficiency, as well as enhance the country's access for tourism, has not been finalized. Due to the impassibility of and insecurity on the country's roads, air transport in the country has taken on more significance than in other EAC countries. There is a need to attract investors to the sector to set up facilities and offer complementary transport services.

4.2.7 Power sector

South Sudan has an installed electricity generation capacity of 40 MW from three decentralized generation networks (Juba, Malakal and Wau), which translates to approximately 3 MW per million people or a 1 percent electrification rate. However, most of these plants are often not operational causing serious disruptions. The electricity generation cost averaged $0.70 per kWh, and the tariff averaged $0.25 per kWh, one of the highest costs of electricity in Africa. There are also plans to connect South Sudan to the East Africa Power Pool through a line from Uganda. South Sudan also signed an MoU with Ethiopia for connection to the Ethiopian Power Renaissance Project.

In 2014, at 44 kWh per capita, South Sudan had the lowest electricity power consumption in the region and the world (Table 22). These numbers are not expected to have improved—especially with the 2016 conflict that inflicted immense destruction to the grid and other infrastructure.

Table 22: Electricity power consumption in selected countries and regions

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

	Electric power consumption (kWh per capita) by year						
Country/region	**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 and 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 and 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

Table continued next page...

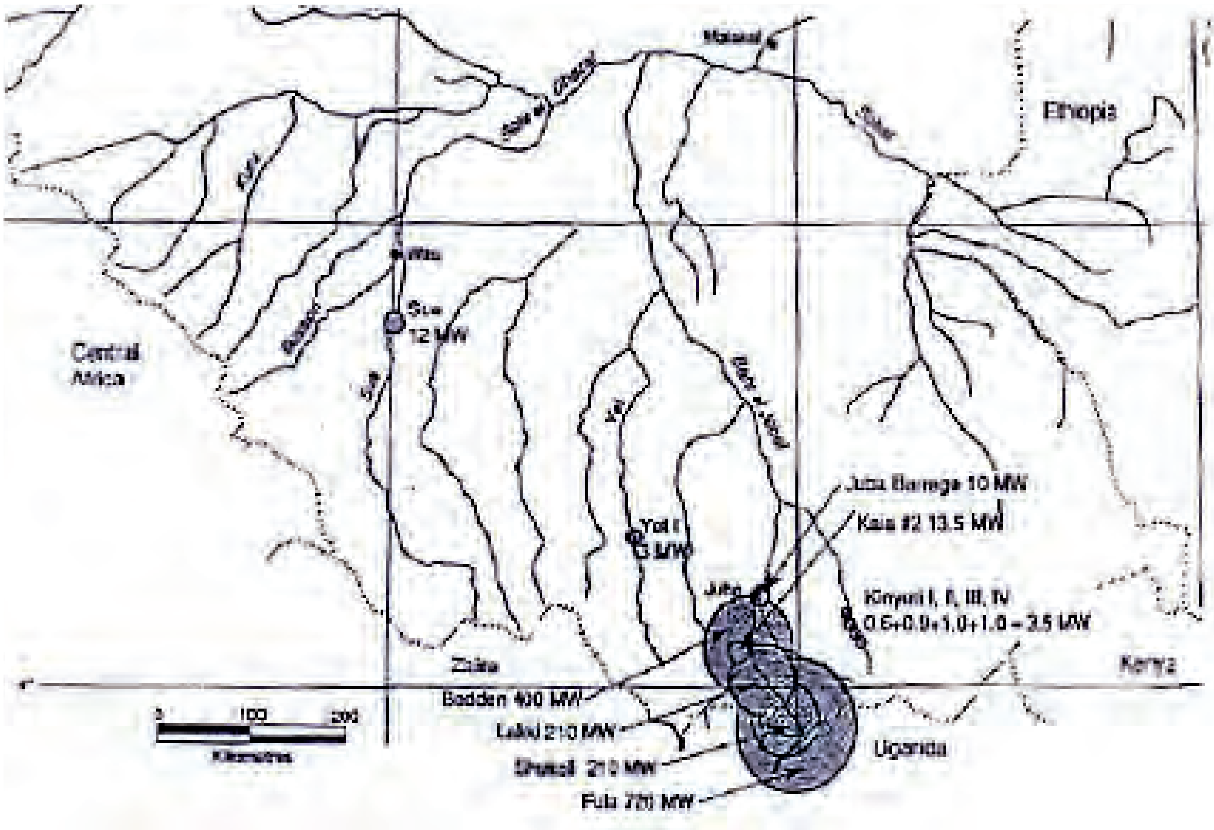
	Electric power consumption (kWh per capita) by year						
Country/region	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**
Zimbabwe	628	585	607	636	609	629	609
Sub-Saharan Africa (excluding high income)	516	494	508	512	497	492	487
Sub-Saharan Africa	516	494	508	512	497	492	487
Sudan	130	150	175	190	211	214	257
LDCs: 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
United Republic of 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

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 41). These are important potential investment in the country especially in terms of enhanced access to cheap power.

Preliminary work is already under way for some projects. For example, an MoU was signed in February 2012 with China's Gezhouba Group for a 540 MW Bedden Dam project at an estimated cost of $1.4 billion. Other proposed schemes were 42 MW Fula Rapids; 890 MW Grand Fula; 410 MW Laki and 230 MW Shukoli projects. It was estimated that these schemes could have provided over 2,000 MW to the grid in South Sudan, especially for the development of agro-industries. Most of these were scuttled by the 2013 and 2016 conflicts. However, the government still has a plan 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. Nevertheless, according to the R-NDS,

Figure 41: Potential sites for major hydroelectricity projects in South Sudan

Source: African Development Bank Infrastructure Master Plan, 2013 (unpublished)



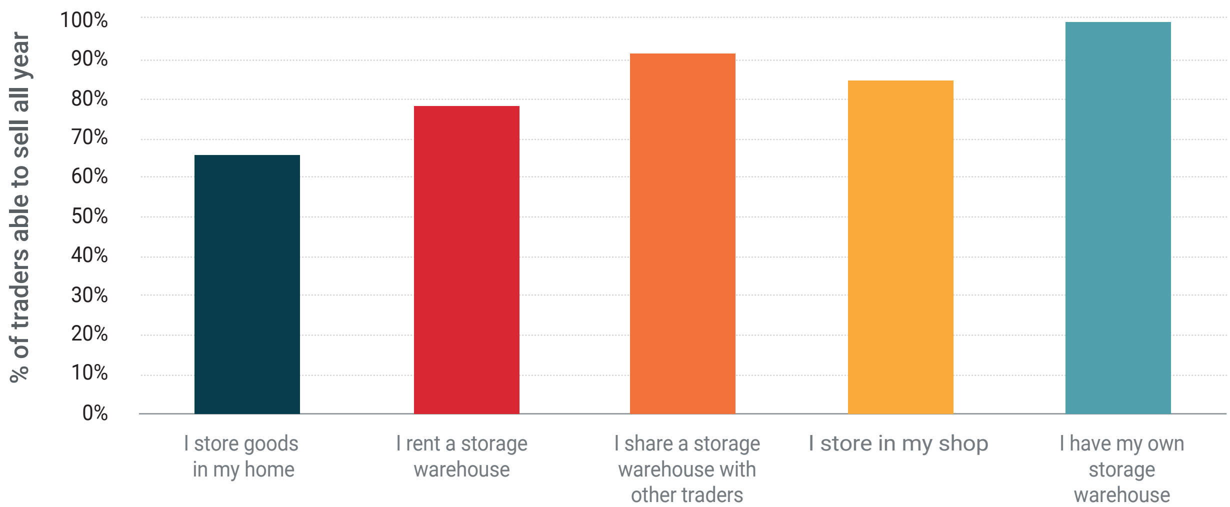
in the next two years, the country is prioritizing the completion of the Fula Hydropower Project (1,080 MW) and planning and generating power for Juba City. The country needs to provide a conducive investment climate for electricity and to work with development organizations to undertake feasibility studies for the various prospective power dams.

4.2.8 Storage infrastructure

Logistics 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 organise their own logistics work. In states and close to agricultural areas, it is similarly difficult to find adequate storage and agglomeration points. This constrains trade in agricultural products on the domestic market and the potential for exports. Existing storage arrangements can be improved and expanded. Storage is vital 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 use some form of storage in South Sudan.[56] More specifically, 80 percent of the traders who rent warehouses can sell throughout the year. This is compared with 92 percent of those who share storage space and 85 percent of those who store cereals in their shops (Figure 42). This suggests that shops and shared spaces can be good alternatives to expensive storage warehouses, especially for small traders.

Figure 42: How cereals are stored by traders who sell throughout the year

Source: World Bank, South Sudan Economic Update, 2020



4.2.9 Agriculture infrastructure and technology

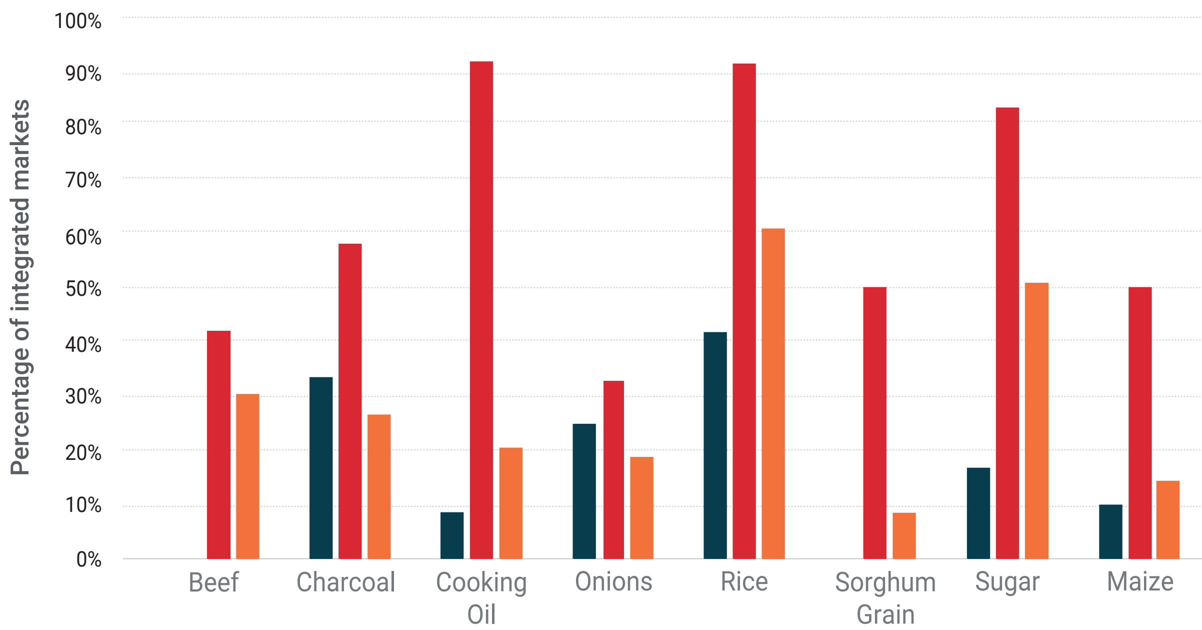
Food logistics is very important for any country's food trade and security. Undeveloped logistics and poor connectivity in food surplus and deficit locations is a major problem in South Sudan. For most products, markets are not nationally integrated and this has major implications for trade (Figure 43). Indeed, the poor agriculture infrastructure and technology mirrors the wider poor-quality infrastructure discussed earlier.

56 Pape, U et al. (2017). *Reducing poverty through improved agro-logistics in a fragile country: findings from a trader survey in South Sudan*. Washington, D.C.: World Bank.

Figure 43: Proportion of integrated markets across products

Legend: Surplus, Deficit, Deficit vs Surplus

Source: World Bank, South Sudan Economic Update, 2020



4.3 Trade regulatory and facilitation system

The trade regulatory and facilitation system is not well developed, with the import–export licensing regime not yet aligned to that of other RECs such as EAC. The areas of customs modernization currently in need of reform are the development of a risk-based approach to tackle illicit trading, and supporting the development of a modern customs administration that operates in accordance with regional and international standards and best practices.

4.3.1 Progress in customs modernization

EAC customs administrations have already automated their customs systems, and this has enhanced customs clearance within the Community. To further integrate these systems, a project to interconnect customs processes is currently ongoing. Interfaces of customs systems run on bilateral and centralized platforms known as RADDEX.

That said, as noted by the EAC Trade Policy Review 2019, within the EAC national customs administrations 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. Tanzania also replaced ASYCUDA++ with the Tanzania Customs Integrated System. 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 to facilitate the flow of information between customs authorities. In this respect, South Sudan desperately needs a customs automation system to facilitate trade. At the minimum, South Sudan should undertake the following:

- implement the EAC customs IT regulations
- adopt a customs automation system that supports simplification and harmonization of customs procedures in line with the revised Kyoto Convention protocol, including risk management, post-clearance audit, and regional ICT connectivity
- undertake a comprehensive programme for the automation of customs systems
- procure additional computer equipment and software to comply with the EAC Customs Strategy.

4.3.2 Integrated risk-based clearance and electronic system

The current system for food inspection of trade lacks clear delineation of roles between the ministries and agencies responsible for food safety control. This results in duplication of service and a burden on businesses due to the unnecessary doubling of inspection costs. It also hampers the implementation of integrated risk-based clearance. Efforts to introduce an electronic system are still in their incipient stages. There is a 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 (identifying risks/hazards for corrective actions and follow-ups); inspection frequency needs to be risk-based and integrated inspection guidelines and codes of practice need development so that food safety inspection officers can ensure a consistent approach and compliance. At the movement, every piece of cargo entering through the Nimule border post and the Nadipal border post is being inspected, except for parcels that are brought by bus and can only be checked in Juba.

4.3.3 Trade facilitation and access to trade information

Transparency and predictability are essential elements for the cross-border movement of goods. To trade internationally, efficiently and cost effectively, it is necessary to access all the regulatory requirements before the 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 SMEs. Trade support organizations including the MTI do not have websites where information can easily be accessed. Unpredictable trade formalities are of concern for private businesses in their daily trading activities, making access to information a growing challenge.

South Sudan should consider developing a trade information portal as a website that aggregates and publishes all trade-related regulatory information originating from the government agencies that control imports, exports, transits and transhipments. The portal would 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 the regulatory requirements associated with the import and export of goods. It would also help South Sudan comply with the WTO TFA on accession and transparency obligations within the RTAs such as the AfCFTA.

4.4 Gender issues and implications for cross-border trade

There has been tremendous progress in the engagement of South Sudanese women in trade in general and in cross-border trade specifically. Women are working in various existing and emerging sectors such as: manufacturing; in agriculture and agro-processing; in technology and innovation; in creative industries; in the professional services e.g. the media and the law. Young women are also venturing into trade and seeking opportunities for increasing their engagement and learning about the existing regulations.

4.4.1 Opportunities

- The integration of South Sudan into the EAC creates opportunity for women to access market information through regional women associations and other information exchanges.
- Establishment of the One-Stop Border Post helped women realize the benefits of cross-border trade. e.g. an office or desk at the building.
- Women are provided with *A simplified guide for micro and small-scale women cross-border traders and service providers within the EAC* booklet.
- In the simplified trade regime RoO (2015) goods below $2,000 are exempt, which creates an opportunity for many women in South Sudan who rarely have higher capital than that threshold.

- Integration of women into the EAC annual trade fairs exhibition gave them an opportunity to network with other women business-to-business, sharing information and experiences.
- Formation of women's cross-border traders associations at the borders of Nimule, Kaya and Nadapal.
- Opportunities for quality production of agricultural produce, along with involvement of standards-processing, food safety and goods packaging.

4.5 Status of inter-agency coordination mechanisms

4.5.1 One-Stop Border Posts

Over recent years, SSCS has made some progress with the implementation of EAC provisions. In particular, the single administrative document, the One-Stop Border Post (OSBP) and a limited system of RoOs 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 11 OSBPs operating on a 24-hour basis, with the construction of several others ongoing including at Nimule crossing between Uganda and South Sudan, to fast track cross-border movement of goods and services.

4.5.2 National Committee on Trade Facilitation

In other EAC countries, the National Trade Policy establishes a multi-stakeholder committee on trade facilitation in line with Article 23 of the WTO TFA. The aim of the committee is to facilitate both domestic coordination and implementation of trade facilitation measures. There is no mechanism to facilitate inter-agency coordination on trade facilitation in South Sudan. South Sudan should establish such a committee composed of the main public and private sector stakeholders for trade facilitation in South Sudan including but not limited to the following:

1. Ministry of Trade and Industry (MTI)
2. Ministry of Transport (responsible for road infrastructure, among others)
3. Ministry of Finance and Planning (MFP)
4. Ministry of Internal Affairs
5. Ministry of Justice and Constitutional Affairs
6. Ministry of Agriculture
7. South Sudan NRA
8. SSNBS.

On the private sector side, the committee could include SSCCIA. Other key participants to be included are the South Sudan Freight and Forwarders Association.

4.6 Recommended programmes to join:

4.6.1 Approved Economic Operator

The regional Approved Economic Operator (AEO) programme was introduced in 2016. Under this 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 and 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.

4.6.2 EAC's single customs territory

The EAC's single customs territory (SCT) model relies on three pillars: (i) free circulation of goods; (ii) a revenue management system; and (iii) 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 the 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 six. 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 OSBPs. South Sudan has not yet joined this initiative.

4.7 Elimination of non-tariff barriers

Across the EAC and in South Sudan internally NTBs take the form of business registration and licensing procedures; customs documentation and administrative procedures; immigration procedures at the border crossing; cumbersome inspection requirements; roadblocks, weighbridges, police check and standards requirements; and transit procedures. The government needs to develop an online NTB Reporting System, which will allow traders to report the 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 develop clear actions that would help the reduction or elimination of all NTBs and implement them.

At the regional level, the EAC has an extensive programme for the elimination of NTBs. Under the EAC CU Protocol, member countries agreed to remove all existing NTBs to intra-EAC trade, and to refrain from imposing new ones. 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 NMCs. The 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 contain 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: on 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 the NMCs fail to reach an agreement, the case can be referred to the Council of Ministers. The council considers the matter and issues a directive, decision or recommendation regarding the elimination of the NTB in question or refers 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 a matter to the East African Court of Justice.

The South Sudan EAC Integration Strategy notes that the NTB elimination mechanism was reinforced with the enactment of the EAC Elimination of Non-Tariff Barriers Act of 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 the sense that goods destined for South Sudan face barriers 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, in particular the numerous checkpoints that create insecurity and add to the time and cost of exports.

4.8 Recommendations to improve trade facilitation

4.8.1 Facilitation of trade information

- Establish trade information portal to enhance access, transparency of trade-related business laws, regulations and procedures
- Establish website for trade-related ministries and agencies
- 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 NTB NMC
- Strengthen the cross-border trade committees
- Facilitate the establishment of CBTAs to provide an institutional framework for small-scale cross-border traders to lobby the national and county governments and regional organizations on issues affecting cross-border trade
- Facilitate establishment of TIDs on border points for access and sharing of trade information among SMEs
- Remove all national NTBs to South Sudan's exports and put in place a mechanism of safeguarding emergence of national NTBs.

4.8.3 Customs administration and inter-agency coordination

- Adopt customs automation system that supports simplification and harmonization of customs procedures in line with the revised Kyoto Convention protocol, including risk management, post-clearance audit, and regional ICT connectivity

- Establish and strengthen the NTFC to implement trade facilitation measures to ensure that all authorities and agencies involved in border and other import and export control points cooperate and coordinate to facilitate trade
- Undertake reforms for institutionalizing legally backed online customs administration, procedures and valuations
- Introduce an intrusion detection system, which is crucial for monitoring malicious activities and policy violations
- Consider accession to the revised Kyoto Convention to facilitate simplification and harmonization of customs procedures
- Review and implement customs legislation in line with WTO TFA, Revised Kyoto Convention protocol on harmonization and simplification of customs procedures.

4.8.4 Imports, exports and transit management

- Undertake transit management capacity-building and regulatory reforms
- Introduce an automated journey management system for truck drivers to reduce the time and cost of haulage
- Stabilize, harmonize and publicize fees – to reduce uncertainties and opportunities for rent-seeking
- Harmonize policies, fees, regulations across the EAC e.g. axle load specifications.

4.8.5 Infrastructure and ICT equipment for trade facilitation

- Establish laboratories at entry/exit 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 centres at all borders to provide pre-arrival clearance of goods
- Advocacy to support the increase and improvement of air cargo facilities
- Set up cold storage and fresh handling facilities at the airport.

4.8.6 Capacity-building for trade facilitation institutions, especially border agencies

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

4.8.7 Gender integration

- Implement economic empowerment programmes targeting women, young people, and people with disabilities with a view to enable them to 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 provide economic and trade opportunities for women and young people, along with people with disabilities
- Develop education programmes to eliminate prejudices against women and promote gender equality in trade and development activities.

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Chapter 5: Business Environment and Entrepreneurship

5.1 Introduction

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

The development of SMEs can contribute to the reduction of the unemployment rate, especially where women and young people 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 catalysing diversification, aggressive attention towards a 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 to achieve the UN SDGs. It also explores trade finance alternatives to ease access to credit by 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 not take into consideration the current reality including that brought by COVID-19 and the digital economy, for example. However, the act spells out the type of incentives, benefits, tax exemptions and other benefits for investors. On the institutional level, the country does not have a state investment arm responsible for financing investments such as the Sudan Development Corporation for Sudan or the Uganda Development Corporation for Uganda. There were attempts at establishing the South Sudan Investment Authority but it was turned into a ministry of investment.

5.2.2 FDI inflows

Trends

Although recent data is difficult to obtain and may make meaningful comparison difficult, available data shows that FDI to South Sudan is one of the lowest in the world and that it has been worsening (Table 23). This is mainly a reflection of the challenging environment occasioned by the recent conflict situation.

Table 23: Foreign direct investment, net inflows (percentage of GDP)

Note: IDA denotes International Development Association Source: World Bank Development Indicators, 2022

Country/region	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

Table continued next page...

Country/region	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
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
United Republic of 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

5.2.3 Investment promotion and facilitation measures

A cornerstone of an enabling environment for investment is an overall peaceful environment, and a 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 maximize its contribution to development. Effective investment promotion and facilitation should position South Sudan as an investment destination and make it easy for investors to establish or expand their existing investments. The South Sudan Investment Promotion Act 2009 and the South Sudan Investment Promotion Regulations 2012 recognize the role of investment in transforming the economy through key priority sectors. The Investment Promotion Act provides investor guarantees in regard to non-discrimination, guarantees against expropriation, protection of IPR, access to public information, repatriation of capital gains, profits and dividends, and dispute resolution. The Land Act 2009 also allows non-citizens to acquire land for investment through leaseholds of 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 a disincentive to using investment as a tool to support trade policy objectives. The key challenge for the government is to engage in global diplomacy to restore the confidence and image of South Sudan as a peaceful destination for investment. According to Article 4.7.1.1 of the R-ARCCS, the RTGoNU commits to reviewing the Investment Promotion Act 2009 and it is expected that this process will consider the realities of what has happened since the act was enacted and indeed after 2014 when the DTIS was formulated.

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 the aforementioned Investment Promotion Act 2009. Section 23(1) of the latter act guarantees access to land to any enterprise that has been guaranteed an investment certificate. Article 4.8.2 of the Revitalized Peace Agreement pledges to undertake a review of South Sudan Land Act 2008 and Land Policy "to achieve consensus over land tenure, use, management and address issues of land grabbing, other malpractices involving land, carry out necessary reforms, undertake mapping, and to maximize economic utilization of land in South Sudan".[57] The commitment in the peace agreement also seeks to "establish an independent registry of Lands at all levels of Government for the issuance of title deeds". Similarly, the R-NDS 2021–2024, plans to develop the Land Policy and fast track its dissemination. It also plans to review and enforce the Land Act. It is expected that if these commitments and plans are brought to fruition, they will improve land transaction transparency and security and in turn lead to a more conducive environment for investment.

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; and (iv) conflict resolution. Lately, the commission has been involved in arbitration such as in the Kasafa (Juba) residential area, with the Dinka Ngok, Acholi-Bari-Ma'di tribes, the issue of Komiri on the outskirts of Juba, and Kworijik Luri. However, the commission reports that for the last three to five years, it has not completed any official distribution of land after losing most partners who were supporting their work including Norwegian Refugee Council (NRC), FAO, USAID, Norwegian Peoples Aid, World Bank and UN Habitat. The commission is also finding it difficult to visit rural areas because of the insecurity. However, the SSLC is also beset by insufficient funding and poor capacity. And, according to Article 4.8.2 of the R-ARCCS, the RTGoNU commits to "empowering the Land Commission at different levels of government to develop and interpret legislation

57 R-ARCSS (South Sudan Revitalised Peace Agreement, 2018)

regarding land issues and to reflect customary laws and practices, local heritage and institutional trends." The RTGoNU also commits to assisting in the mediation of conflicts arising from land.

5.3 Enabling the business environment

Due to the history of war and insecurity, along with structural issues, the business environment in South Sudan is challenging. In the World Bank's *Ease of Doing Business 2020* report, South Sudan was ranked 185, only higher than Eritrea (at 189) in the region (Table 24). The number across all indicators is an indication of a poor business environment.

Table 24: South Sudan "Ease of Doing Business" rank and indicators with comparators

Source: World Bank Doing Business (2020)

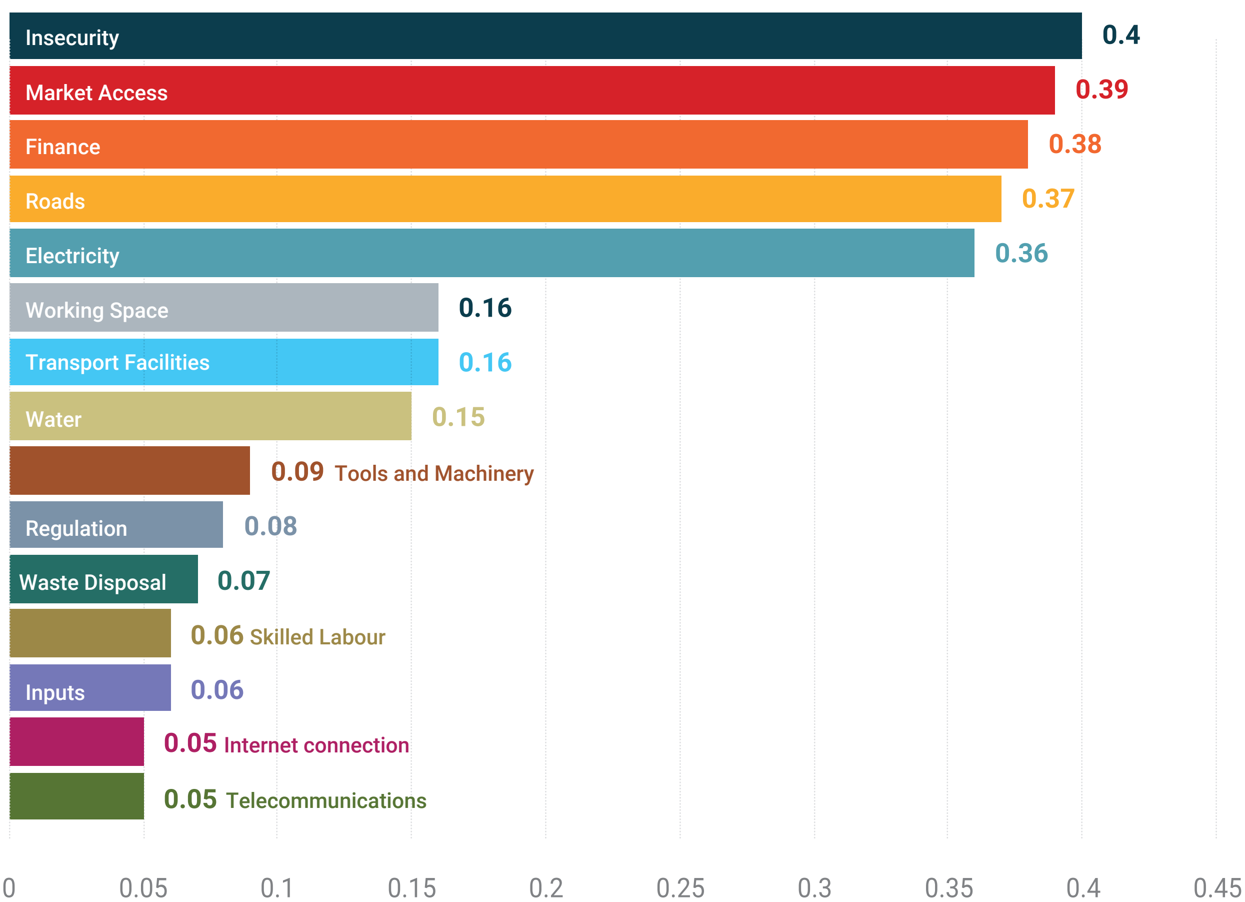
	Ease of Doing Business Rank	Sub-Saharan Rank	Starting a Business	Dealing with Construction Permits	Getting Electricity	Registering Property	Getting Credit	Trading Across Borders
Eritrea	189	47	44	47	18	43	46	47
South Sudan	187	46	42	41	46	45	43	39
Central African Republic	185	45	47	30	45	37	21	24
Congo, 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

5.3.1 Major obstacles for businesses

According to the World Bank Integrated Business Establishments Survey (IBES) 2019, business complain of a wide variety of obstacles to their operations, with insecurity and lack of market access being the most dominant issue (Figure 44).

Figure 44: Main business obstacles—all commercial businesses

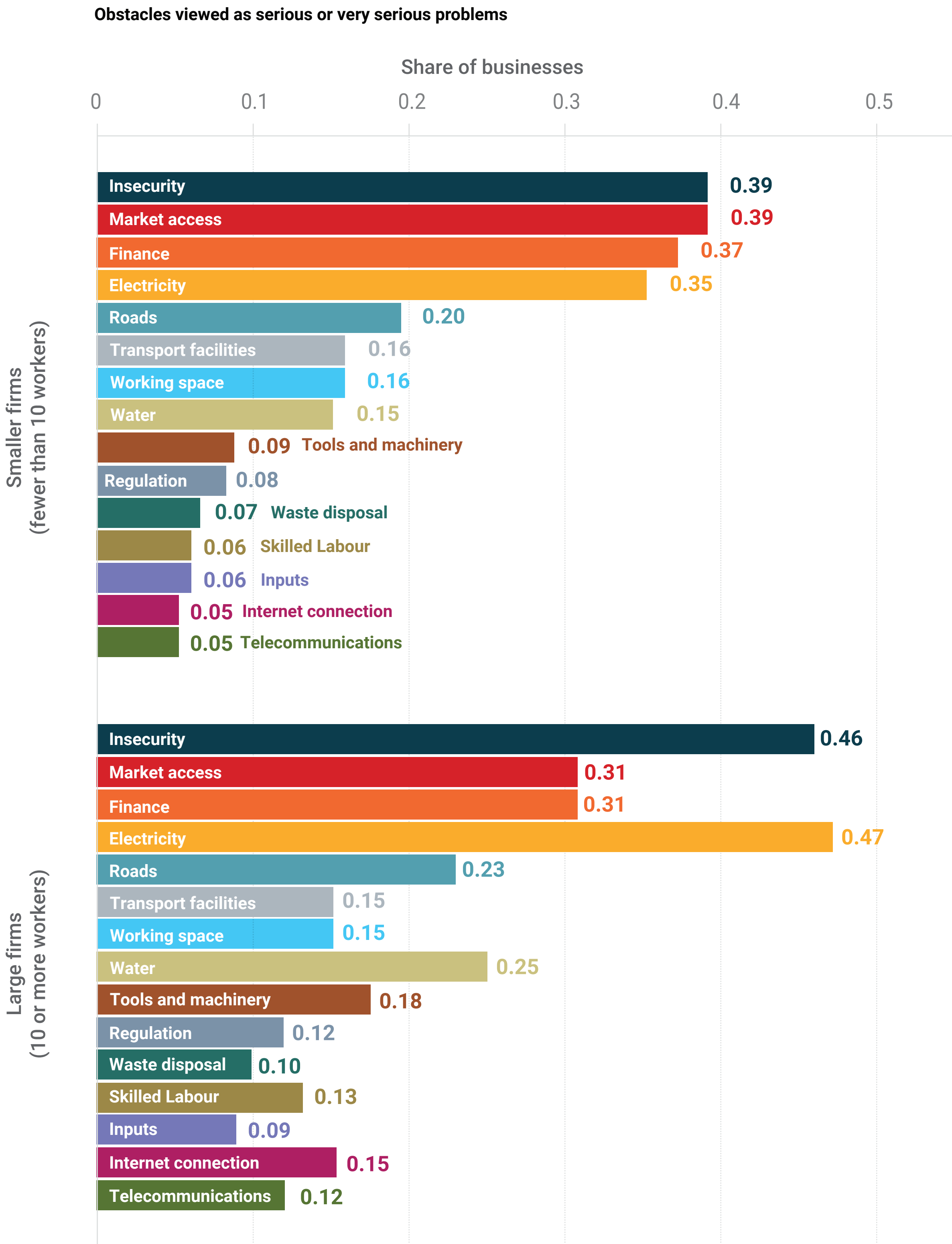
Source: The World Bank Integrated Business Establishments Survey (IBES), 2019



These numbers do not sound promising for small businesses (Figure 45). As is always the case, smaller firms, which are the majority in the country, cannot cope well compared with big firms and are therefore more affected by these obstacles.

Figure 45: Main business obstacles, by business size

Source: The World Bank Integrated Business Establishments Survey (IBES), 2019

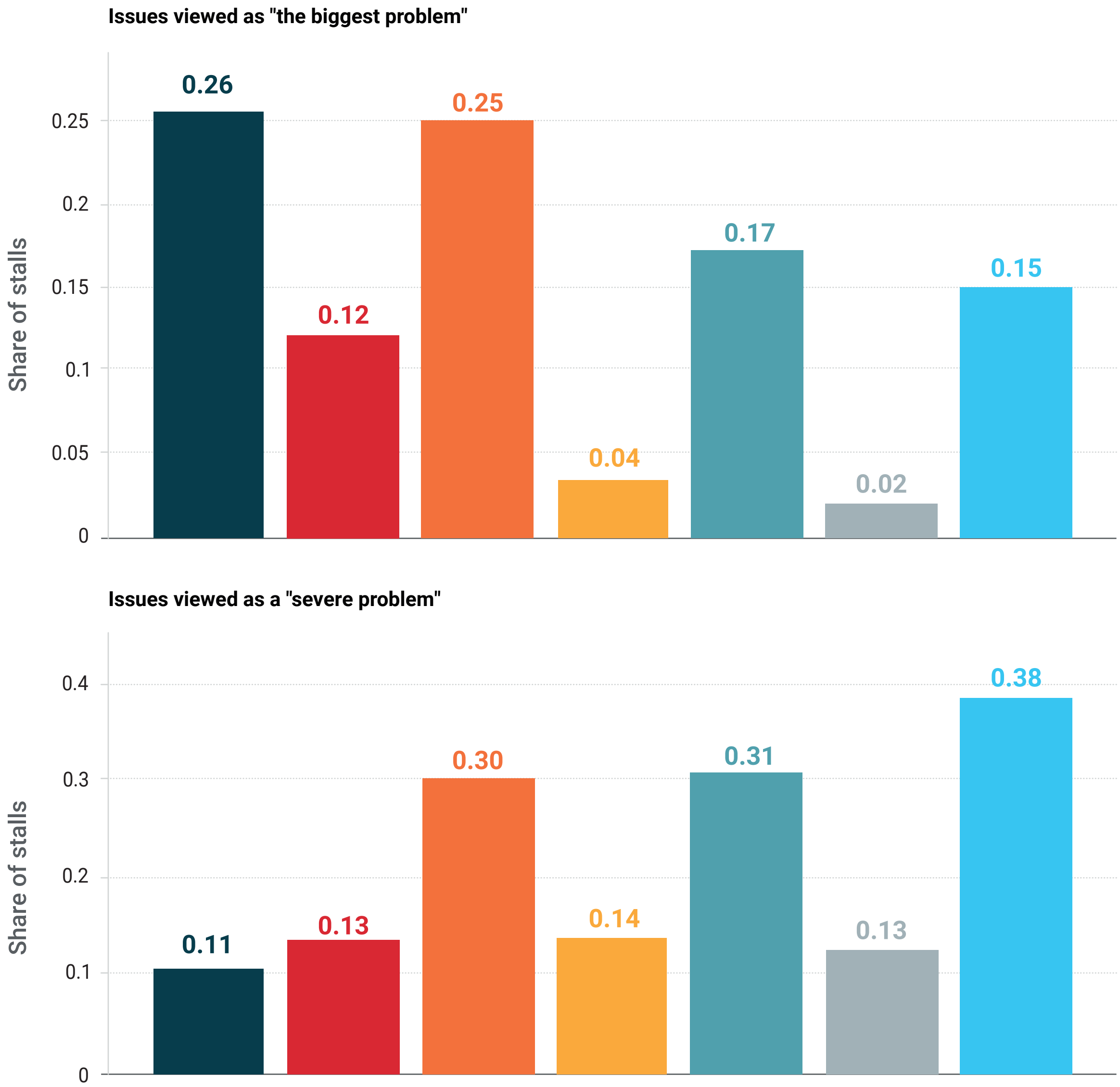


In fact, when asked about their main concerns, even market stall owners, the smallest of the SMEs in the country, complained about insecurity on roads (Figure 46).

Figure 46: Business obstacles reported by market traders

Legend: Lack of funding, Availability of inputs and tools, Bad or dangerous roads, Fees (checkpoints/in market), Lack of customers, Competition from imports, Inflation

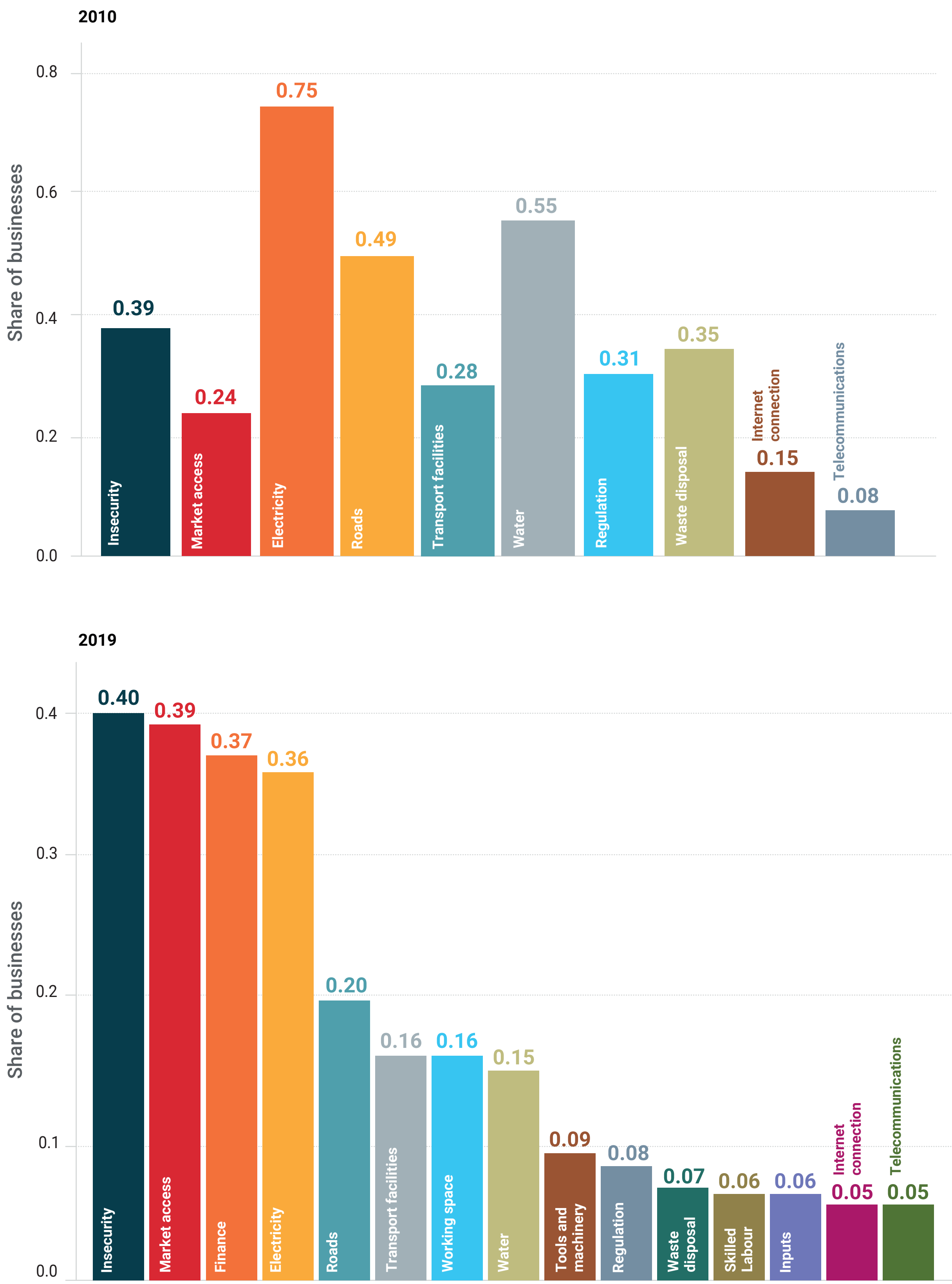
Source: The World Bank Integrated Business Establishments Survey (IBES), 2019



These obstacles unfortunately have not eased and in some cases, have worsened with time. For example, whereas in 2010, about 30 percent of businesses cited insecurity as a major obstacle, this number had increased to 40 percent in 2019. (Figure 47). This reflects the deteriorating security situation due to the 2013 and 2016 active conflicts and general security across the country, including on roads.

Figure 47: Obstacles viewed as serious or very serious problems 2010 and 2019

Source: The World Bank Integrated Business Establishments Survey (IBES), 2019



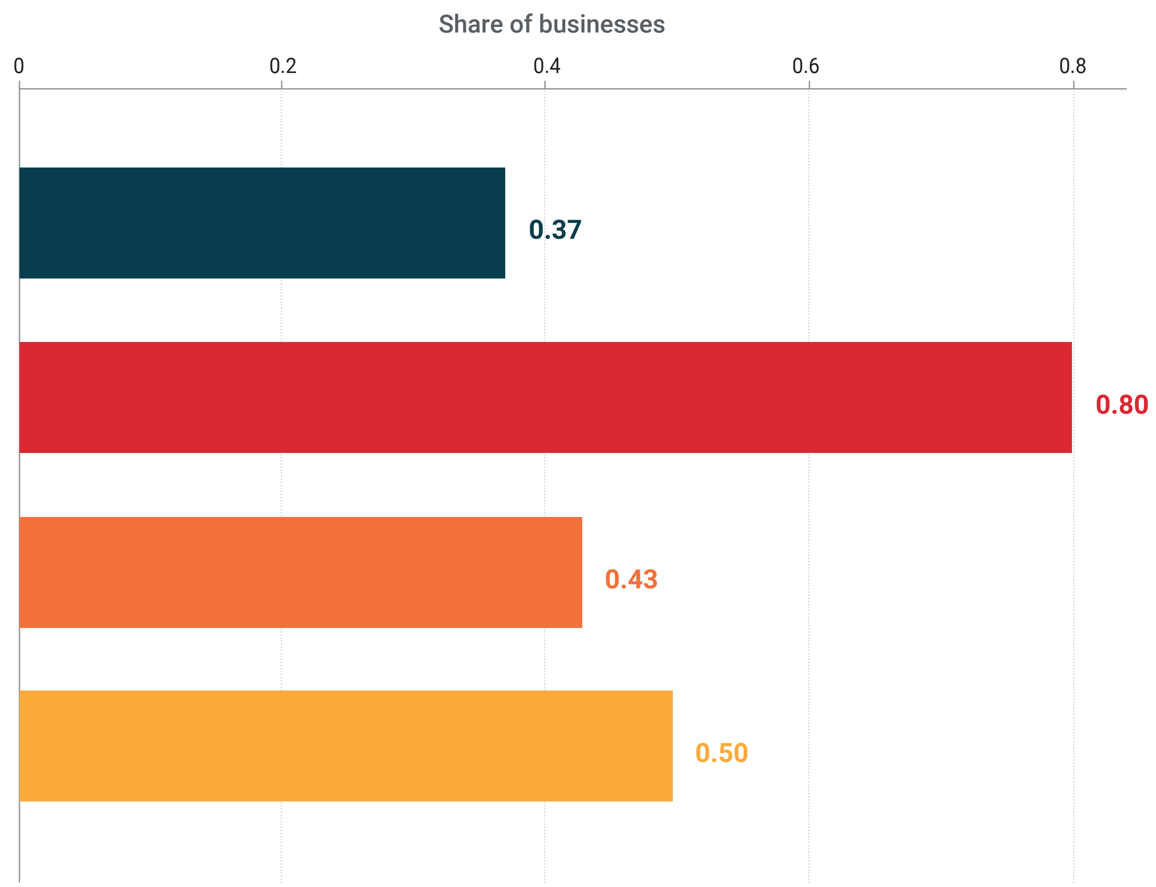
5.3.2 Conflict/insecurity

The impact of insecurity on businesses cannot be overemphasized. Many businesses are citing loss of assets or capital. Loss of customers and even total closure have been experienced due to insecurity that has beset the country since 2013 (Figure 48).

Figure 48: Impact of conflict on businesses

Legend: Could not invest, Lost customers, Periodically closed, Lost assets or capital

Source: The World Bank Integrated Business Establishments Survey (IBES), 2019

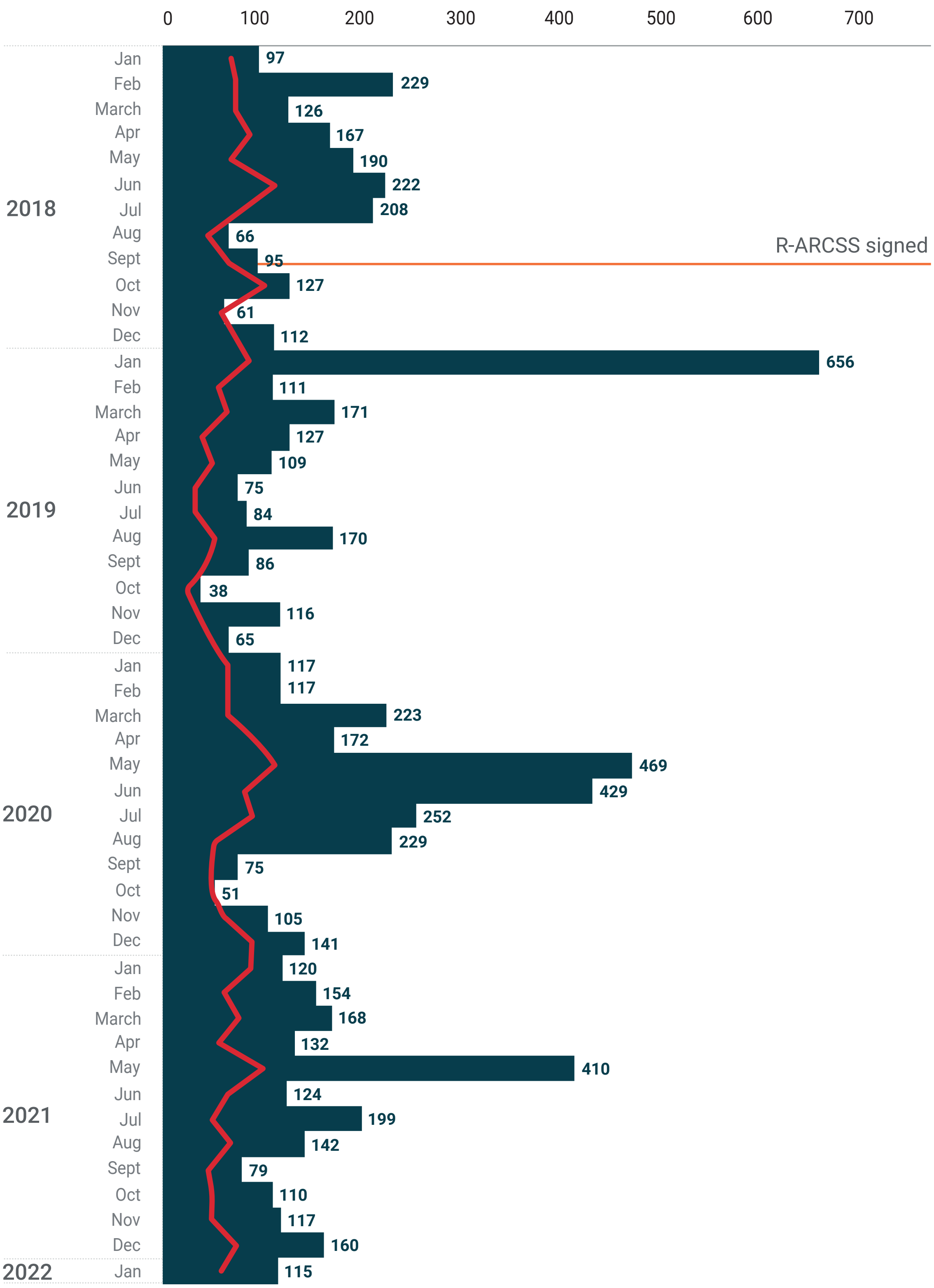


What is worrying is that whereas the number of fatalities reduced after the signing of the R-ARCSS, general insecurity the type of which businesses complain, has remained high with negative implications for the business environment in the country (Figure 49).

Figure 49: Multi-year conflict overview 2018–2022

Legend: Fatalities Incidents

Source: World Bank Regional Economic Update, 2021



5.3.3 Transport costs and logistics

Users of the main trade linkage by road to the port of Mombasa, Kenya incur significant costs. For example, the cost to ship a 20-foot container from Europe to Juba via Mombasa is $9,285, of which the inland transportation and handling of the Mombasa-Juba section is $7,200, compared with the significantly lower Mombasa-Kampala cost of $2,150. The difference of $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, NTBs 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 containerized cargo, road costs are the most significant, accounting for between 70 percent and 78 percent of all costs.

Insecurity and checkpoints obstruct business. A majority (58 percent) of all market traders say they have been recently concerned for their security on the road,[58] with security concerns affecting their decision to travel for business. More crucially, this share is particularly high among those who transport goods from other towns. It is also higher among those who transport goods from the villages, among whom 66 percent are concerned for their safety.

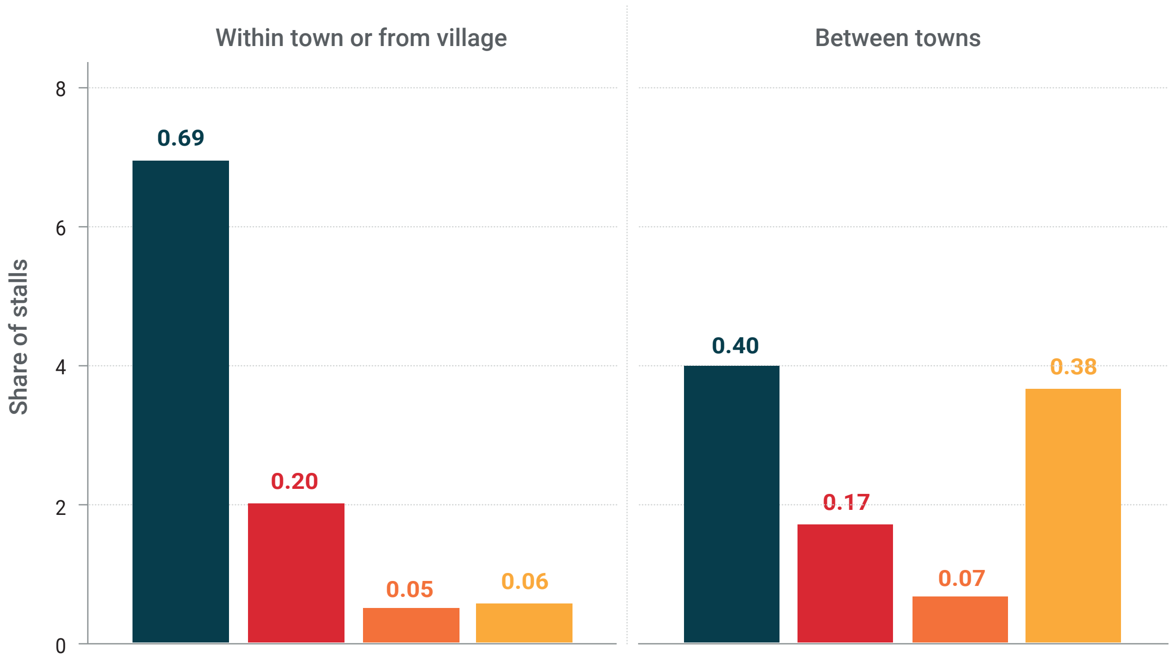
Checkpoints impose a significant cost on traders who travel between towns and contribute to high prices. Only 31 percent of traders who work within towns or transport goods from villages report that on the way to the market, they pass roadblocks or checkpoints where they must pay (Figure 50). Market traders report that at the median, they expect to pay SSP5,000 (about $17) to pass a checkpoint or a roadblock. There is a substantial range of answers (one in four reporting they pay less than SSP2,000, and one in four saying they pay more than SSP15,000). Fees easily add up for traders.

58 Von Der Goltz, Jan et al. (2020). "Reviving Markets and Market-Linked Agriculture in South Sudan Jobs, Recovery, And Peacebuilding in Urban South Sudan". Technical Report III. Jobs Working Paper No. 52. Washington, D.C.: World Bank.

Figure 50: Number of checkpoints at which traders must make payments on the way to market

Legend: ■ No checkpoints ■ 1-3 checkpoints ■ 4-6 checkpoints ■ More than 6 checkpoints

Source: The World Bank Integrated Business Establishments Survey (IBES), 2019



Traders who transport goods, particularly from Uganda to Juba via Nimule state but also across the country, report that checkpoints and fees are huge barriers because these interruptions are extremely costly and time-consuming (Figure 51 and Box 9). Traders reportedly encounter numerous checkpoints on the way, where officials go through all the traders' goods and vehicles, after which they usually demand a high fee. Additionally, if they enter Juba, there are multiple interruptions from state authorities that take place when offloading. Some traders reported that the fee could be up to SSD50 million, and that they have no option but to oblige. The inability to contest these payments is seemingly down to the power differential between the traders and authorities. Such substantial fees are then factored into costs and are unfortunately passed onto consumers in the form of higher prices.

Traders report that insecurity on the roads is a major threat to their lives and businesses. Since the 2013 conflict, travelling to other cities has become difficult and is reportedly worsening. 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 51: Checkpoints in South Sudan mapped by route

Source: Schouten, P., Matthysen, K. and Muller, T. (2021).[59]

59 Schouten, P., Matthysen, K. and Muller, T. (2021). *Checkpoint economy: the political economy of checkpoints in South Sudan, ten years after independence*. Antwerp/Copenhagen: IPIS/DIIS.

Box 9: Summary of characteristics of checkpoints in South Sudan

Source: Schouten, P., Matthysen, K. and Muller, T. (2021)

- **319 checkpoints** in South Sudan, of which 253 (79 per cent) are roadblocks and 66 (21 percent) river checkpoints. Based on averages, a typical checkpoint is staffed by six people sharing three visible weapons among them, and levies about SSP48,000 ($80) on a commercial vehicle.
- **Checkpoints are numerous.** On average, there is one checkpoint for every 16 km (or six checkpoints per 100 km) along South Sudan's major trade routes. Checkpoints are more frequent on the routes from Juba-Wau, Juba-Bor and Juba-Nimule, where there are, on average, nine checkpoints per 100 km.
- **The number of checkpoints has increased by nearly 50 percent since independence.** In 2021, we observed on average one checkpoint for each 16 km (or six checkpoints per 100 km), whereas in 2011 there was a checkpoint each 23 km (or four checkpoints per 100 km).
- **Most individual payments are small.** At 62 checkpoints (19 percent) payments are lower than SSP1,000 ($1.50); only 8 percent of checkpoint taxes exceed SSP100,000 ($166), and these are mostly concentrated geographically along the White Nile.
- **Total payment is significant.** For all major routes, average total payment exceeds SSP60,000 ($100). For more than half of these routes, total checkpoint taxes exceed SSP450,000 ($750). Payment is highest on the White Nile at about SSP4,170,500 ($6,951) for the total route, or SSP126,379 ($211) on average per checkpoint.
- **River checkpoint taxes are higher than road checkpoint taxes in absolute terms, but lower in proportion to cargo weight.** A 40-tonne truck typically pays SSP12,514 ($21) per checkpoint along the Western Corridor, which corresponds to SSP313 ($0.52) per tonne; by contrast, the SSP126,379 ($211) on average per river checkpoint covers a charge of around 1,200 tonnes carried by barges, yielding an average per tonne checkpoint rate of SSP123 ($0.20).
- **Most payments are unreceipted.** Eighty-four percent of individual payments made during the survey were unreceipted.
- **UN or NGO-contracted vehicles are subject to structural checkpoint taxation.** Forty-nine percent of checkpoints levy taxes on vehicles transporting humanitarian aid.
- **The most commonly observed checkpoint operators** are the Traffic Police and South Sudan People's Defence Forces, who were present at 43 percent and 38 percent of checkpoints, respectively. At 57 percent of the checkpoints, more than one type of official or agency is present.

Key implications

- Checkpoints likely form the biggest non-oil source of cash for government agents and security forces.
- The transport and trade sector is therefore heavily implicated in financing conflict actors.
- Checkpoints are a key factor in the high transport prices compared with neighbouring countries.
- As checkpoint taxes are calculated based on vehicle type, low-value cargo pays more as a percentage of the value of goods transported, imperilling markets for agricultural produce.

5.3.4 Clearing for exports and imports in South Sudan

The cost of customs clearing of goods in South Sudan is high and this impacts trade negatively. The country has one of the highest costs of clearing exports and imports. In 2020, the cost-to-export documentary compliance at $194 was the third-highest after DRC ($500) and Sudan ($428). (Table 25).

Table 25: Cost of customs clearing for exports and imports in South Sudan neighbouring countries and comparators, 2020

Source: World Bank *Doing Business* (2020).

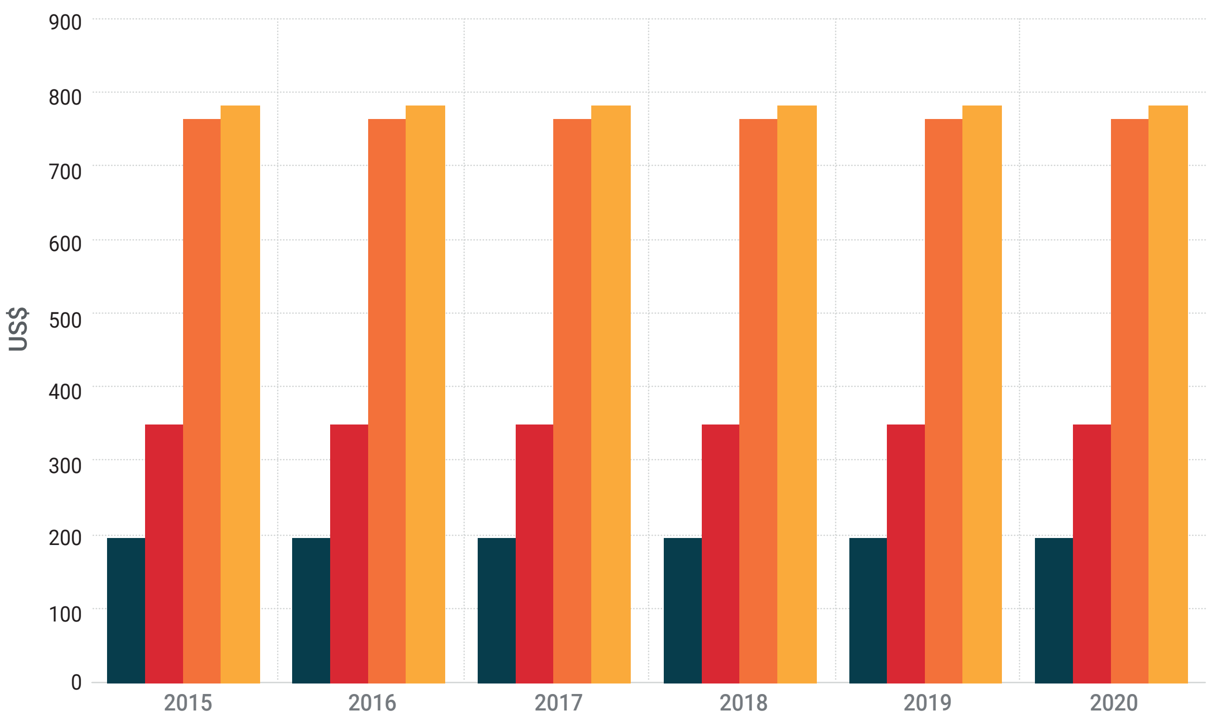
Economy	Cost-to-export: documentary compliance ($) (DB 2016-20 methodology)	Cost-to-import: documentary compliance ($) (DB 2016-20 methodology)	Cost-to-export: border compliance ($) (DB 2016-20 methodology)	Cost-to-import: border compliance ($) (DB 2016-20 methodology)
Burundi	150	1,025.00	108.86	443.57
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
United Republic of Tanzania	275	375	1,175.00	1,350.00
Uganda	101.88	295.63	209.38	446.69

What is concerning is that these costs have not been reducing and, in some cases, have increased (Figure 52).

Figure 52: Cost of clearing customs in South Sudan, 2015–2020

Legend: Cost to export: Documentary compliance (USD) Cost to import: Documentary compliance (USD) Cost to export: Border compliance (USD) Cost to import: Border compliance (USD)

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 (percentage of sales for affected firms) for South Sudan was about 14 percent compared with 5 percent for Kenya and 2 percent for Rwanda and above the sub-Saharan average 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 (97 days), Rwanda (30 days) and the sub-Saharan average (109.6 days). These numbers are expected to have become worse recently due to the conflict that has impacted 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 to governance issues, the legal framework and a lack of capacity, one would imagine that enforcement of contracts in South Sudan is much harder than in other countries. However, data shows that the country is no worse than its peers in relation to the time it takes to enforce a contract. For example, within the EAC, South Sudan takes the shortest time to enforce a contract at 228 days compared with Rwanda (230 days), Kenya (465 days), Uganda (490 days), United Republic of Tanzania (515 days), DRC (610 days) and the sub-Saharan average of 654 days (World Development Indicators, 2021). Despite this, enforcing contracts in the country attracts other problems including impunity, where the concerned parties are not able to honour contracts as expected, which is a disincentive to investment in the country.

5.3.7 Corruption

Corruption in South Sudan is endemic. 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

Source: World Bank CPIA, 2020

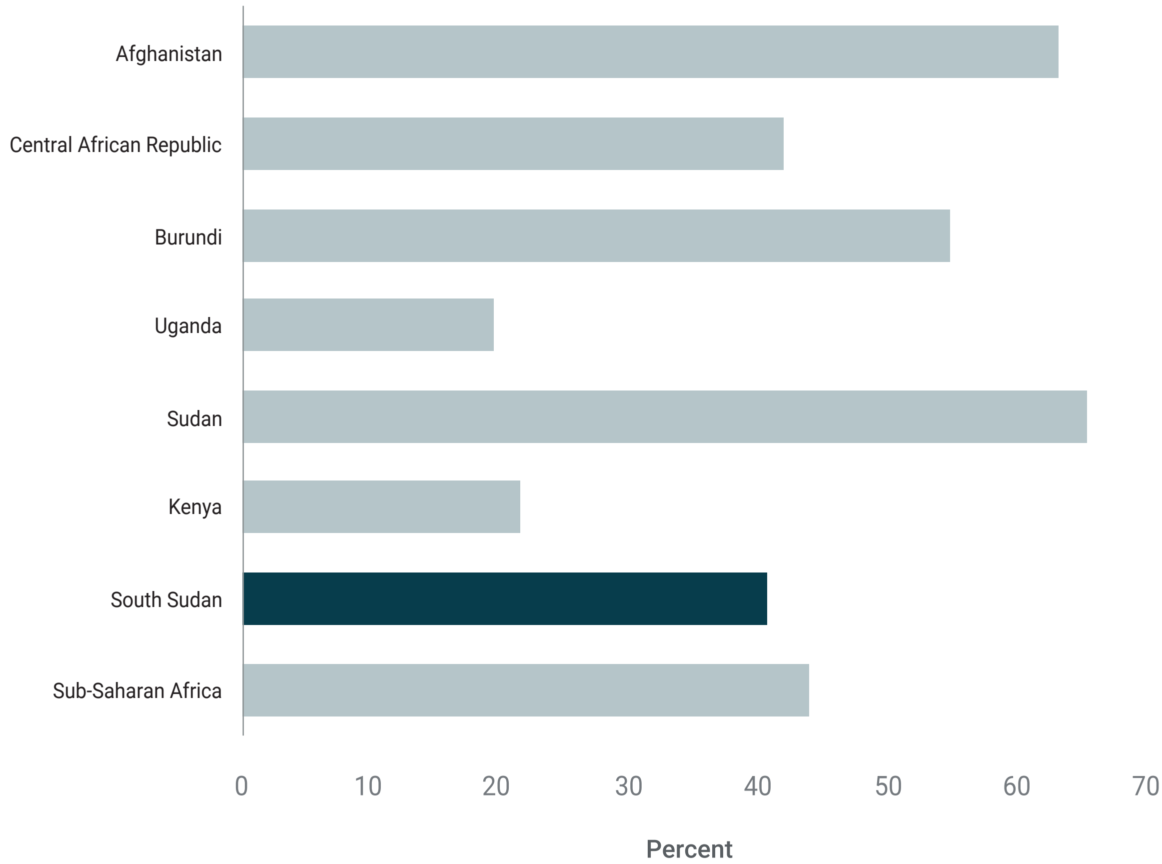
	2014	2015	2016	2017	2018	2019	2020
Democratic Rep. Congo	2	2	2	2	2	2	2
Burundi	2.5	2	2	1.5	1.5	1.5	1.5
Kenya	3	3	3	3	3	3	3
Rwanda	3.5	3.5	3.5	3.5	3.5	3.5	3.5
United Republic of Tanzania	3	3	3	3	2.5	3	3
Uganda	2	2	2	2	2.5	2.5	2.5
Sub-Saharan Africa	2.7	2.7	2.7	2.7	2.7	2.7	2.7
South Sudan	2	1.5	1.5	1.5	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 (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-fragile and conflict-affected situations (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, respectively, of firms identifying it as an obstacle. Compared with the FCSs, South Sudan does better than all of the comparator countries (Figure 53).

Figure 53: Percentage of firms identifying corruption as an obstacle to their operations: international comparison

Source: World Bank Enterprise Survey for various countries, various years



Bribery to get anything done is one of the highest in the world (Table 27, next page). This level of corruption is a significant hindrance 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

Note: FCS denotes fragile and conflict affected situations

Source: WDI, 2021.

Country	Percentage of firms
Burundi	30.3
Congo, Dem. Rep.	56.5
FCS	27.5
Kenya	23.9
Mauritius	3.9
Rwanda	4.1
South Sudan	48.0
Sub-Saharan Africa	22.7
United Republic of Tanzania	20.8
Uganda	22

According to article 4.4 of the R-ARCSS, the government committed to review the Anti-Corruption Commission Act 2009: "to guarantee its independence and enable the Commission to perform its functions effectively". It also committed to: "accede to regional and international conventions on fighting corruption, particularly to the African Convention on Preventing and Combating Corruption (AUCPC) and the UN Convention Against Corruption (UNCAC) and coordinate with their respective implementation mechanisms and other institutions to recover and return misappropriated funds and assets". Other commitments were to: "nominate the head of the Anti-Corruption Commission and forward to the Transitional National Legislative Assembly (TNLA) for approval". In article 4.5 of the R-ARCSS, the government committed to review the National Audit Chamber Act 2011 and guarantee its independence and nomination of a National Auditor-General. It is hoped that if these commitments are implemented, they will improve the effective and efficient use of resources, improve the image of the country in the eyes of investors, and create an enabling environment for trade and investment. Similar plans were included in the R-NDS, including the planned strengthening of the Ant-Corruption Commission through review of its act and providing it with the operational resources to elevate its role in the fight against corruption; gradual digitization of government services through e-governance; and the empowerment of the National Audit Chamber by strengthening its laws and providing adequate resources to enable it to conduct regular audits. The R-NDS also provides for GRSS's commitments to regard the implementation of all audit recommendations seriously and support periodic public expenditure reviews of key ministries, departments and agencies, especially those that will lead to the implementation of the R-NDS.

5.3.8 Procurement

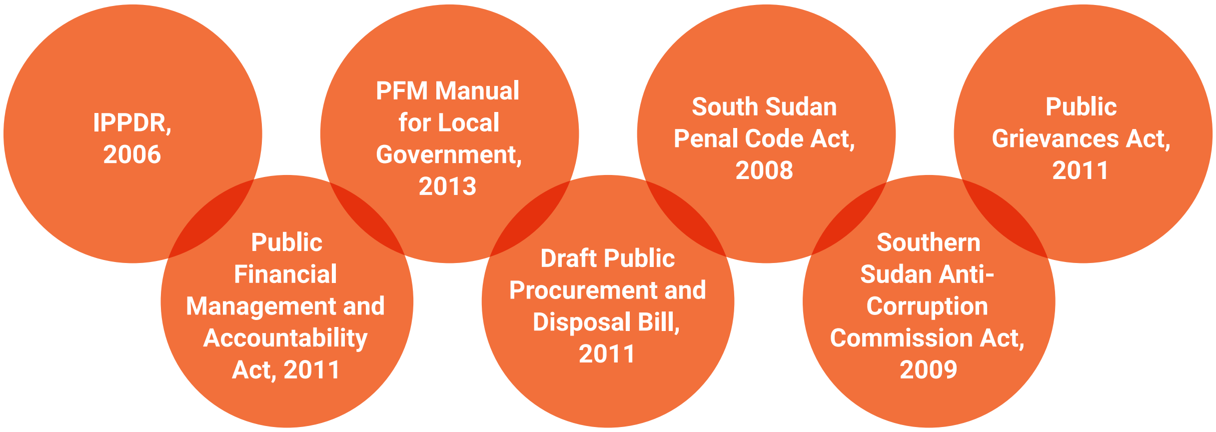
An efficient public procurement system that is fair, transparent and encapsulates accountability and recourse mechanisms is required to prevent corrupt public procurement processes that stifle economic growth and investor confidence. Through its Procurement Directorate, the MFP has oversight over all procurement of government institutions in South Sudan. The high-level framework for public procurement in South Sudan currently comprises several statutory and regulatory instruments, shown in Figure 54, which represent 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 technical and capacity limitations; mistrust and a lack of prosecution. These ongoing challenges create an environment within which corruption can still take place. The legal and regulatory framework for anti-corruption and public financial management entails the following instruments/laws:

Box 10: Interim Public Procurement and Disposal Regulations, 2006

The Interim Public Procurement and Disposal Regulations (IPPDR) apply to all levels of government in South Sudan and present 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 MFP issued the IPPDR in June 2006. The regulations provide for the creation of a procurement policy unit in the ministry, and a decentralized procurement function. It also requires the MFP to delegate the authority of procurement to the institutions that it has assessed and found to have 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 GRSS contracts through the involvement of the Ministry of Legal Affairs and Constitutional Development and MFP, respectively. Following the Order, the MFP issued circulars in 2011 directing adherence to the regulations.

Figure 54: GRSS public procurement framework

Source: SSDI, 2022



Box 11: Draft Public Procurement and Disposal Bill, 2011

The purpose of this 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.". The contents of the bill are, however, indicative of the provisions, mandates, roles and obligations intended by the GRSS to apply to all public procurement in 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 lawmakers can see the entire proposed procurement scheme—i.e. the legislation and its regulations—when they adopt the draft bill.

Box 12: 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 its mandate as developers of public financial management policy, regulation and legislation, which include matters pertaining to public procurement, the MFP, together, with the local government board, compiled and published the Public Financial Management Manual for Local Governments in 2013. ➔

➔ In it, the IPPDR is stated to be: "the legal framework for local government procurement". Concerning the practising of public financial management, the manual prescribes that local government officials should adhere to the various legal and regulatory requirements provided for in the aforementioned documents, which include the Draft Public Procurement Bill, the Local Government Act (2009), the Public Financial Management and Accountability Act, 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 manual was drafted to be consistent with the provisions of the draft Public Procurement and Disposal 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.

Box 13: Public Procurement and Disposal of Property Act (Act 39, 2014)

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

5.3.8.1 Public procurement reforms

Despite the availability of these laws, acts often go unenforced. As a consequence, the MFP commissioned a reform action plan that focused on key changes required for legislation to be enforced. The result was a detailed Procurement Reform Action Plan for South Sudan, which is included in volume 3 of the World Bank's South Sudan–Country Integrated Fiduciary Assessment report. The plan sets out detailed 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.

The reforms are in various phases of implementation and will assist in reaching the state's aim of improving the public procurement system to ensure internationally acceptable procurement standards, thereby helping to improve investor confidence and enhance aid allocation mechanisms to South Sudan programmes. Furthermore, these reforms are in alignment with the attainment of the GRSS's public administration and accountability sectors' objectives. In addition, article 4.6 of the R-ARCSS committed to establish a Public Procurement and Asset Disposal Authority to regulate public procurement in the country.

Box 14: 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 GRSS authority over the allocation of resources and revenues and general budget proposals. It expressly mandates the MFP 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, and the establishment of reserved revenue, contingency and consolidated funds. It furthermore provides the conditions and restrictions for borrowing and lending, as well as creating 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.

5.3.8.2 Taxation regime

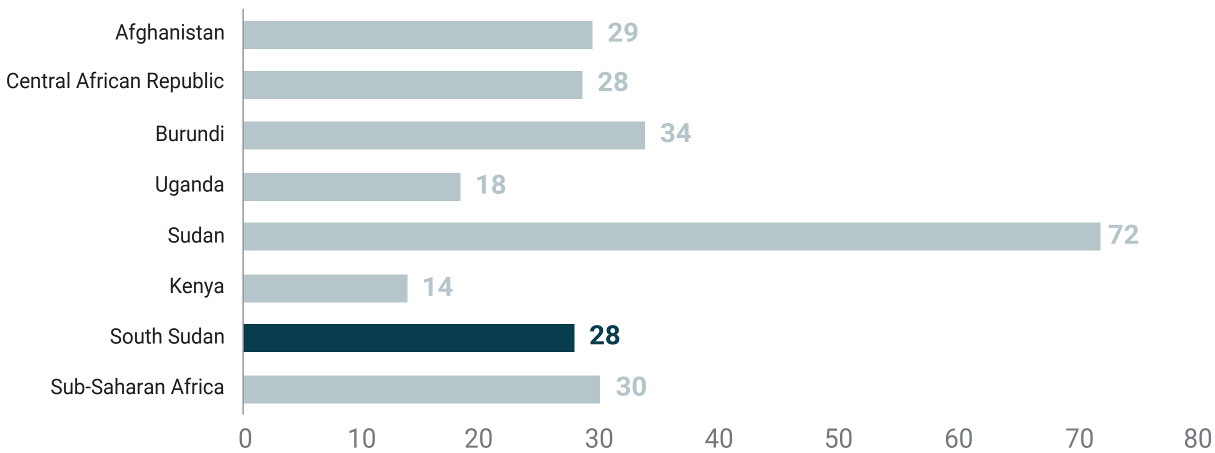
While an overall tax burden in South Sudan of 28.7 percent of pre-tax profit is relatively low in comparison with many regional and international competitors, taxes are a significant hurdle for doing business in South Sudan. The key problem is the multiple numbers of taxes that need to be paid at different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

Firms across the world tend to complain about tax rates. However, South Sudanese firms are more burdened by taxes when compared with their non-FCS comparator countries; 45 percent of local firms complain about tax rates. Among the FCSs, South Sudan fares better than Sudan (77 percent), Burundi (70 percent) and Afghanistan.

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 55).

Figure 55: Percentage of firms identifying tax administration as a constraint, international comparison

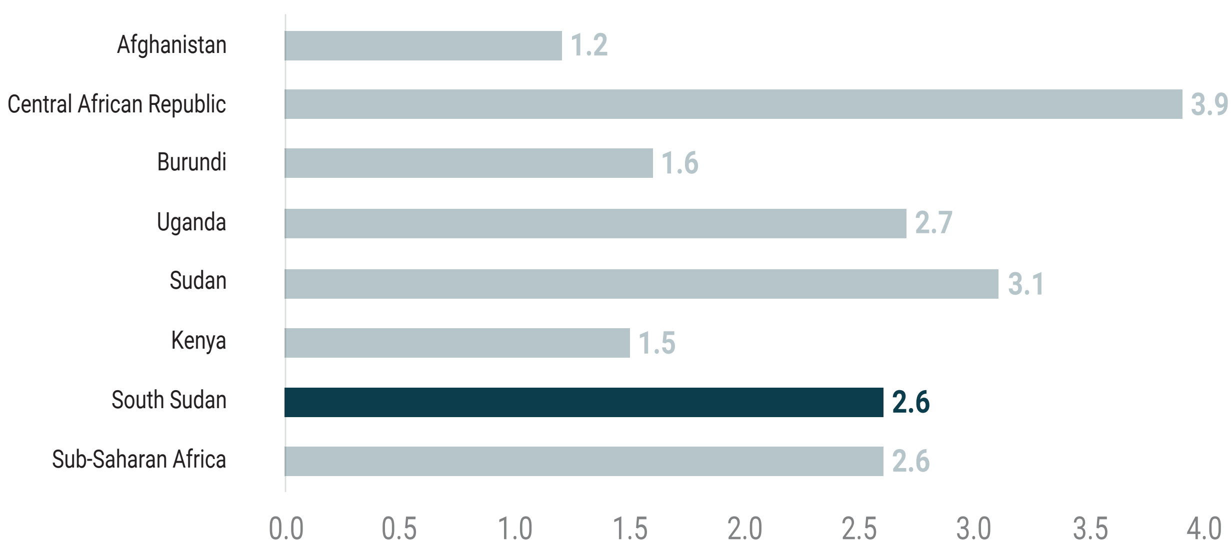
Source: World Bank Enterprise Survey for various countries, various years



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, South Sudanese firms are visited by tax officials as frequently as firms in SSA—2.6 days per week, which is still more than regional non-FCS countries. Nonetheless, South Sudan compares favourably to other FCSs, performing better than Sudan and CAR in this respect, whose rates at close to four times per week, are the countries with the highest numbers of tax official visits (Figure 56).

Figure 56: Number of visits by tax officials, days per week, international comparison

Source: World Bank Enterprise Survey for various countries, various years



As a pledge to ensure prudent public financial management, the government committed that the established NRA will have the mandate to assess, collect, administer and enforce laws relating to taxation and revenues. Similarly, the R-NDS also seeks to ensure: "effectiveness of tax collection and administration through a fully functional revenue authority to be strengthened by public financial management reforms." If these commitments and plans are implemented, it is hoped that the myriad taxes being levied on businesses might decrease and the taxation systems will be streamlined to improve the taxation regime in the country, with potential positive implications for the business environment.

5.3.8.3 Access to finance

5.3.8.3.1 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, (BoSS) and the establishment of a legal framework for the financial industry. The financial sector comprises 28 commercial banks, 10 microfinance institutions, 86 foreign exchange bureaux and a handful of insurance companies. However, most financial institutions have been subsisting on earnings from the foreign exchange spread. Despite the increase in the number of financial institutions, competition in the financial sector is still limited due to a concentration of services in the urban hubs. Fewer than 3 percent of the South Sudanese population has access to financial services compared with 42 percent and 20 percent in Kenya and Uganda, respectively, and only 13 percent of the population owns a bank account. In 2015, the South Sudan domestic credit to private sector as a percentage of GDP was just 2.3 percent, the lowest in the region and far below the SSA average (Table 28).

Table 28: Domestic credit to private sector (percentage of GDP), 2011–2020

N/A = Not available

Source: WDI, 2021.

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	N/A
South Sudan	0.50	1.12	1.13	1.81	2.30	N/A	N/A	N/A	N/A	N/A

The financial sector is not lending to the private sector, with most banks undertaking 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 foreign exchange reforms reducing this differential significantly, (including the auction of $13 million per week to foreign exchange bureaux and commercial banks), banks that were not prepared to innovate and play their real banking role have been forced to close. As of 2022, according to the BoSS, of the 28 banks that were on the books, only about 15 are now transacting, leaving some to shut due to the foreign exchange reform.

There are still serious operational and regulatory risks in terms of the remaining banks, one of which is the requirement that banks maintain a minimum capital requirement of $30 million, which the banks think is too high. The bankers' association suggested an additional $2.5 million in excess of the $17.5 million, which is the current requirement and which they consider comparable to regional averages. The main problem with serving the wide local market, especially in terms of extending credit, was the issue of collateral, which favours mainly foreign investors (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 has 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 the subsequent collapse in economic activity 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 a 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 2019

Source: World Bank South Sudan Economic Update 2020

	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 Establishments Survey (2019) indicate that 44 percent of sampled firms reported having an SSP checking/cheque account and 10 percent have a foreign currency account (Table 30).

Table 30: Access to finance for enterprises

Source: National Bureau of Statistics, Integrated Business Establishments Survey 2019

	All businesses	Micro businesses (1-3 workers)	Small businesses (4–5 workers)	Medium businesses (6–9 workers)	Large businesses (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%
Number of businesses	**13,184**	**9,199**	**2,548**	**538**	**854**

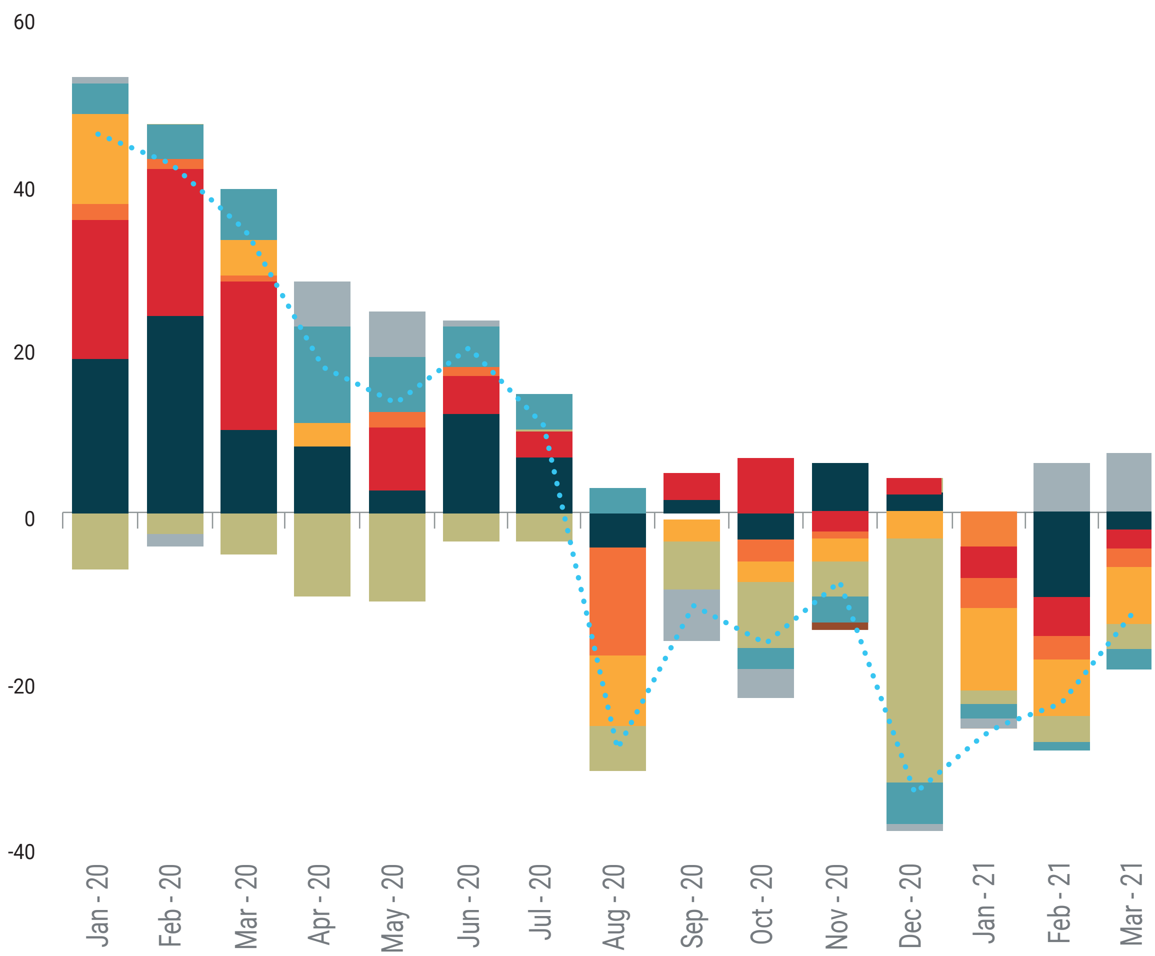
However, firms essentially do not use the formal financial system to access finance and hardly any businesses take formal loans—even among large firms. Only about 3 percent of firms have taken a bank loan over the past three years, and even within the large firms, this share is only 6 percent. Similarly, 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 7 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 their 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 the 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 FY2019 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 from August 2020 and during December 2020–March 2021 (Figure 57).

Figure 57: Real private sector credit growth percentage, year-on-year

Legend: Building and construction, Domestic trade, restaurants and hotels, Manufacturing, Real estate, Foreign trade, Transport and household activities, Others, Total private sector credit

Source: Bank of South Sudan

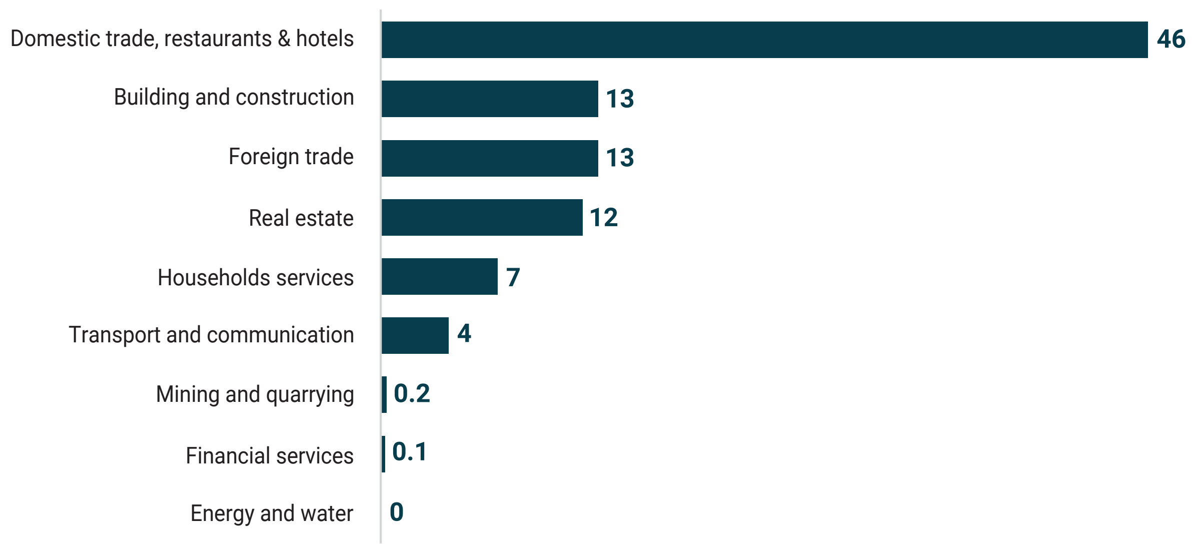


The contribution of the building and construction sector to real credit growth has been positive and averaged 7 percent during the period January–August 2019 despite its small share in total bank lending, signifying strong growth in this sector. Overall, the weak growth in real private sector credit 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 out 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 labour intensive. It is noteworthy that trade, hospitality, real estate, and the building and construction sectors accounted for more than 80 percent of all bank lending in FY2018/FY2019 (Figure 58). 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 eight out of 10 households.[60] If greater stability returns, it will become essential to address the supply- and demand-side factors that constrain agricultural credit. Supply factors include a 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, a lack of agricultural insurance markets, and limited financial literacy.

Figure 58: Distribution of private sector credit percent of total FY 2018/FY2019

Source: BoSS



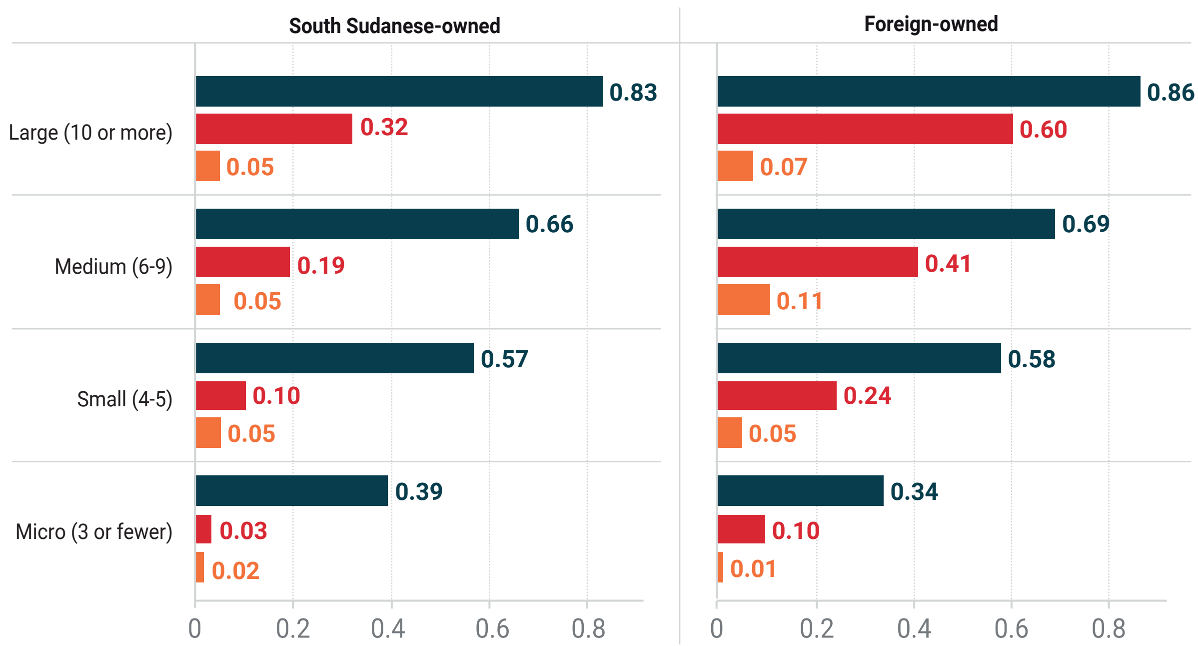
60 Finn, A. and others. (2020). Job Outcomes in the Towns of South Sudan: Jobs, Recovery, And Peacebuilding in Urban South Sudan – Technical Report I. Washington, D.C.: World Bank.

It is concerning that access to credit is most problematic for the small firms, i.e. the SMEs, which form the majority of businesses in the country. In the World Bank Integrated Business Establishments Survey, access to banking and credit services were the worst for micro- and small businesses (Figure 59). Although there are a number of microfinance institutions in the country, most are still constrained by low financing and skills capacity unable to support SMEs. Second, the capital market in the country is not developed, partly due to an undeveloped financial sector, inherent risk and the absence of a regulatory framework. This limits the options for the private sector to access capital for investment and trade.

Figure 59: Access to banking and use of loans, by ownership

Legend: Has any bank account, Has account in foreign currency, Loan in past three years

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 is the second major constraint after access to electricity. When compared with 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 60). 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 61).

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

Figure 60: Firms identifying access to finance as a major impediment to operations, international comparison

Source: World Bank Enterprise Survey for various countries, various years

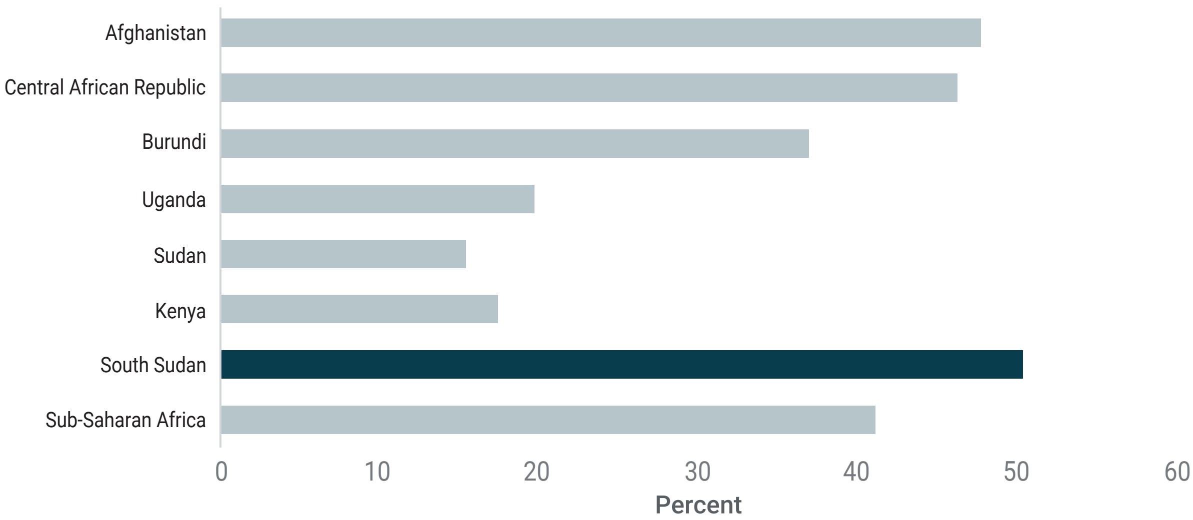
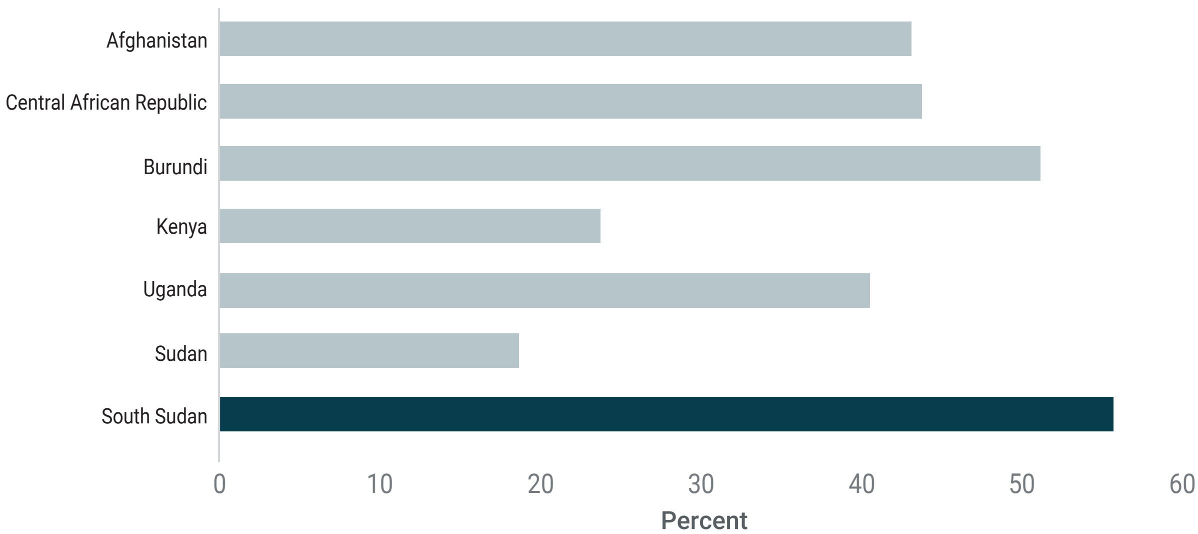


Figure 61: Percentage of manufacturing firms identifying access to finance as a major constraint, international comparison

Source: World Bank Enterprise Survey for various countries, various years



Enhancing access to finance, especially for SMEs, will be important for trade and investment in the country and within the sector goal of the R-NDS: "To achieve viable economic stability and growth", the government has made a commitment to increase access to finance for micro, small and medium-sized enterprises (MSMEs). Similarly, in the R-NDS and the R-ARCSS articles 4.15.1.1–4.15.1.10, the RTGoNU committed to establish a Women's Enterprise Development Fund and Youth Enterprise Development Fund "based on recommendations of the Private Sector Development Strategy and disbursed through microfinance institutions". The envisaged purpose is to "avail subsidized credit and build the entrepreneurship capacity of South Sudanese women and youth through skills and technology transfer, especially for the disadvantaged".

5.3.8.3.2 Access to trade finance[61]

Limited supply of banking services and difficulties accessing 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 enforcement structures) have combined with a lack of willingness of banks to invest, until the mid-2010s, in assets other than government securities and foreign exchange trading. 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 South Sudanese 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. The lack of foreign exchange, including for small traders, thereby affected 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 bureaux 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, with a view to encourage lending 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. Exports financing is mostly linked to exports of crude oil, which account for close to 90 percent of the country's total exports. Similar to many exporters of crude oil, export financing is ensured by client commodity trading companies and related banks. Since 2012, under the transitional financial arrangement between Sudan and South Sudan, the Government of Sudan agreed to purchase (and the GRSS in turn

61 Most of the material in this section is borrowed from a report produced on trade finance produced by a WTO consultant

agreed to sell) between 8,000 barrels and 28,000 barrels of oil each day—the volume of sales determined each month by both governments. The arrangement will expire when outstanding balances agreed under the transitional financial arrangement are reached.[62] 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 licences issued, as well as the property ownership documents for letters of credit pledged against collateral. There are, however, few users of 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 relevant skills, notably in applying proper methodology, credit analysis and securitization. The scarcity of information technology in banks does not help. Most formal trade finance instead takes the form of short-term, working capital lending, at rates well above 15 percent 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 letters of credit allocated by ministries was put in place to facilitate bulk imports of essential goods (fuel, food, medicines) at affordable prices, within 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 the 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 MoU on trade collaboration between the governments of Malawi and South Sudan. The Afreximbank will provide financial backing and payment instruments to facilitate the trade of agricultural commodities and essential consumer goods between the two nations.

62 IMF Staff Country Reports (2020). *Republic of South Sudan: Technical Assistance Report on External Sector Statistics Mission*. January 2020. Washington D.C.: IMF.

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), who will be responsible for the procurement and distribution of grains and petroleum products. The Export Development Fund of Malawi, 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 (e.g. regulatory platform, MANSA).[63]

As indicated above, letters of credit and similar facilities are beyond the 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 for purchases using 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: "often, 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.[64] 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 on. Some banks may advance up to 70–80 percent 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, with companies having undergone know-your-customer and other due diligence checks.

There are many other constraints preventing SMEs from accessing secure trade finance support. Smaller companies lack the financials, audited accounts or creditworthiness, as well as the financial skills to adequately formulate their trade finance requests. While receivables 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 be in place to prevent fraud, and minimum turnover requirements may apply. As in many

63 Reuters (2019). "South Sudan secures $500 million financing facility from Afreximbank. 15 April.

64 Yoshino, Y, Ngungi, G and Asebe E. (2011). *Enhancing the Recent Growth of Cross-Border Trade between South Sudan and Uganda*, Africa Trade Policy Notes no.21. Washington D.C.: World Bank.

low-income countries, collateral-based lending works for SME lending. Studies in other LDCs indicated that many corporates simply did not apply for bank loans due to a lack of collateral, for 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 are essential to South Sudan's competitiveness and export diversification. More modern, less expensive forms of trade finance should be promoted, including by regulation. The current system based on letters of credit benefits a limited number of banks and firms. It must adapt to upgrade anti-money laundering and know-your-customer practices, with a view to avoiding further reductions in correspondent banking. At the same time, the system of letters of credit is relatively document "heavy", labour-intensive and prone to errors and discrepancies. It may not always be possible for smaller traders. However, a system based on collateralized working capital lending at very high rates is financially punitive for smaller firms, who 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.

However, more flexible and cheap sources of trade finance should be based on greater transparency and improved 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 needs to improve, after insufficient documentation, lack of respect of creditor rights (despite the existence of a national credit bureau)[65] and a lack of knowledge about trade finance products when making applications impacts on takeup rates. Financial education of trading companies, possibly through the chamber of commerce, or other representative agencies, may 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 best solutions for 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 shared between the central bank, the MFP, and the MTI. One form of education would be to establish a two-page summary of locally available and internationally use forms of trade finance and disseminate it across user and producer associations. Another strategy 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 partnerships with locally established foreign banks

65 The country established the national credit bureau a few years ago to allow financial institutions to assess customer risk but it has largely remained non operational.

can help the transmission of know-how and learning. International institutions such as the International Finance Corporation (IFC) and Afreximbank have considerable experience in other countries in building on-site capacity in local banks regarding the use of modern trade finance instruments.

5.3.8.4 Competition regime

Creating an enabling business environment to attract investment, support inclusive trade and private sector development is at the centre of the government's development agenda. The 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. An effective competition regime can enhance household welfare by encouraging firms to deliver the best deals for consumers, protecting households from overpaying 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, boosting productivity, innovation, competitiveness and inclusive growth. Competition law enforcement can help the marginalized groups in society to access a wider variety of competitively priced goods. Competition in public procurement can also deliver savings for the government and increase the efficiency of infrastructure and social services provision. An 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 EAC and AfCFTA integration process, South Sudan is yet to establish its own competition law and regulatory institution. The lack of an enabling environment to support the development of an effective competition regime is also attributed to limited understanding of 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 accompanied by increased technical capacity to respond to competition-related complaints and undertake investigations. The government should encourage and foster an effective, efficient and coordinated competition regime to be established in South Sudan through a sound regulatory and institutional framework to ensure firms do not seek to form monopolies, which would increase the prices of goods and services and impair trade.

UNDP and EIF are working with the MTI in drafting competition legislation and to strengthen the capacity of stakeholders on competition policy and law to promote efficiency, enhance the development of the productive sector, and protect consumers. The enactment of competition legislation is expected to support the implementation of the EAC Competition Act 2006 and the provisions of the Competition Protocol of the AfCFTA. The government will need to establish a competition authority and develop competition culture for an effective competition regime.

5.3.8.5 Intellectual property rights

Rights over ownership of intellectual property (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. IPRs safeguard the rights of the owner of the IP through national legislation and international agreements especially concerning copyrights, patents and trademarks. The WTO Agreement on Trade-Related Aspects of Intellectual Property Rights, commonly known as the TRIPS agreement is one of the most significant agreements administered by the WTO. TRIPs commitments are intended to ensure the acceding countries adopt legislation and develop the national institutions necessary to comply with the obligations under the TRIPS agreement. IPR in the country are challenged by the lack of a national IP strategy to guide the development of IP-related institutions and relevant legislative framework. South Sudan is not a member of the World Intellectual Property Organization (WIPO). South Sudan should consider joining WIPO as it accedes to WTO. The effectiveness of the protection of IPR in a country has a 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 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 supporting the national development goals. In this respect, the government has committed to enact and implement new IP-related legislation (copyright, trademark, patents, etc.) in line with TRIPS and national policy objectives; join the WIPO and IPR regional organizations; accede to IPR-related conventions after attaining WIPO membership, 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.

5.3.8.6 Consumer protection

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

5.3.8.7 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, 2009–2019

N/A = Not available. Source: Global Competitiveness Index, 2018 and WDI, 2021

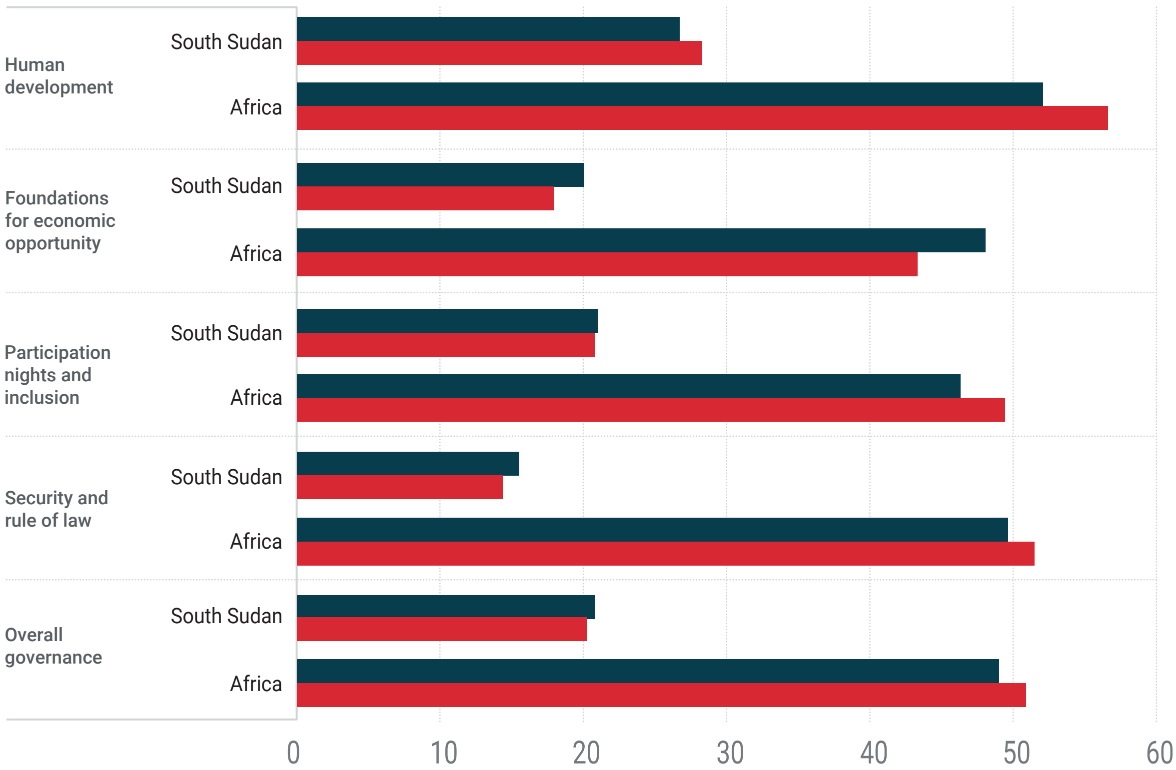
Country	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Burundi	-1.05	-1.10	-1.06	-1.32	-1.06	-1.13	-1.18	-1.44	-1.34	-1.42	-1.33
DRC	-1.69	-1.74	-1.68	-1.65	-1.48	-1.56	-1.63	-1.51	-1.64	-1.55	-1.63
Kenya	-0.63	-0.56	-0.57	-0.52	-0.46	-0.33	-0.30	-0.32	-0.32	-0.41	-0.38
Rwanda	-0.15	-0.05	0.07	-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

The country is doing badly across the board but particularly in security and the rule of law and the foundations for economic opportunity (Figure 62).

Figure 62: Mo Ibrahim governance indicators (scores out of 100), South Sudan, 2016–2019

Legend: ■ 2019 ■ 2016

Source: Mo Ibrahim Foundation, 2020



As part of the R-ARCSS, the government committed to improve governance in the country beginning with the enactment of a permanent constitution that will be based on the "Supremacy of the People of South Sudan" and would guarantee peace and stability, national unity, and territorial integrity of the RSS. The main goal of governance reforms as outlined in the R-NDS is to "establish and/or strengthen institutions for transparent, accountable and inclusive governance" with four strategic objectives, namely:

- **political and legitimate governance**: consolidation of peace, preparation of the permanent constitution, rule of law and security (National Elections Commission), and decentralization and local governance/devolution
- **economic governance:** increase the pace of implementation of the PFM reform agenda, intensify anti-corruption measures and improve natural resources management
- **public sector reforms:** radical reform of the civil service, develop systems and undertake personnel planning and implementation
- **ICT and e-governance:** procure broadband equipment and institute e-governance.

5.4 Status of business policies, laws and regulations

As discussed, the business and investment climate in South Sudan is problematic due to conflict-induced insecurity. However, just after independence in 2011, the government enacted a number of new laws, in most cases to repeal the pre-independence legislation. By the time the DTIS 2014 was developed, 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 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 missing including: trade policy, private sector development strategy and land regulations. Some of the notable bills yet to be passed include the IPR and microfinance. Other important legal aspects that are missing were labour law that defines issues such as the minimum wage, workers' benefits, human resources development and the accreditation and 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 conflict that followed the DTIS of 2014, the legislation agenda slowed down considerably, and some laws are still missing, while others are in draft format or waiting at the Ministry of Justice and Constitutional Affairs. This situation 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 these institutions.

There is limited involvement of the Ministry of Justice and Constitutional Affairs during the drafting process. Key stakeholders, including the latter, need to be involved in the drafting of legislation to foster ownership of the draft bills. Public-private dialogue should be considered, including roundtable meetings with committees on trade and investment, building on the work the MTI is planning to undertake in collaboration with the IFC.

Given the importance of having up-to-date and suitable legislation, the RTGoNU in article 4.7.1 of the R-ARCSS has committed to review a number of national legislation including the Investment Promotion Act 2009; Banking Act 2010; Telecommunications and Postal Services Act 2010; The Transport Act 2008; The National Audit Chamber Act 2011; Anti-Corruption Commission Act 2009; Public Finance Management and Accountability Act 2011; Petroleum Revenue Act 2012; The Mining Act 2012; Petroleum Revenue Management Act 2012; National Pensions Fund Act 2012; and the National Revenue Authority Act 2017. These commitments are also reflected in the R-NDS under the rule of law sector, which seek to "Strengthen the rule-of-law system to ensure and promote equal access to justice for all." The R-NDS has committed to review all existing laws and implement them fully and to increase public awareness of and knowledge on existing laws.

5.5 State of cooperative development

5.5.1 Introduction

Cooperative development can be a good vehicle through which communities can generate income and improve their livelihoods. Strengthening the performance of cooperatives can support the government in achieving development aspirations as envisaged in the R-NDS. Cooperatives can provide a good platform through which the community can exploit opportunities in the productive sectors such as fisheries, agriculture, livestock and tourism. While farmers have knowledge and experience of production, low levels of education can affect 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 could help them to take advantage of existing and potential opportunities.

5.5.2 Regulatory and institutional framework for cooperative development

In 2019 the AfDB granted $375,000 to the government of South Sudan for capacity-building in cooperative development, community development, mechanization and extension services. The proceeds were divided across four 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. However, whereas the policy and strategy were formulated, there has not been further follow-up to establish the institutional framework for cooperative development, including an overarching organization to lead the process.

5.5.3 Private sector associations

In South Sudan, the private sector is represented by two major organizations namely, the SSCCIA, and the 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. Membership comes from each of the 10 states and three administrative areas the country.

The SSCCIA provides advocacy to the South Sudan business community with opportunities to connect with regional and international organizations. 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 Bee 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 CoWE, South Sudan Women's Union and South Sudan Women Entrepreneurs Association (SSWEA). The objectives of the women's associations are to support and empower women in developing entrepreneurial skills, access to finance and capacity-building around the country. These organizations have membership around the country and have been participating in regional business activities.

All the private sector organizations outlined above work with the government through the MTI particularly through the South Sudan Business Union (SSBU), a body domiciled within the directorate of private sector development. According to the RSS 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. In addition, in the area of trade promotion, the private sector works with the government through the directorate of trade fair and exhibition. However, the private sector associations have serious capacity needs that are constraining their work. As part of the R-ARCSS commitment (article 4.15) to develop enterprise development funds, the government pledged to "identify local, national, sectoral or private sector associations with the view to improving their productivity/efficiency through capacity enhancement and easing access to financing". This will require the government, working with development partners and the associations, to develop capacity development programmes that can strengthen the voice and role of the private sector through public-private dialogue.

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 made by development partners working with the private sector associations such as the SSBU and the SSCCIA, which largely stopped after the wars. The South Sudan Investment Authority, which had been formed to spearhead such efforts, was 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 a need for the government and the private sector to work together to come up with clear strategies and materials including curricular for business development services in the country.

5.6 Women and youth entrepreneurship

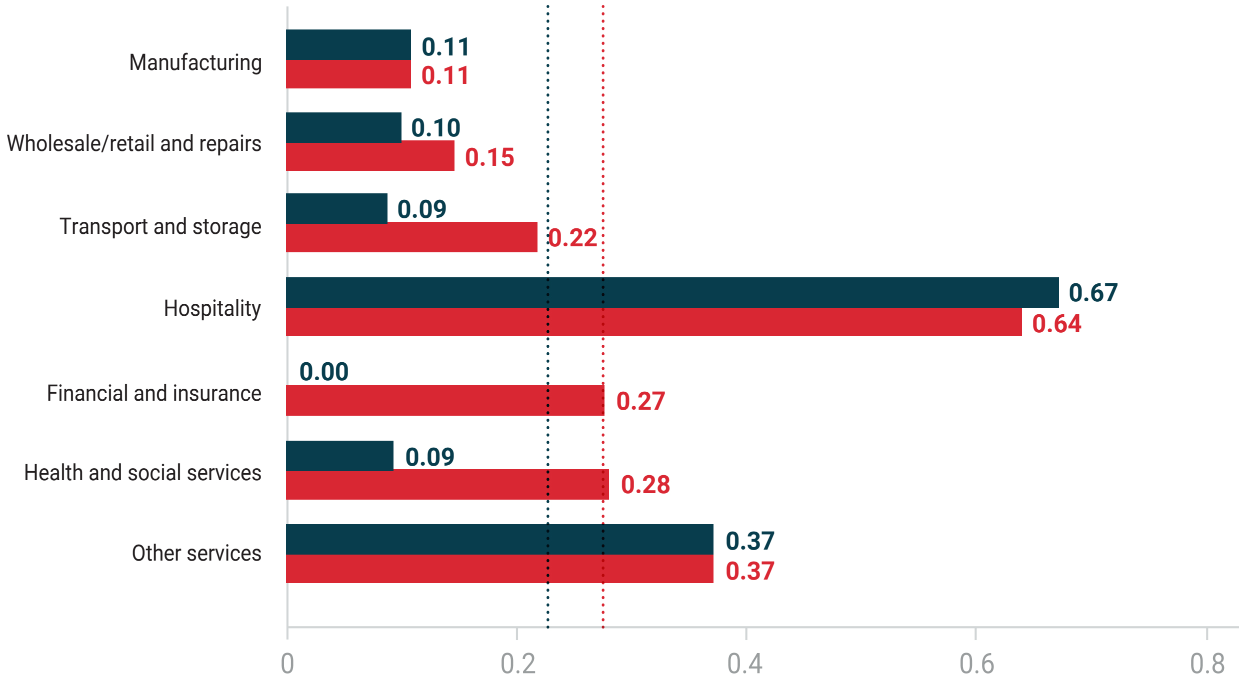
More than two thirds of business owners are men, and they represent four in five management roles. More than two thirds of market stall owners (69 percent) are men. It is particularly rare for women to own a stall as an investment without also working at the stall (84 percent are men), or to be the worker responsible for managing such a stall (78 percent are men).[66]

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 so (13 percent; Figure 63). Women are also slightly more likely to be selling transformed agricultural goods (38 percent of stalls for women compared with 30 percent for men). Conversely, men tend much more towards the re-selling of consumer goods (57 percent of stalls owned by men) than women (20 percent). One could surmise 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.

66 Von Der Goltz, Jan et al. (2020). "Reviving Markets and Market-Linked Agriculture in South Sudan Jobs, Recovery, And Peacebuilding in Urban South Sudan". Technical Report III. Jobs Working Paper No. 52. Washington, D.C.: World Bank.

Figure 63: Women's ownership and employment, by type of activity

Legend: Ownership Employment Source: Integrated Business Establishments Survey, 2019



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. About one in four businesses (23 percent) is run by a woman (Table 32). 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 mostly 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 (37 percent).[67]

Table 32: Women's ownership and employment

Source: IBES 2019 and Foreign Business Survey 2019

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

67 Von Der Goltz, Jan et al. (2020). "Reviving Markets and Market-Linked Agriculture in South Sudan Jobs, Recovery, And Peacebuilding in Urban South Sudan". Technical Report III. Jobs Working Paper No. 52. Washington, D.C.: World Bank.

5.6.1 Women/youth entrepreneurship development

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

Chamber of Women Entrepreneurs (CoWE)

Established in 2012 as a result of the efforts of the SSCCIA to try to reach out to more members by clustering members from the same sectors into groups that represented clearly identified economic sectors in South Sudan. The chamber has registered thousands of members.

South Sudanese Women Entrepreneurs Association (SSWEA)

Started operations at the cross-border in 2013 with support from 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 TMEA, the organization has constructed a fish market in Nimule. SSWEA continuously carries out awareness on the EAC simplified trade regime and has been engaged in training on COVID-19 protocols and distributed testing kits along the Nimule border.

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, and increasing their access to education opportunities and experience sharing. The initiative has organized a few trade bazaars around Juba, where women get the opportunity to market their products, interact and share their concerns and aspirations. WEI is currently planning to host a Young Women Entrepreneurship Award to encourage the spirit of entrepreneurship among young South Sudanese women. The award seeks to recognize and award young women who are involved in trade who are providing outstanding business services and contributing to economic growth in the country.

Box 15: Challenges for women in entrepreneurship in South Sudan

- Many women are still unaware 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 been killed and their bodies dumped.
- Difficulties in security funds/seed capital due to stringent collateral requirements.
- Limited access to training and networking opportunities.
- Lack of conducive business environment for women and infrastructure such as breastfeeding booths and public conveniences.
- Insecurity on the roads leading to border areas and poor road infrastructure.
- High transportation costs, which lessen the value of income expected from 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.

5.6.2 Empowerment support

In order to support women's empowerment, development partners have been working with the GRSS to set up women's empowerment programmes. The World Bank, for example, is working with UN Women and the Ministry of Gender to launch a project that seeks to improve women's economic empowerment in South Sudan. This is in line with the commitments and plans in the R-ARCSS and the R-NDS to establish women and youth enterprise funds.

5.7 Micro, small and medium-sized enterprises

The development of MSMEs is vital for the economy of South Sudan and the industrialization process, due to the potential to generate economic activities along the manufacturing and service provision value chains. Ninety percent of formal businesses in South Sudan are SMEs.[68] The government recognizes that MSMEs

68 African Development Bank (2013).

are an essential component of South Sudan's economy given their important contribution to employment creation for both rural and urban populations, income generation and poverty alleviation.

SMEs are a source of employment, competition, economic dynamism and innovation. The development of SMEs can contribute to the reduction of unemployment rates, especially where women and young people 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.

There is a need to strengthen the microfinancing arrangements for SMEs and the capacity of SMEs in business development and entrepreneurship skills; develop MSMEs among rural populations and the urban poor, including but not limited to South Sudan farmers' associations, dairy producers' associations, poultry producers' associations, national private companies in the areas of supply, general trade, construction and others. As part of the R-ARCSS (article 4.15), the government has committed to establish enterprise development funds to support business development programmes. The same commitments were included in the social service cluster priorities of the R-NDS.

5.8 Industrial parks and special economic zones

Special economic zones (SEZs) are used to attract investors. The Juba SEZ, the first of its kind in the country, was launched in 2013 and, occupying 625 km^2 of land outside Juba in Central Equatoria State, was conceived to be a 24-hour multi-sector, multi-product standalone industrial zone and residential township. Besides infrastructure, the zone was to provide tax incentives and amenities such as power, water, telecommunications and access to finance. Labour was to be offered and housing, along with schools for workers' children. SEZs differ in size and range of activities from the traditional industrial parks and export processing zones. The Juba SEZ aimed to attract domestic and foreign investment to the state, mainly large businesses, while promoting linkages to SMEs. 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 sector, as long as costs are kept in check and the required infrastructure developed to ensure the attractiveness of the zones to investors. However, the two conflicts (in 2013 and 2016) and the resulting insecurity, especially outside Juba, halted construction. The other challenge is the policy and legal framework that needs to be developed to support the establishment of SEZs.

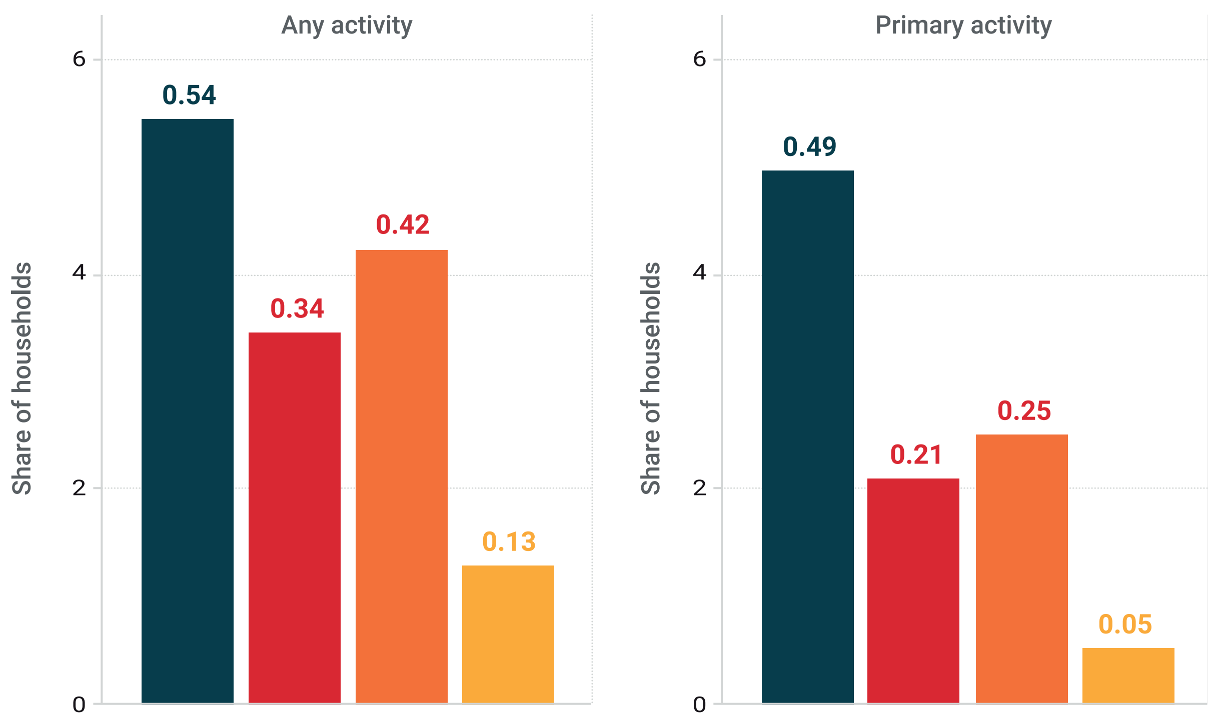
5.9 Skills development

In South Sudan, 54 percent of households are involved in agriculture and 42 percent are engaged in artisanal, commerce and services (Figure 64). These are the sectors that need the largest share of labour. There is a need to build the skillsets to be able to supply labour to these sectors—and others that are more specialized.

Figure 64: Household job activities by sector

Legend: Agriculture (subsistence, market-linked and processing) Any wage work (including public sector and armed forces) Business activity (artisanal, commerce, services) Odd jobs/ casual daily labour

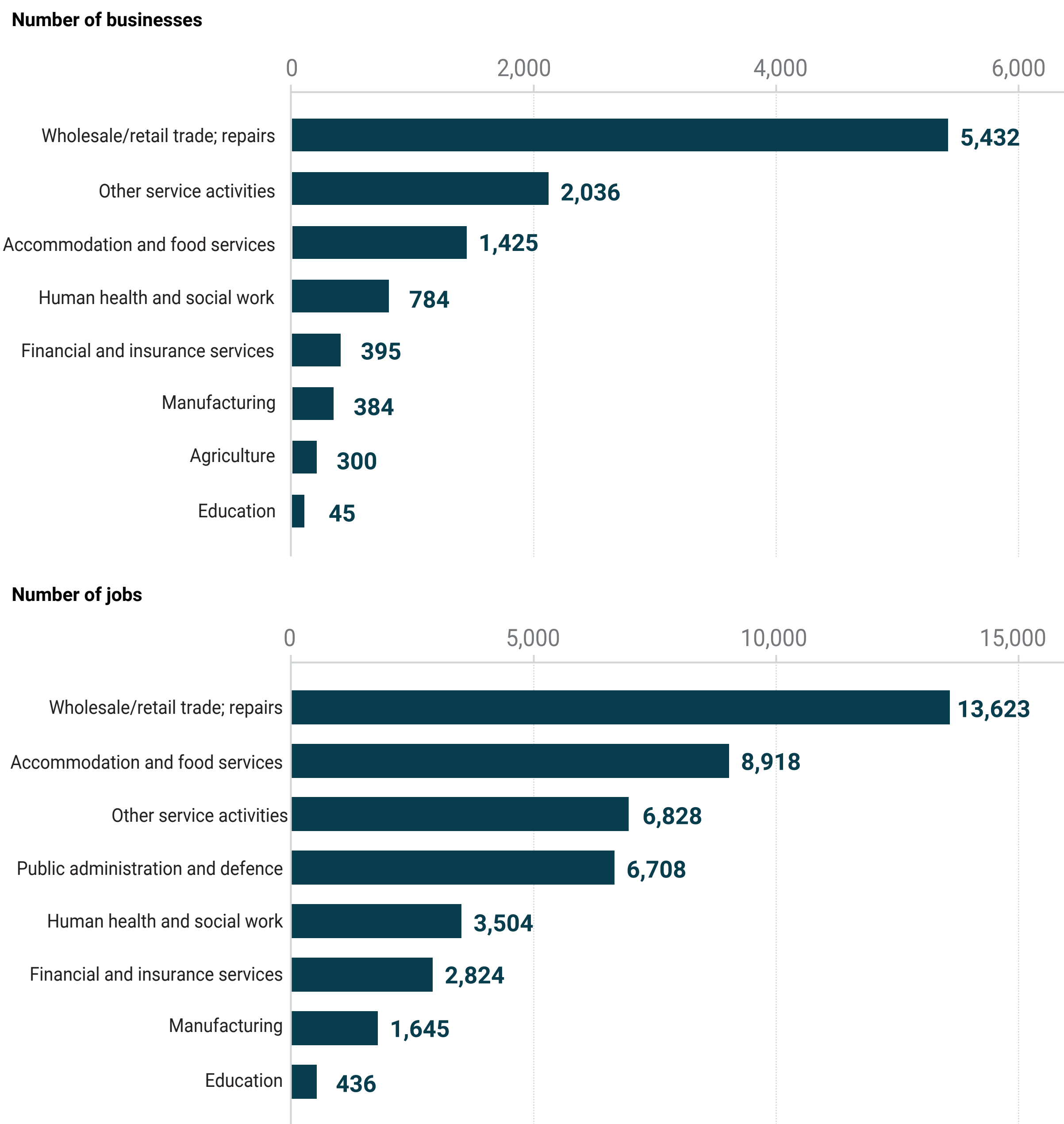
Source: Youth jobs survey, 2019



Most jobs are in wholesale and retail trade and therefore have the highest industry needs in the country (Figure 65).

Figure 65: Number of businesses and jobs in commercial businesses, by activity

Source: IBES, 2019



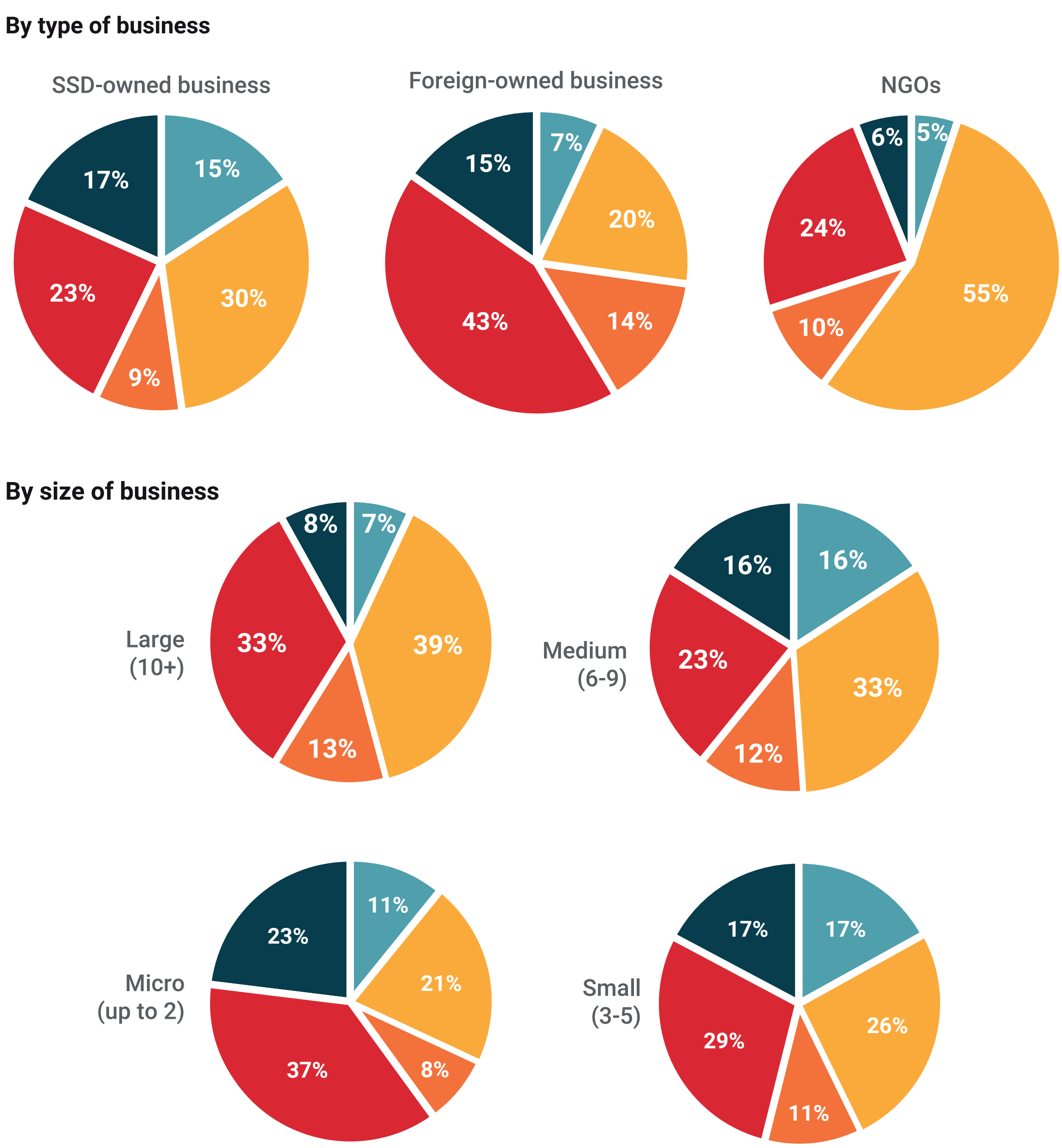
Most of the workers in the country have up to secondary level education and few have tertiary training especially those working in small and domestic owned businesses (Figure 66).

Figure 66: Education levels of workers by type and size of business

Legend: Primary, Secondary, Vocational, Tertiary, No formal education

Note: SSD = South Sudan.

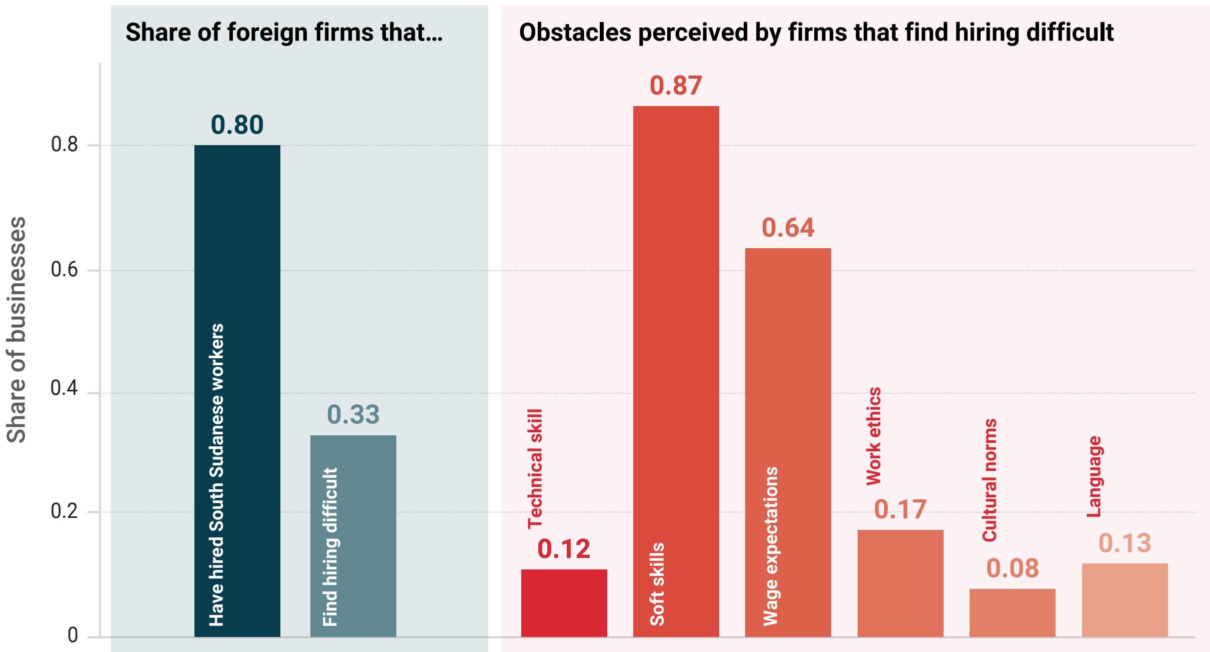
Source: IBES, 2019



Indeed, lack of skills is a major obstacle to hiring workers in South Sudan, with about 87 percent of businesses mentioning technical skills as an obstacle to hiring from the local population (Figure 67). The R-NDS notes that even with the local content policy providing the legal enabling environment for young people, companies still fail to gain skilled workers to employ.

Figure 67: Perceived obstacles to hiring South Sudanese workers, among foreign businesses

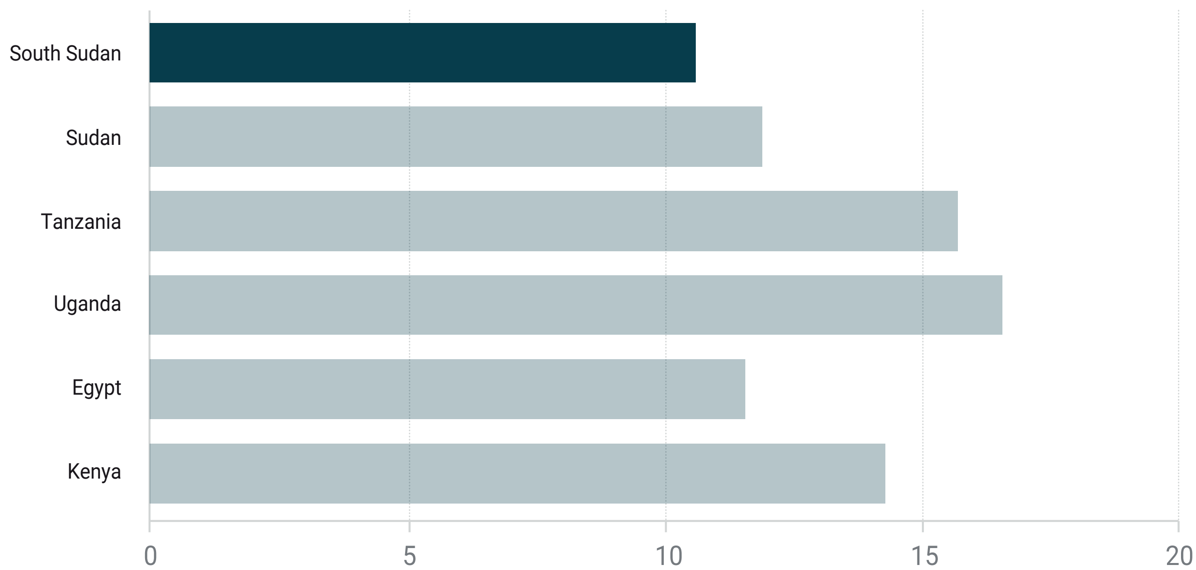
Source: Foreign business survey, 2019



South Sudanese firms have the lowest labour productivity across the region, with Kenya and Uganda having the highest (Figure 68), which has negative implications for the growth of enterprises, economic development and employment.

Figure 68: Weighted average labour productivity, international comparison

Source: World Bank Enterprise Surveys for various countries, various years

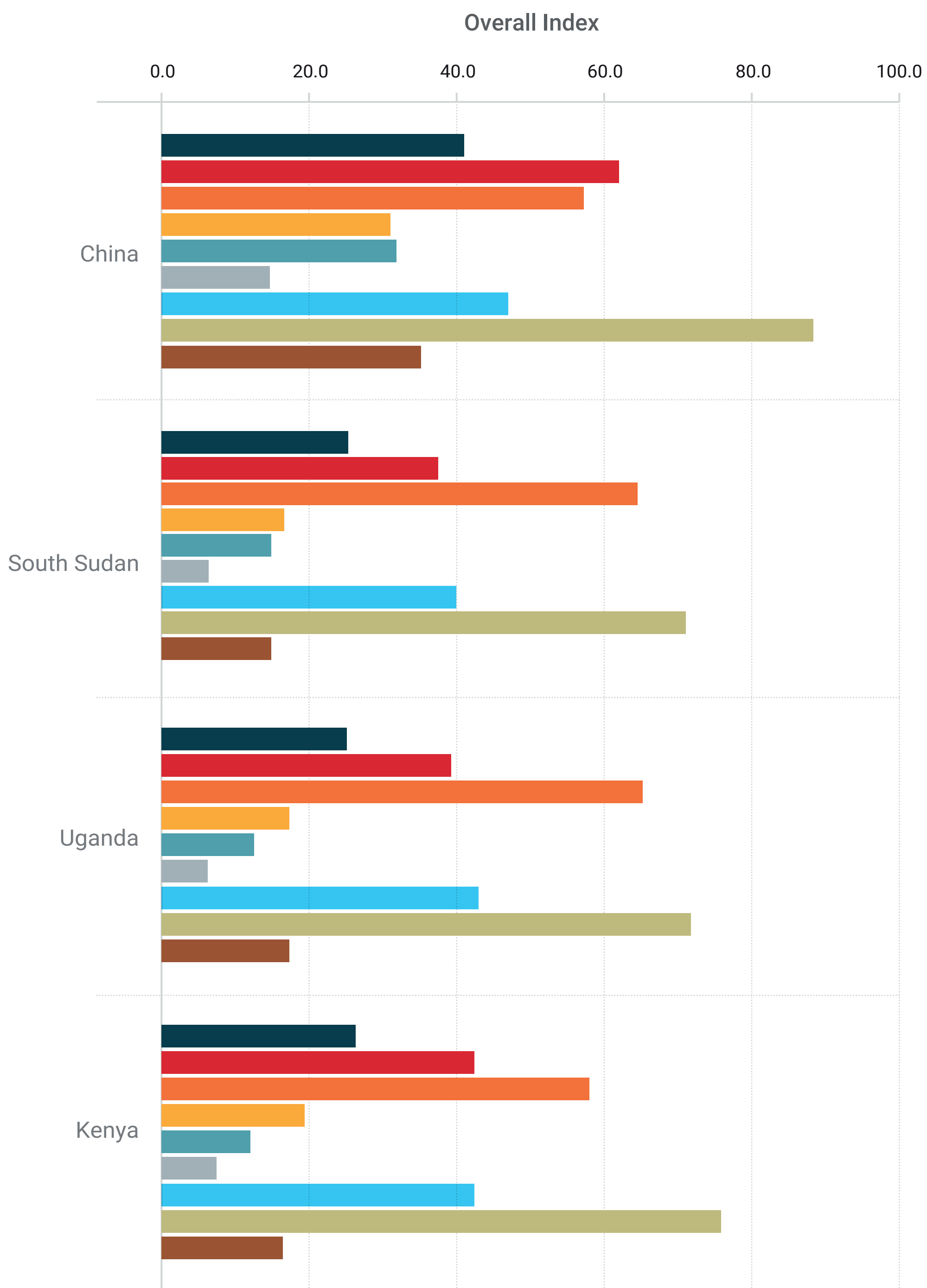


Due to these skills shortages, the productive capacities for South Sudan are one of the lowest in the region, although not much different from regional peers (Figure 69).

Figure 69: The average annual productive capacities index for South Sudan and comparators, 2000–2018

Legend: Overall index, Human capital, Natural capital, Energy, Transport, Information and Communication Technology, Institutions, Private sector, Structural change

Source: UNCTADStat's Productive Capacities Database, 2021



In recognition of the importance of skills and employment creation, the R-NDS prioritizes vocational training for women and young people who never completed secondary school and lack the skills to participate in the labour market. The strategy is to build the capacity so that these groups can contribute to the country's economic growth. The government is planning to establish "state-of-the-art vocational training centres in all 10 states, assess the labour market to identify skills that are most needed and, based on the data, revise vocational training curricula". Some efforts to improve the technical skills of youth, in particular, are ongoing including: the drafting of a unified national TVET policy prepared by South Sudan's TVET Coordination Committee, led by the Ministry of General Education and Instruction (MoGEI) with technical support from United Nations Educational, Scientific and Cultural Organization (UNESCO). The MoGEI, in partnership with UNESCO, is developing the South Sudan National TVET Qualification Framework and TVET Quality Assurance Guidelines and plans to establish functional TVET centres of excellence at the subnational level.

In addition, the government is working with other development partners to develop TVET skills for women and youth regarding the job market and entrepreneurship. In 2019 the MoGEI and the EU launched the first ever TVET curriculum in South Sudan as part of a $70 million programme, known as the EMPOWER project, from IDA and the World Bank, aims to provide skills-based education to aid youth productivity and provide employment, as well as strengthening civil society.

Similar efforts are supported by UNDP, which is implementing the Youth Empowerment and Employment through Private Sector and Value Chain Development Project in partnership with the GRSS, Ministry of Labour in five different areas in the country: Juba, Yambio, Torit, Bor and Rumbek. Through this programme, the government has established new vocational training centres and developed a national policy on vocational training and skills development. It is hoped all these efforts will enhance skillsets for young people. However, these are a drop in the ocean given the scale of the skills problem in the country and there is a need to expand these efforts and to support the private sector to engage more actively. Currently, there is no national qualification authority, which the country is in need of to ensure the vocational training and courses meet national and international standards.

5.10 Recommendations

5.10.1 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 R-ARCSS signed in September 2018 to strengthen investment-related institutions to instil good governance.
- Promote investment in key prioritized and productive sectors to increase production and product diversification through production in value added products.
- Re-examine investment laws and other related legislation to ensure they promote investor confidence and compatibility with regional and multilateral trade agreements.

5.10.2 Land policy

- Review and implement land policy and corresponding Land Act 2008 to facilitate identification and acquisition of land for productive investments.
- Digitize Land Registry to enhance security and transparency in the land administration system.
- Harmonize land approval process in line with Investment Promotion Act and regulation.
- Empower the land commissions at different levels of government to develop and interpret legislation regarding land issues and to reflect customary laws and practices, local heritage and institutional trends.
- Support mediation of conflicts arising from land.

5.10.3 Insecurity

- Reduce conflict/insecurity through political accommodation and full implementation of the R-ARCSS.

5.10.4 Transport and logistics

- Improve transport costs and logistics by construction of 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.

5.10.5 Access and cost of power

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

5.10.6 Contract enforcement

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

5.10.7 Taxation regime

- Streamline the taxation regime especially by eliminating multiple taxation.

5.10.8 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.
- Establish women's enterprise development fund.
- Establish youth enterprise development fund.
- Establish collateral registries and credit history instruments to improve access to finance.

5.10.9 Access to trade finance

- Promote financial education in SMEs and presentation of financial/know-your-customer documentation.
- Promote financial education between banks on the setting up of letters of credit, factoring, supply chain finance, and credit insurance facilities; promote education on the low-risk character of trade finance products, based on International Chamber of Commerce publicly available documentation.
- Consider implementation of trade credit insurance.

5.10.10 Improve the competition regime

- Enact a competition law to promote efficiency, enhance the development of the productive sector and protect consumers.
- Establish a strong autonomous competition authority to administer the new competition law.
- Improve competition culture through awareness and advocacy on competition policy and law issues.

5.10.11 Protect the intellectual property rights of the population

- Enact and implement new IP-related legislation (copyright, trademark, patents, etc.) in line with TRIPS and national policy objectives.
- Join the WIPO and IPR regional organizations.
- 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.
- Develop the national IP strategy.

5.10.12 Consumer protection

- Develop legal and policy framework to protect consumers against harmful or fake products and ensure implementation.

5.10.13 Governance

- Improve government service delivery and predictability of policy.

5.10.14 Business policies, laws and regulations

- Develop and effectively implement business-related policies, laws and regulations as envisaged in R-ARCSS and the R-NDS.
- Ensure engagement of Ministry of Justice and Constitutional Affairs in the drafting of the legislation to foster ownership of the draft bills.
- Implement public-private dialogue on business-related laws and policies.
- Organize roundtable meetings with parliamentary committee on trade and investment.

5.10.15 Cooperative development

- Enhance financial literacy programmes, which will allow cooperatives to be accountable, transparent and prudent thus ensuring their longevity.
- Review and effectively enforce cooperative-related legislation to enhance effective governance of the sector.
- Promote the establishment of cooperatives in key productive sectors such as fisheries, agriculture, livestock and other service-oriented sector industries.

5.10.16 Women/youth entrepreneurship development

- Train women on EAC simplified trade regimes so they are not exploited through the payment of bribes to clear their goods.
- Fight sexual harassment, exploitation and rape that is hindering women to enter business.
- Provide training on business-related laws and networking opportunities for women.
- Design women's economic empowerment programmes to foster their participation in trade and private sector initiatives.

5.10.17 Micro, small and medium-sized enterprises development

- Provide single permit business licence to all SMEs operating in designated marketplaces/workspaces and provide protection against harassment from any arm of the government.
- Strengthen private sector organizations 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 to enhance access to finance and business sustainability.

5.10.18 Industrial parks and special economic zones

- Fast track the development of industrial parks and SEZs to provide a conducive and reliable location for investors.
- Develop and effectively implement a policy and regulatory framework to facilitate establishment of SEZs.

5.10.19 Skill development

- Implement TVET national policy/programmes to produce the skills needed in the country for private sector and industry development.
- Expand TVET training by facilitating the private sector to participate in skills training and apprenticeships.
- Establish a national qualification authority to ensure that vocational training and courses meet national and international standards.

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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 entirety of its exports, and around 60 percent of its GDP. The agriculture sector, however, is the largest source of income and employment (85 to 95 percent of the workforce). Approximately 70 to 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 temperatures, agriculture has the potential to be a key development driver for the country, with the possibility of reducing poverty and food insecurity. The country is endowed with extensive livestock resources with an estimated 11.7 million cattle, 12.4 million goats and 12.1 million sheep. Fourteen percent of households are estimated to engage in fishing as their livelihood.[69] The estimated sustainable harvest is valued at more than $300 million per year. Other potential economic activities include: natural forest and woodland value chains, natural gum arabic and potential rich mineral resources.

The R-NDS 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 the country through structural transformation. Export diversification through investment in key agricultural value chains is a government objective to reduce vulnerability to adverse trade shocks and stabilize export revenues.

In order to accelerate diversification of the country's export base and to create investment opportunities, the GRSS, with technical support from the ITC and funding by the Afreximbank, is developing a national export and investment strategy that seeks to identify priority sectors based on economic and employment opportunities resulting from regional integration—especially for women and young people. The strategy—and the more specific sector and functional strategies derived from it—will be implemented by select institutions within five years and comes with targets of achievement and a

69 CAMP Situation Analysis Report, 2015

timetable to ensure that progress is on track. According to the ITC, "the Strategy is key to delivering key goals of the South Sudan Development Plan and it focuses on establishing a favourable policy and regulatory framework, as well as reinforcing the institutional support needed for market access and pandemic recovery."[70] It is expected that as the sectors identified in the strategy will be developed and their productivity increased, so they will support the diversification of the economy. Although the strategy is still under development, there are some value chains that are already being considered due to their high export potential, and some are explored in this chapter. In order to analyse South Sudan's agricultural competitiveness, a rapid assessment of the agricultural value chain for selected commodities with high export potential (tourism, fisheries, timber, honey, cattle, sesame, gum arabic) has been undertaken. The chapter also analyses the tourism value chain, the 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.

6.2 Agriculture: productivity and competitiveness

Despite the reliance on oil, more than 85 percent of the 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 area, is estimated to be suitable for cultivation. The soil can support the cultivation of a wide range of crops: cereals (mainly sorghum, maize, and rice), root tubers (such as cassava), fruit and vegetables (including pineapples, oranges, mangoes, okra, beans, green gram), oil seeds (such as sesame and groundnuts) and others. Other important commercial crops cultivated before the war include coffee, tea, cotton and sugar cane.

Only 4 percent of arable land is under cultivation. Agriculture contributes 15 percent of the country's GDP. Only one in 10 states is food self-sufficient. All other states are net food importers, covering about 50 percent of the national food requirement. South Sudan has strong potential in developing agricultural produce for exports. Key potential value chains include: maize and cassava; sorghum and groundnuts; livestock value chains; gum arabic in the northern states; honey and shea butter in the southern states. Revitalizing these value chains requires a targeted set of measures from improvement in the regulatory and policy framework, financing infrastructure, reduction in the costs of trading across borders, to strengthening human capital. The GRSS will ensure effective implementation of the investment priorities in the CAMP/Irrigation Development Master Plan (IDMP) 2015–2040 to increase domestic production, local and regional supply capacity, promote value addition, and strengthen the national value chain.

70 https://intracen.org/news-and-events/news/south-sudan-to-diversify-exports-seize-trade-opportunities-across-africa

6.2.1 Institutional and policy framework

The main institutional and strategic framework for agriculture development is outlined in the aforementioned CAMP.

Policy framework and strategic plans (CAMP)

South Sudan realized 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 modernized and competitive agricultural sector. The government formulated a Comprehensive Agriculture Master Plan (CAMP) and formally requested technical assistance from JICA in November 2011.

A summary of the CAMP is presented in this section to indicate the relevance and relative bearing of the agriculture sector in the economy. The section focuses 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—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 MAFS and comprised of government staff from the same.

Activities expanded to all 10 states during 2013 and 2014 and formal project activities ceased in May 2015. The project was supervised by a technical committee made up of senior civil servants from all ministries involved, with oversight from the interministerial steering committee; with MAFS as chair, MLF as co-chair and the Ministry of Energy and Dams.

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 team was supported by the capacity of the South Sudanese counterpart personnel. The project activities were to:

- support the stakeholder consultation process
- provide a situational analysis of the agriculture sector
- formulate a framework for agricultural development and identification of priority areas
- formulate investment plans, which include developed project profile sheets
- propose the implementation framework to materialize the master plan.

Throughout the CAMP process the activities were led by the task team, which was organized into five subsectors: crops, livestock, forestry, fisheries, and institutional development. The 25-plus members benefited from the stakeholder consultation process 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, thereby making more than 50 extended trips to the 10 states of South Sudan, and 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 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 for the MAFS to address:

- expanding crop areas
- managing and controlling logging and bushfires
- managing firewood harvesting and charcoal burning
- forestry governance and management systems
- improving protection and conservation measures
- enhancing government-community partnerships to safeguard forest resources
- enhancing awareness and advocacy of sustainable natural resources use
- enhancing government capacity for the effective management of forests.

6.2.4 Agriculture's contribution to GDP

The economic circumstances of South Sudan have been examined in depth, to understand financing constraints and the relative importance of the various subsectors to the whole economy. Due to declining oil revenues, (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: (i) business as usual, (ii) economic growth with more emphasis on the agriculture sector and (iii) 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. The country 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 freshwater rivers and lakes. Many opportunities exist for increasing agricultural production and productivity across 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 GRSS 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 undertake a series of important measures to address the numerous crosscutting 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 generalized lack of capacity within the numerous institutions tasked with assisting the development of the agriculture sector, at both the national and state levels.

Without serious efforts to overcome these crosscutting constraints, agriculture will not be able to achieve its potential as a major driving force of prosperity, as the revenue from oil declines. Each individual subsector has unique constraints, and these are fully elaborated in the various documents within the CAMP and in particular the project profiles.

A significant proportion of the subsector constraints also requires GRSS 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 biosecurity 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 that are attractive to the private sector. Examples include: strengthening the legal framework throughout all subsectors, land reform and addressing the aforementioned major crosscutting issues. 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 SSNBS 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, details the way forward in agricultural development until 2040. (It is worth noting that only top priority capital investment projects are listed in this DTISU.) Internal reports to JICA and the technical committee established to oversee the project activities were also prepared regularly, detailing project activities. The 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

South Sudan, through the inclusive nature of the process, has committed itself to the CAMP and the outcomes as detailed therein. It is now necessary to work with all development partners towards implementation of the components of the project profiles produced by CAMP to guide investment and progress towards agricultural transformation up to 2040. The CAMP could be considered as a "roadmap" for the future of agriculture in South Sudan. If followed, this roadmap will guide all the agriculture subsectors for the next 18 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 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 to be 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 produce traded and consumed either raw or in a pre-processed form. There are a few primary processors involved in the agro-processing of small quantities of mainly cereals and oil crop products, most of which are sold in the local markets. 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 previously started ceased. Women are involved in small-scale production and processing and the value addition of mainly oil commodities including sesame, groundnuts etc. eg. producing oil and peanut butter. There were past initiatives supported by the World Bank in supporting cereal processing (mainly rice), with machinery installed in Yei and Yambio. Others were coffee producing and processing initiatives in 2011-2013, but these all collapsed because of the conflict.

After years of conflict and disruption, there is little diversity in the 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 33). 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 10 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 the 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

Source: World Bank, 2021

Unprocessed agricultural goods		Processed agricultural goods	
Tomato	42%	Flour	28%
Onion	27%	Juice	23%
Other fruits 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 to mainly low technology, crop productivity (yields) has stagnated, and this limits the capacity for the country to undertake agricultural trade and has major negative implications for food security. South Sudan has one of the lowest yields of most commodities, which affects its competitive advantage (Table 34 and Figure 70).

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

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

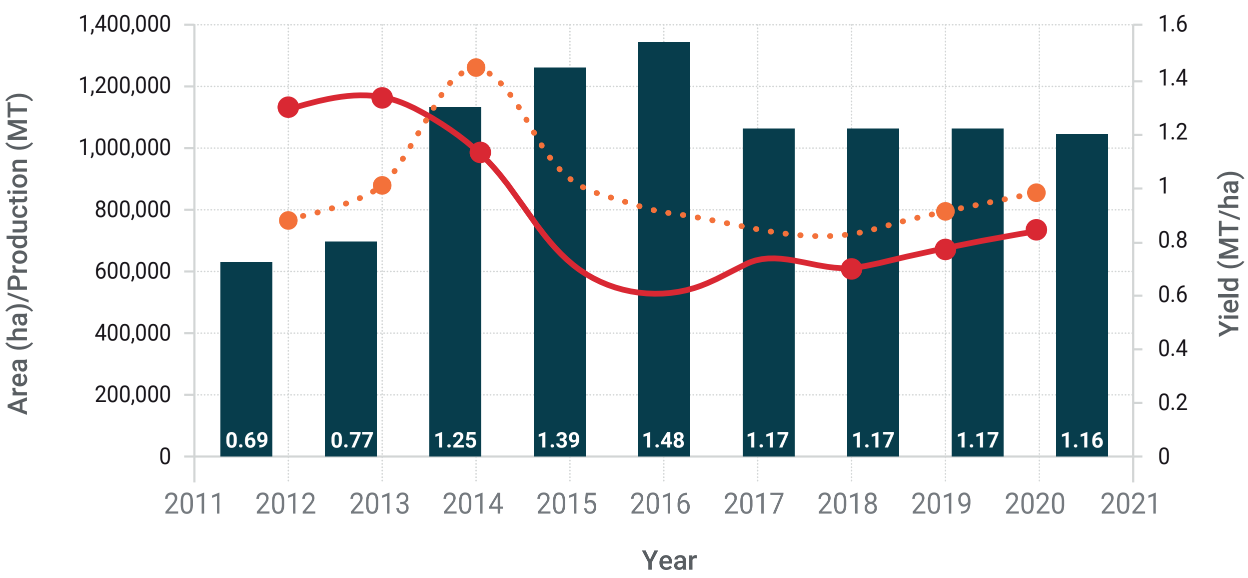
	Africa	Asia	East Africa	Kenya	South Sudan	Uganda	Tanzania
Beans	8,484	7,065	8,869	6,562	32,317	15,751	11,461
Beef	1,604	1,569	1,327	1,732	1,459	1,434	1,190
Cereals	15,903	40,899	19,004	16,327	11,943	21,635	16,224
Fruit primary	87,678	141,676	66,727	164,603	62,340	44,984	61,843
Cattle meat	1,555	1,604	1,327	1,732	1,459	1,441	1,190
Milk	1,978	8,145	2,401	3,994	1,486	4,477	2,365
Vegetables	84,091	208,192	75,752	147,392	82,596	57,763	66,807

Figure 70: Cereal production in South Sudan (2012–2020)

Legend: Yield Area harvested Production

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

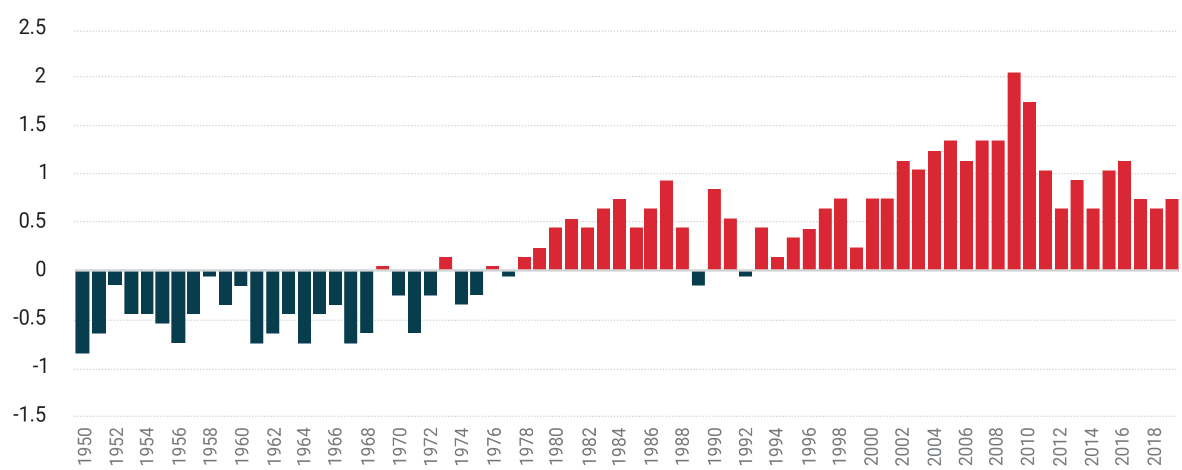
Source: FAOSTAT, 2020 https://www.fao.org/faostat/en/#data/QCL



Conflict has also disrupted agricultural production and transformation, and trade networks in South Sudan. The country faces the challenge of restarting agriculture markets after conflict has interrupted production, disconnected trader and aggregator networks, and diminished market demand. Conflict has taken a heavy toll on all the elements of a basic functioning market.[71] Agricultural production has plummeted, and transformation of products has become more rare. Trade has become dangerous, costly and risky, as has aggregation of agricultural products and last-mile delivery of inputs. Further, conflict has raised poverty, and with many households barely able to make a living, demand at the markets has plummeted. Conflict has led to reduced production as farmers have fled their villages for towns, and abandoned plots farther afield. Another 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. Another cause of food insecurity that has negative implications for production and trade is climate change. Rainfall patterns in South Sudan are seasonal. The longer wet season lasts from April to October, followed by a dry season from November to March. Over the past 30 years, South Sudan has been among the most rapidly warming locations on the planet, with observed temperatures increasing as much as 0.4°C per decade and it has been estimated that the observed warming between 1975 to 2009 was more than 1.3°C.[72] Annual temperature anomalies show that over the 40 years between 1978 and 2018, only two years were below the 1961–1990 average annual temperature (Figure 71).

Figure 71: Annual temperature anomalies in South Sudan from 1950 to 2018 (base period 1961–1990)

Source: Harris, I., et al. (2020). "Version 4 of the CRU TS monthly high-resolution gridded multivariate climate dataset". *Scientific Data 7*, article 109.



71 Von Der Goltz, Jan et al. (2020). "Reviving Markets and Market-Linked Agriculture in South Sudan Jobs, Recovery, And Peacebuilding in Urban South Sudan". Technical Report III. Jobs Working Paper No. 52. Washington, D.C.: World Bank.

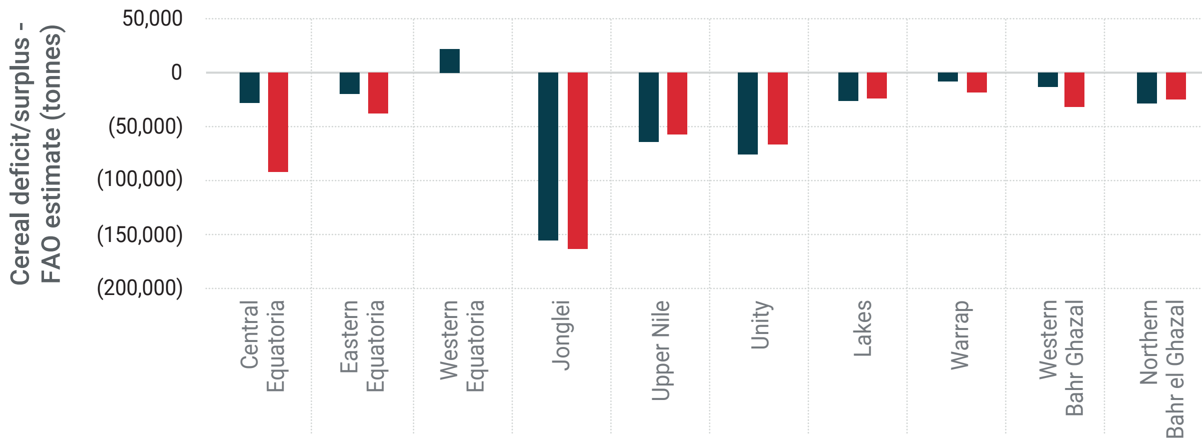
72 Funk, C., et al. (2011). "A Climate Trend Analysis of Sudan". *Famine Early Warning Systems Network – Informing Climate Change Adaptation Series.*

According to Funk, C. et al. 2011, much of South Sudan has experienced a 10–20 percent decrease in long rains since the mid-1970s and summer rainfall decreased by 15–20 percent across parts of western Sudan and South Sudan between the mid-1970s and late-2000s. Droughts are also becoming hotter and more frequent. As a result of these two shocks (conflict and climate change), in 2019 all former states experienced a cereal deficit; in some cases, a dramatic one (Figure 72).

Figure 72: Cereal production deficits and surpluses by region

Legend: ■ Average 2015-2018 ■ 2019

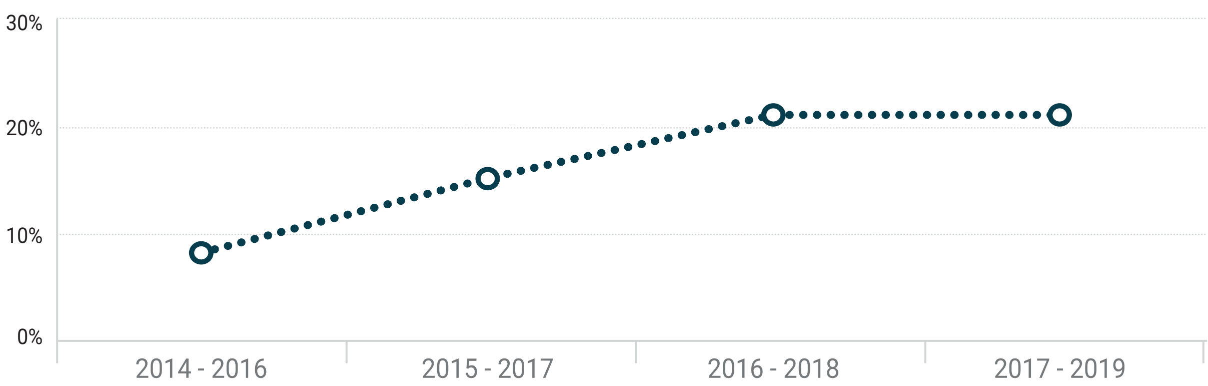
Source: FAO/WFP, 2020



The deficit in production has led to the country being heavily dependent on food imports despite the abundance of arable land. Food imports as a percentage of merchandise imports have consistently increased throughout the last decade (Figure 73).

Figure 73: Value of South Sudan's food imports over total merchandise exports, 3-year average, percent

Source: FAOSTAT, 2020.

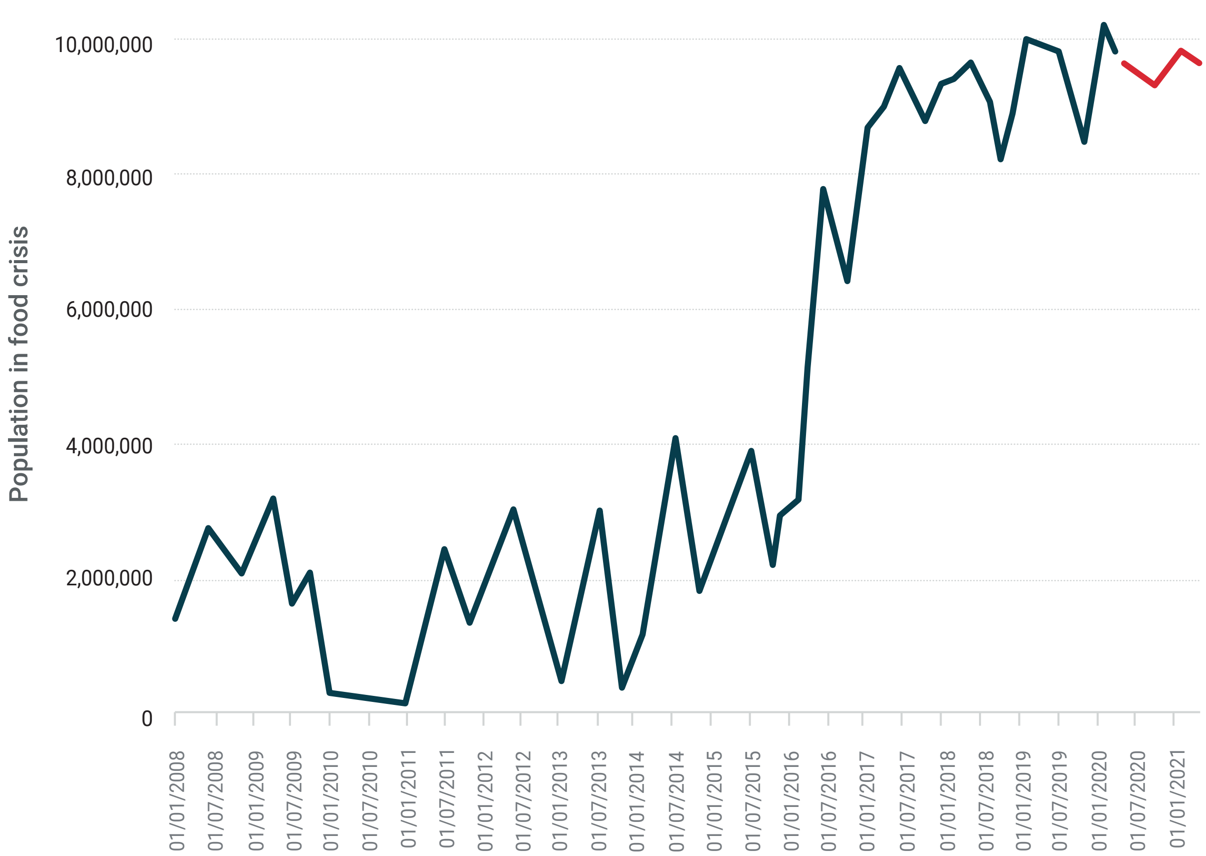


Thus, the widespread lack of access to food is driven by economic downturn, civil insecurity, the lingering impact of floods and prolonged conflict—despite sustained humanitarian assistance, food insecurity still affects large segments of the population, driven by insufficient food supplies, an economic downturn, high food prices and the lingering impact of widespread floods in 2020. About 7.2 million people (about 60 percent of the total population) were estimated to be severely food insecure in the April–July 2021 period (Figure 74).

Figure 74: Historical estimates and forecast of population in food crisis, 2008–2021

Legend: Historical estimates Forecast

Source: World Bank (2020). *South Sudan Economic Update, February 2020: Poverty and Vulnerability in a Fragile Environment*. Washington, D.C.: World Bank.

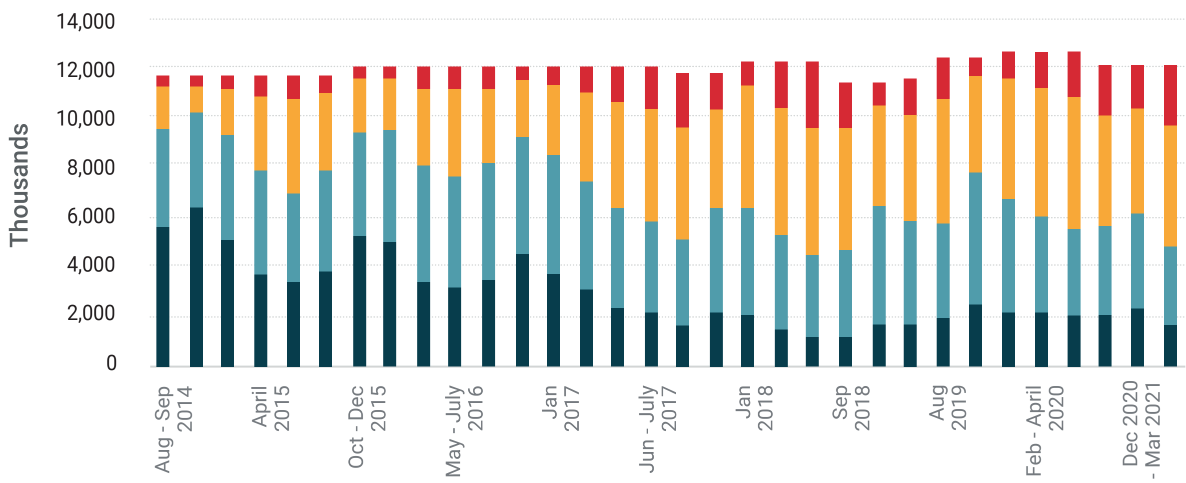


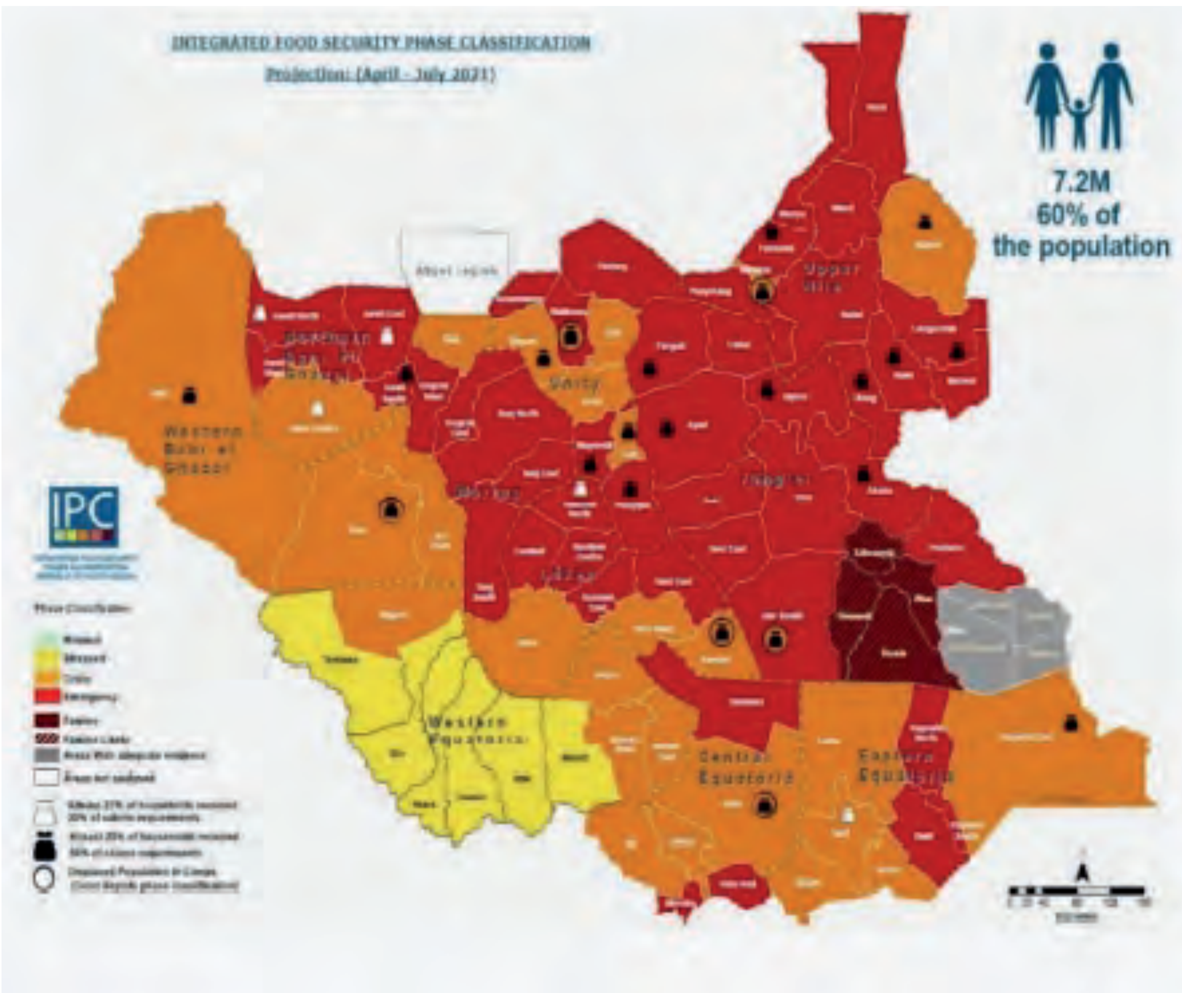
There is particular concern for households in Jonglei, Northern Bahr el Ghazal and Warrap states and in the neighbouring Pibor Administrative Area, where 60 to 85 percent of the population is estimated to be severely food insecure, with a total of 108,000 people facing "catastrophe" levels of food insecurity (Figure 75).

Figure 75: Spatial distribution of population facing food insecurity in South Sudan, 2014–2021

Legend: ■ Minimal ■ Stressed ■ Crisis ■ Emergency ■ Famine

Source: World Bank (2021). *South Sudan Economic Update, June 2021: Pathways to Sustainable Food Security*. Washington D.C.: World Bank.





6.3.5 Agriculture sectoral comparative advantage

Due to 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 revealed comparative advantage by sector and comparators

Source: UNCTADStat, 2021: https://unctadstat.unctad.org/EN/RcaRadar.html

	Revealed comparative advantage (RCA)			
Country	**Commodities and transactions**	**Crude materials, except fuels**	**Mineral fuels, lubricants and others**	**Food and 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

6.3.6 Agriculture value chains with high export potential

South Sudan's agro-climatic diversity allows for a wide range of crop and livestock production systems that can produce exportable products. The widely different climatic zones, fertile soil and plentiful rainwater offer a very important potential for agriculture, by creating ideal conditions for a vast diversity of food products. South Sudan's tropical climate with wet and dry seasons ensures that most of the country receives 750 to 1,000 mm of rain annually. Although the south and west receive slightly more (1,000 to 1,500 mm), areas of the north and south-eastern regions less (500 to 750 mm) falling to less than 500 mm in the extreme southeast. Seven broad agro-ecological zones are recognized. There are opportunities for a broad range of potential value chains, including high-value commodities: pulses, nuts and seeds (sesame, sunflower), horticulture (bananas, mangoes, lemons, pineapples, onions, okra, tomatoes, eggplants, sweet potatoes, cabbages), coffee, tea, sugar, gum arabic, shea butter, beekeeping, and honey, etc. Most livestock production, especially cattle, is undertaken in the more arid and semi-arid zones such as East Equatoria and Northern Bahr el Ghazal within either nomadic pastoralist or mixed crop-livestock systems (Figure 76).

Figure 76: Main agricultural production zones and their contexts in South Sudan

Source: World Bank Draft Country Memorandum (2022).

6.3.6.1 Agriculture productivity and climate change

Agriculture and food security in South Sudan are extremely vulnerable to climate shocks. According to the Climate Change Vulnerability Index, South Sudan was ranked among the five most affected countries in the world in 2017. Key climate change factors include unpredictable rainfall patterns, recurrent droughts, floods and excessive heat resulting in crop failures and, hence, causing loss of livelihoods, food insecurity and famine. Rainfall is one of the main climatic determinants of food production in South Sudan and some analyses suggest that, due to climate change, there has been a shift in the start and cessation of rainfall, leading to more erratic and unpredictable rainfall patterns. Climate and disaster risk screening indicates that a combination of warmer and drier weather may exacerbate evapotranspiration and droughts, while projected increases in rainfall intensity may increase the risk of floods in South Sudan.

Changes in climate will also affect pest infestation patterns, damage crops and productive infrastructure and increase disease vectors. The impact of climate change on food production is already being felt and is predicted to worsen. The country was hit by three large flood events in 2019, 2020 and 2021, with the extent of seasonally flooded areas hitting record levels. In 2020 alone, FAO estimates the loss of 18,600 tonnes of cereals, with about 41,134 hectares of cultivated land damaged in the states of Jonglei, Lakes and Upper Nile. At the same time about 711,4000 livestock were affected, with a threefold increase in livestock diseases and limited availability of forage, leading to decreased livestock productivity and the death of 48,000 heads of cattle. Ongoing flooding in 2021 is estimated to have displaced close to one million people in affected areas and appears to be the worst on record.

6.4 Fisheries

6.4.1 Overview

South Sudan has significant capture fishery in its major rivers and wetlands, concentrated on the Sudd swamps (between Malakal and Bor). It represents a maximum water surface area in excess of 30,000 km² during the rainy season. Other floodplains and riverine systems also contribute to areas away from the main Nile and Sudd wetland areas. The latter fishery is largely undocumented. The consumption of fish in South Sudan is far higher than generally recognized at about 17kg per person per year, comparable with neighbouring countries. To supply this consumption level the annual catch must be in the order of 140,000 tonnes.[73]

More than 1.7 million people are thought to depend directly on fisheries for livelihood, food security or income, and many more through the 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 livelihood. Current estimates for fish harvested stand at only 40,000 tonnes, mainly due to poor infrastructure and insecurity, while the potential in South Sudan for fisheries production ranges between 150,000 to 300,000 tonnes of fish per year. Despite this 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 fish to markets and contribute to post-harvest losses. The 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.

73 CAMP Situational Analysis Report, 2015.

6.4.2 Challenges

No proper storage and drying facilities

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

Rainy season

From May to October, there is usually a significant decrease in fish harvests and transportation. The weak fishing technologies make fishers and traders highly susceptible. In addition, increased water levels affect the number of fish produced.

Limited market information

Similar to many other sectors in South Sudan, there is limited information concerning the fishery sector in terms of number of fishers, fish production and fish sales. In Bor and Juba, the market infrastructure is largely 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 or 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 the necessary legal and regulatory obligations, as recognized in its own policies and strategies.

Production and marketing

The private sector is capable of improving production and post-harvest in fisheries by itself, without government assistance (but obviously under government regulatory supervision). The private sector, however, faces several challenges, the greatest 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.

Crosscutting issues

Major crosscutting 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.

6.4.3 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 tonnes per year. The value addition of fish also includes smoking and sun-drying it. The use of solar dryer modern equipment would be useful in reducing post-harvest losses and ensuring economic sustainability, especially at the community level.

Accessible to women and existence of women's 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's fisheries cooperatives, whereby women smoke and sun-dry fish. FAO supported women's groups that specialized in the sale of dried fish, with tilapia being the main product focused on. The project worked to assist these groups of women to 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 some women involved in the actual fishing too, they speak to their colleagues and support them, move together to fishing camp and so on. Many of these women's groups are not formalized, and simply help each other out with sharing goods and the 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 climate shocks.

High demand in Juba

Markets in Juba are 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, any 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 of transporting a high number of fish. Investment in fish centres with ice-making machines and fish preservation facilities would be useful in reducing post-harvest losses and would significantly upgrade the fishery sector.

Export potential

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

6.4.4 Capacity needs

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 into short-term storage.

6.4.4.1 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 and 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 higher return to the fishers and traders, so it is desirable to aim to provide as much "fresh fish" as possible 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, a market 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 fishers do not require refrigeration at their landing sites and villages; it is within the fisher's financial and skills capacity to produce; and there is no 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 as consumers begin to buy fridges, but in the short term the dried fish trade will remain the backbone of fish trading in the country.

Available data shows that Uganda imported fish from South Sudan worth $41,000 while the same country exported $2.1 million in fish between 2012 and 2020 (ITC, 2021). South Sudan imported $4.1 million worth of fish between 2012 and 2020, with 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 to substitute the large fish imports.

Table 36: South Sudan fish imports ($) 2012–2020

Source: UNCTADStat, 2021: https://unctadstat.unctad.org/EN/RcaRadar.html

Exporters	Imported value in 2018	Imported value in 2019	Imported value in 2020	Imported value ($, 000') 2012-2020
China	317	698	596	2,149
Uganda	0	0	209	1,289
UAE	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
Total	**375**	**1,000**	**972**	**4,170**

6.4.4.2 Soft infrastructure needs

Before the conflict, MLF staff of were established with long experience in their positions, but most have since left due to 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 Comprehensive Peace Agreement of 2005. 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 development work, a lack of vision from management in the states, and no tools of the trade e.g. vehicles, boats, equipment or institutions suitable for extension work. Without a serious overhaul of the organizations throughout the states, 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.

6.4.5 Value addition opportunities

Frozen fish is not a suitable product for distribution at present, 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 the Middle East for this reason.

There is no competent authority (CA) to regulate and oversee such exports, and it will take years to set up the necessary inspection and certification systems. Trained staff are insufficient also. It is not widely understood that the investment required to make high-grade exports of the 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. Exports will remain a long-term objective for fisheries, particularly if large-scale aquaculture takes off.

6.4.6 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 the green economy or use of renewable energy in fishing. The small-scale farmers are still using traditional means of processing fish that involve the cutting of trees for firewood without regard for climate change. Renewable energy sources such as solar have not been adopted in the fish value chain.

6.4.7 Status of youth and women's participation

Within South Sudan there is wide variation between tribal groups to define the roles of men, women and children in fisheries. Generally, men do most of the fishing except those using methods that can be undertaken by women accompanied by children. Men go out in boats using gill nets and long lines, 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 use pole and line as a recreational and food gathering activity after school (or instead of school). Girls accompany their mothers and assist as far as they can in any fishing operations.

Marketing of the fresh catch is generally done by the fisher, either directly from the landing place or via 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 will sell only if there is a large catch above what can be consumed by the family group. Young people tend to work with their parents in line with their gender, girls with mothers and boys with fathers carrying out the same tasks as their parents.

Children who fish almost invariably take the catch home for consumption. Many women are involved in the sale of fresh fish (but 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 most of the work is carried out by men, although 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 boys who do the processing. Once again, the traditions and customs of the main tribal groups and subgroups vary. Although children of both sexes assist at all stages of fishing, processing and marketing 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 receive as good an education as possible.

6.4.8 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) and 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 must pay.

6.5 Timber

6.5.1 Overview

South Sudan is endowed with diverse natural forests and woodlands with a high potential for economic and environmental value creation. In the past, such 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 has only just been formally adopted. The directorate of forestry and state governments, and forest officers and guards deployed to county governments and central forest reserves 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.

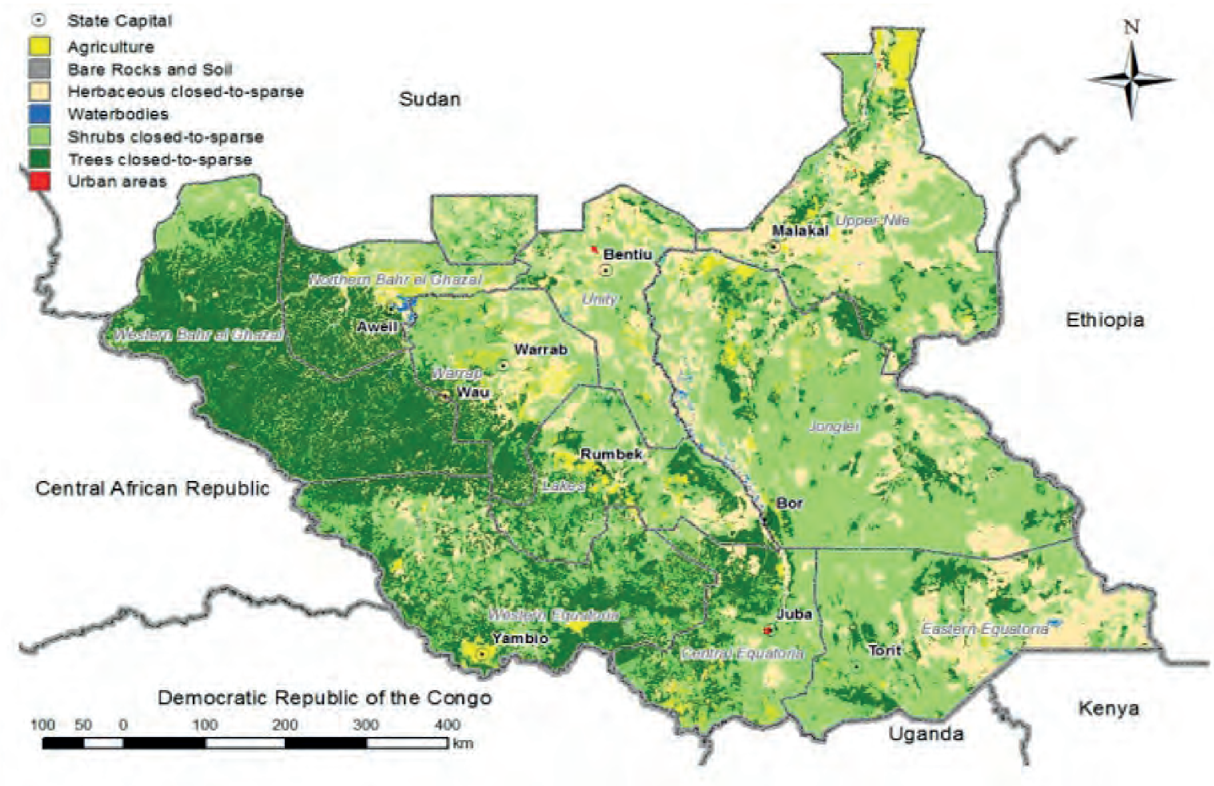
6.5.2 Forest resources

As shown in Figure 77, South Sudan has diverse natural forests and woodlands with an estimated total area of 191,667 km^2, or about 30 percent of total land area.[74] 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 areas are abundant with gum trees. The Ironstone Plateau, which borders the 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 metres, being the highest point in South Sudan. Further west of these ranges is one of the last remaining teak plantations. However, deforestation pressures are increasing, driven mainly by demand 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 arabica 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.

74 CAMP Background Report, 2015.

Figure 77: Forest cover (trees closed-to-sparse) in South Sudan

Source: CAMP Situational Analysis Report, 2015



6.5.3 Challenges

South Sudan faces many challenges to develop and sustainably manage its forestry sector.

Deforestation and forest degradation

Although they look luxurious, forests in South Sudan are fragile ecosystems that 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 an urgent need to reverse the trend. The International Centre for Research in Agro-forestry 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, 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 the GRSS 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 GRSS director-general of forestry. Under the decentralized system of governance, overlaps exist among responsible officers in the GRSS and the states. Communication and accountability between the two parties constitutes another challenge. For example, the minister of agriculture at the state level is answerable to the governor, who in turn reports 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 can lead to conflicts, thus having a negative impact on management and oversight of forests, leading to deforestation. It is expected that MAFCRD undertakes policy development, supervision, M&E, whereas the states are expected to implement programmes. MAFCRD combines policymaking and implementation of forestry interventions, which bring overlaps of 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 forestry industry activities through the 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.

Before 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 Framework[75] for Southern Sudan provided that CFRs were to be owned by the central government (GRSS), while provincial

75 Forestry Policy Framework, Southern Sudan, 2007.

forest reserves (PFRs) were to be owned by the state governments. Currently, the GRSS has taken ownership of CFRs on behalf of the people of South Sudan and manages them in partnership with state governments and other stakeholders. The state government has taken ownership of PFRs on behalf of all people of the state. Although communities are aware of the principles and guidelines of the GRSS and state ownership of forest reserves, current provisions in the constitution, 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 the uncontrolled cutting of natural and plantation forests for the sale of charcoal, poles and timber.

Forest fires

The 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 can also originate from lightning, smokers and honey collectors. Sometimes, communities deliberately set forest fires due to discontent with policies and regulations. Prevention and control of bush fires therefore requires full engagement of local communities.

Charcoal and fuel wood

Fuel wood and charcoal make up approximately 80 percent of the country's energy supply due to 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 this accelerates 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 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 addition, there are market barriers that 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, a 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, the 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 brickmaking 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 Land Act 2009 provides for community lands to be designated for, among other reasons, forestry purposes. Land ownership in South Sudan lacks resolution, and it calls for fresh common understanding between the GRSS, state governments, local governments, and communities, particularly as it relates to CFRs.

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, such as 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 firewood, 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 the access to and utilization of natural resources from forests and elsewhere is a major contributor to the rising poverty among women.

6.5.4 Opportunities

The forest resource base

South Sudan has an extensive and diverse forest and woodland cover, reflecting its largely favourable climate, with high rainfall along the southern border. Within this diverse resource, a large variety of species generate multiple useful products such as food, 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 interests for teak timber export for ship building, which fetch a price of $300 per 400 cubic metre 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 the 1930s onwards, 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, fewer than 2,500 m^3 of teak has been exported annually in recent years. It is estimated that teak plantations alone can generate over $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, fibres, 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 the country. 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 arabica 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 arabica 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 landforms

South Sudan's tropical climate with wet and dry seasons ensures that most of the country receives 750 to 1,000 mm of rain annually. Although the south and west receive slightly more (1,000 to 1,500 mm), areas of the north and south-eastern regions less (500 to 750 mm), falling to less than 500 mm in the extreme southeast. 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.

6.5.5 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 timber, 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 five to eight forest officers in each state to regulate and enhance the forestry subsector in Warrap, Northern Bahr el Ghazal, Western Bahr el Ghazal, and the Lakes states.

6.5.6 Value addition opportunities

In terms of the perceived current extent of the market and the actors involved, forestry products can be roughly categorized into the following three groups: (i) forest products with regional and global extent of market: teak logs, teak products, gum arabica; (ii) forest products with domestic and regional extent of market: charcoal; (iii) forest products with subsistence and local extent of market: fuelwood.

6.5.7 Products with regional and global market potential

Teak logs, teak products and gum arabica are products that have 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 arabica have been marketed globally with buyers from South Sudan, Uganda, Kenya, India, China, Europe and North America reported. In the case of gum arabica, the access to the global market is mainly achieved through buyers from Sudan. Teak logs should be processed to produce teak products within South Sudan and the future target market should be local and domestic markets. In comparison 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 undertaken by NGOs and private entities have been reported.

Table 37: Major domestic actors for production and trade of forest products

Source: CAMP TT

	Forest products (FPs)						
Major domestic actors	**Fuel wood**	**Charcoal**	**Teak logs**	**Teak products**	**Gum arabica**	**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

6.5.8 Status of climate-smart agriculture, green economy and use of renewable energy

Deforestation, particularly due to charcoal burning, is a major problem for forestry in South Sudan. Although South Sudan is a vast country and less than about 4 percent of all land is now under cultivation, the dry climatic conditions across most of the country mean that it cannot withstand too much tree-cutting without quickly triggering desert-like conditions. As noted earlier, the country has one of the lowest 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.

6.5.9 Status of youth and women's participation

Women and youth in the country are involved in various stages of the forestry value chain shown in table 37. Women are involved in the collection and sale of firewood, gum arabica, shea butter and the sale of charcoal. Women are not normally involved in the teak value chain. In South Sudan, the young people tend to spend time with each other, with girls involved in the work that their mothers do, while the boys are involved in their father's.

6.5.10 Supply capacity and trade promotion strategies

Although forestry has the potential to generate significant resources for individuals and for the country, due to it vastness, lack of investment and a coherent management strategy this potential remains unexploited. There is a lack of capacity in both the private and public sector to drive sustainable forestry that would supply products and support the country's economic development. There 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 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 and sustainable manner. There is therefore great potential to increase the economic value of the country's forests if these capacity gaps were bridged.

6.6 Livestock

South Sudan is endowed with livestock resources: 11.7 million cows, 12.4 million goats and 12.1 million sheep as of 2013. This estimate, however, does not include camels, poultry and donkeys.[76] South Sudan is known as a major pastoralist country with a number of its tribes, including the Nuer, Shilluk, Dinka, Murle, Boya and Toposa, owning livestock and treasuring it as a symbol of wealth, power, food and nutrition. Indeed, about 60 percent of the population depends on livestock rearing.[77]

Livestock transactions are quite common in areas across South Sudan, such as Rumbek, where livestock is exchanged for crops or other commodities in markets. The livestock sector has significant potential that remains untapped and underdeveloped. Low productivity is attributed to recurrent droughts, insecurity and a heavy disease burden. Marketing and processing infrastructure is inadequate and cultural barriers constrain the development of the sector's productivity. Strengthening cross-border trade in livestock and developing the capacity of the actors in the value chain, including through the implementation of value addition initiatives and the 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 regional and international trade-related standards to facilitate trade.

The livestock sector is constrained by the following:

A Policy, legal and strategic framework

A comprehensive sector policy framework and subsectoral policies and lead institutions for the development of livestock-related industries are lacking. Current strategic frameworks are more focused on public sector issues than on the needs of the subsector. There is a 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.

B Conceptual framework

The subsector potential is poorly understood and articulated because of a lack of reliable livestock population data, which has undermined strategy development, planning, investment and coordination at all levels and across

76 Ministry of Agriculture

77 FAO/WFP, 2019

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.

C 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.

D 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 utilize a broader range of resources and strategies.

E 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 US dollars. Hygiene standards for food of animal origin are inadequate and unenforceable due to the lack of legal and regulatory frameworks, deterring private investment in meat and milk processing.

F Market development

Around 60 to 90 percent 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 SPS 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.

G Taxation

Livestock and livestock products suffer from 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 organizations purchasing them only on an ad hoc basis. Exports of hides and skins also attract high taxes.

H Investment

Public sector expenditure on the subsector is far below the stipulated Maputo Declaration on Agriculture and Food Security 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.

I Training, research and extension

The four public universities offering training in animal production, however 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.

J 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.

Discussed below are the value chains of three livestock sectors in South Sudan: cattle, poultry and beekeeping. These provide an opportunity for the development of dairy, meat and hides and skins value chains, subject to investments in appropriate infrastructure such as slaughterhouses, boreholes for water and cold chain facilities.

6.6.1 Cattle

6.6.1.1 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 bridal 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.

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 to 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. As discussed, cattle are usually passed down by inheritance, but at 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 among livestock owners and producers. Input includes cattle, feed, water, medicine (e.g. drugs and vaccines). From the input phase, there are challenges with the 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 those 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, poor 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.

6.6.1.2 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. In addition, the competition between herders over water and pasture creates a lot of tension between communities, which might explain the resistance international and local organizations have when it comes to intervening in the sector. Unfortunately due to targeted raiding and political insecurity, there has been a decline in livestock.[78]

Barriers to 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 having full ownership of cattle. However, interviewees noted that over the past years, more women in Rumbek are owning 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 hugely challenging to properly implement policies, as the policies might not be aligned to the actual reality on the ground.

78 Catley, A. (2018). "Livestock and livelihoods in South Sudan". K4D Helpdesk Report. Brighton, UK: Institute of Development Studies.

Inappropriate taxation

Interviewees noted that there may, in some regions, be several informal taxations 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 feed are also highly taxed. As such, farmers and producers import these inputs in a haphazard manner.

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. Even among 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 conditions and food hygiene of animals. Moreover, the capacity to enforce these stands is 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.

6.6.1.3 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. In addition, because of the country'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 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, many milk and milk products are imported. Countries such as Kenya and Uganda have a dairy industry for locals, unlike South Sudan, and this helps to ensure food security. The introduction of dairy goats and the improvement of cattle and goat genetics in South Sudan, in order to 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; women are responsible for milking the cows. Milk production is generally very low because of limited labour, 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 also 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, milk bars, is limited

Vibrant regional trade

South Sudan borders many countries that have strategies for their livestock sectors and tend to export and import large numbers of livestock. In addition, there are research and training facilities in the region too, that can be a form of process tracing or lessons learned for South Sudan. There are a very limited number of slaughterhouses and processing facilities. Investment in such infrastructure could significantly upgrade the cattle value chain. For example, in early 2019, FAO has supported the establishment of a slaughterhouse in Torit with a capacity of 20 to 25 cattle and 25 to 20 small ruminants per day. The slaughterhouse is managed through a PPP with the MAFS. More of these initiatives would improve livestock marketing and exports.

6.6.2 Poultry

6.6.2.1 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 and 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; its nutritional value; increasing consumer demand; and its relative safety and security in comparison with 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.

The quality of animal feed is not usually 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 resulting in 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 subsidize infrastructure and the 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 these have high production costs and it is difficult 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 shelters 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.

6.6.2.2 Poultry markets and downstream activities

While there are a few advanced poultry farms, most of which are in Juba, South Sudan's poultry industry remains in its infancy. As such, the marketing and market sub-systems tend to be either non-existent or too little to generate reliable information or data. 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 within 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 neighbouring countries such as Uganda, through parent stock farms and proper hatcheries.

6.6.2.3 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 Newcastle 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, non-existent. 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 poultry production. For now, there is still a heavy dependence on diesel-fuelled generators, which are costly and overused. 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, most of the poultry production is consumed within the household. 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 any "trayed eggs" are imported from Uganda. Most market traders of locally produced eggs will have a broad average of 5 to 10 eggs, of above-average quality (size and freshness). There is an opportunity for improving and supporting egg production.

6.6.2.4 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

Proper training can lead to a significant increase in production. 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

This industry is well suited to female-headed households as it can be fitted around household duties and culturally speaking, poultry is "acceptable" and convenient as a livelihood-generating activity and ultimately for poverty alleviation. Children and young people 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 the 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 goats and poultry. Small ruminants are crucial for livelihoods and, unlike cattle, they are less likely to create political and social tension.[79]

Poultry associations

Supporting the establishment of poultry associations is key for improved market linkages and improving market reform policies, advocating for market reform policies, and providing technological and service support. This can be done through identifying target group households and providing them with necessary supervision.

6.6.2.5 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 slaughtered at source and there are no slaughterhouses nor any cold system for poultry products. Most processed poultry products sold in the country's supermarkets are imported. This creates a big opportunity for poultry commercialization in the country through value addition.

6.6.2.6 Status of climate-smart agriculture, green economy and use of renewable energy

As noted, earlier poultry is still practised 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 including slaughter and production of value-added products, thus there is no use of green or renewable energy in the industry.

79 CAMP Assessment Report.

6.6.2.7 Status of youth and women's participation

Women and young people in South Sudan are predominantly engaged more in small animals than large ones. Therefore, in most homes even as poultry rearing is mainly a traditional and subsistence industry, it is dominated by women (and the youth). They rear chicken mainly as a backyard activity and sell them to meet family food or other needs such as clothing and school fees. In some homes, poultry is a major source of proteins. Therefore, any efforts towards growing this subsector would have a major positive impact on the women and young people's economic empowerment.

6.6.2.8 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 despite the very high potential for poultry production in the country. There is a need to commercialize the traditional and subsistence poultry sub-sector to enable it to substitute the imports but also later take advantage of the huge regional and international market for poultry products.

6.7 Honey

6.7.1 Overview of the honey subsector

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 are also 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 practised for generations to produce honey as food products, medicine, and as a form of income generation. It is also practised by women and young people, in addition to being sustainable. Beekeepers, especially those engaged in modern beekeeping, require protective 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 agri-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 or trunk of bamboo or palm trees. Bark and trunk hives tend to normally last for a couple of years. Harvesting techniques change from one area to the next, but producers usually harvest 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 due to the cutting of trees, the burning of land and cracking the bark 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's 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. NGOs, such as Caritas, act as intermediaries, and honey is packaged and distributed with their support. Otherwise, honey is transported via bicycles, motorbikes or by foot in plastic containers to local markets or on junctions and roadside connecting areas. Lorry drivers from neighbouring 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 does not 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. Markets include individuals or households within the payam itself, traders, individual/local beer brewers, NGOs and traders from bigger towns (Rumbek, Juba, Torit, Yambio towns). However, for the most part, most honey producers sell within their payam or counties as they face issues of unreliable markets, and lack of access to finance to be able to properly package and store honey.

6.7.2 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 due to 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 continue. In addition, traditional honey production methods themselves are dangerous for the environment. As mentioned, cutting trees and burning land, as well as cracking tree barks to make beehives, have had negative effects on the environment.

Attacks by cattle keepers

Another challenge that beekeepers face, which is a particular 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. However, it is a necessity if the country is to expand honey exports and meet international specifications.

6.7.3 Opportunities

Nutritional and medicinal benefits

Medicinally, honey has antifungal, antiseptic and detoxifying properties. 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.

Increasing 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 a gift during wedding ceremonies or as payment for favours done or labour received.

Relatively active cooperatives

Over the past decade, beekeeping associations and cooperatives have flourished, such as Yambio's Mborisa's Beekeeping Group and Wulu Farmers Beekeeping and Marketing Association. Some local producers and beekeeping groups who were 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 the 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 that could potentially meet the demand. At present, in Torit, Yambio and Juba, honey is sold in local markets (without proper packaging) to neighbours, friends and market regulars. However, there are now more agents including middlemen, traders, NGOs, 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, the 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, for South Sudanese honey to be exported, quality standards need to be developed and implemented to improve quality and yield.

6.7.4 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 most 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.

6.7.5 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 simply placed in the bush or under trees and the collection of honey is traditional, mainly through smoking of beehives. 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.

6.7.6 Status of youth and women's participation

Honey production is undertaken 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. As noted, production is mostly traditional, with hives having low honey yields.

6.7.7 Supply capacity and trade promotion strategies

As with most agriculture in South Sudan, there is no capacity to supply the domestic market, let alone to try to take advantage of the regional and international markets. As noted earlier, whereas some processed honey is sold outside the country, this is so little as to have no impact on either exports of the country or the livelihoods of the population. There is a need to increase honey production to take advantage of the huge regional and international markets and to improve the livelihoods of the populations involved in the industry, namely women and young people.

6.8 Sesame

6.8.1 Production and upstream activities

In South Sudan, oilseeds—including groundnuts, sunflower and sesame—play an important yet underrated role in agriculture. Generally, oilseeds in the region are medium value cash crops without a strong market premium. Sesame is native to savannah areas in SSA and is thought to have originated in Sudan. Sesame seeds—locally known as simsim, benne or nyim– are erect plants that are suitable for different soils, preferably fertile and well-drained. Although sensitive to salt, it is tolerant to dry weather and drought and is generally suitable for the country'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 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 tonnes.[80] It is estimated that about a half of the production is exported. Although sesame production and sales in South Sudan are 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 its market production. 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 sesame—with large-scale farmers cultivating land that reaches up to 1,500 feddans. Moreover, the MAFS noted that sesame production has increased, in large part because of its high economic value, increased demand by Sudanese traders, and high potential for export. The harvesting of sesame seeds is labour intensive and can absorb a significant number of labourers. Sesame is often harvested without delay, to prevent seed loss. Threshing follows drying, with stalks beaten open to release seeds.

80 FAO/WFP, 2019.

6.8.2 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 proportion 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. Some exporters in South Sudan transport the sesame seeds to regional markets. On the buyers' side, there has been an increase in demand from independent traders and agents for industrial processors. Buyers and middlemen tour rural areas to buy from farmers, before transporting it to larger towns.

On the other hand, there is also a processor channel that supplies processors in the country for oil manufacturing, although that plays a very small role. Oil can be extracted from sesame seeds 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. 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 tonne containers, which are transported to the shipping lines for onward shipment to export destinations. The 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 neighbouring countries. There is very little export of processed sesame seed.

6.8.3 Challenges including capacity needs

Inadequate land preparation

Seeds are scattered instead of being planted in rows, and this makes the harvesting process, which includes weeding and threshing, more challenging. In addition, 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. Small-scale farmers looking to cultivate sesame lack proper guidelines. 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. A lot of the pest management can be preventative and done through solid practices such as cultivating at low humidity and using good seeds. Storage and processing facilities are inadequate. Fungus develops when seeds are kept in moist conditions, which is typical during rainy seasons. 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, labelling, transport and storage, as well as food safety standards, there is no similar equivalent in South Sudan. Moving forward, investment in the sector should consider 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, to increase export revenues of sesame seed it is crucial to comply with food and phytosanitary standards.

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 a 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 is not available let alone modern ones.

6.8.4 Opportunities

Sesame's multiple purposes

The leaves of sesame can be eaten in stews, while its stems can be burned and used as fuel or even soap making. Sesame is used in several local dishes, including desserts and homemade meals. It can be used for baking, soups 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. In addition, 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 south-east Asia, the Middle East and Europe which can be exploited. EU and Middle Eastern markets can absorb huge amounts of sesame, as it is used in multiple key food products such as hummus, halwa, 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 the country is well suited to sesame seed production. Linking sesame farmers to agribusiness 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.

6.8.5 Value addition opportunities

Production of simsim, the product that has traditionally been obtained 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 nearby countries. This processing can only be done with traditional equipment and on a 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 women especially, who are heavily involved in the industry.

6.8.6 Status of youth and women's participation

As noted earlier, simsim production, processing and trade is heavily dominated by women (and young people). Women also have associations that aggregate and trade in sesame and in some cases process it into simsim for sale. However, the capacity for women to undertake this processing as noted earlier, is limited. Given the predominance of women in this industry, increasing investments would have a very positive impact on women's economic empowerment.

6.9 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, and as a source of sustainable livelihood and to help ensure 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 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 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 gum arabic in abundance, covering three quarters of the country. The estimated potential production of gum arabic in South Sudan is about 15, 580 MT, making South Sudan the fourth 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. Gum arabic is produced by the aforementioned tree species, which can be found in the arid and semi-arid zones of the country. It is odourless, tasteless and translucent and it is an excellent natural emulsifier widely used in manufacturing ink, making adhesives, crafts making, cosmetic products, confectionery 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 the soil environment of the geographical area in which the trees grow. Gum production and marketing potential in South Sudan have yet to be tapped because of the civil conflicts that have been raging in the country for so long.

Gum in South Sudan is normally harvested by rural women and children in traditional livestock and agro-pastoral areas. For such communities, considered among the poorest and most vulnerable in South Sudan, a significant percentage of their total cash incomes are from gum, other than 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 the traditional uses of the gum, such as chewing.

In the few cases where gum collectors have been able to sell their harvests, these were sold to middlemen 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 a reasonable amount of gum. But this still is a very small amount of the potential that is untapped in the sector.

6.9.1 Challenges of gum arabic production and commercialization

- The trees from which gum arabic is being extracted have been constantly destroyed by wildfires. These fires have various 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 the charcoal industry in the country.
- Extraction and the yield of gum arabic is normally dependent on climatic conditions. During times of heavy rains, the gum can be easily washed away by the rainwater.
- Lack of knowledge and/or capacity of the rural producers regarding the sale of gum arabic at a 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 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 unions. The department of forestry lacks funds that can be used to support the producers' groups.
- No training has been offered to the producers on a regular basis about the value chain due to lack of funds.

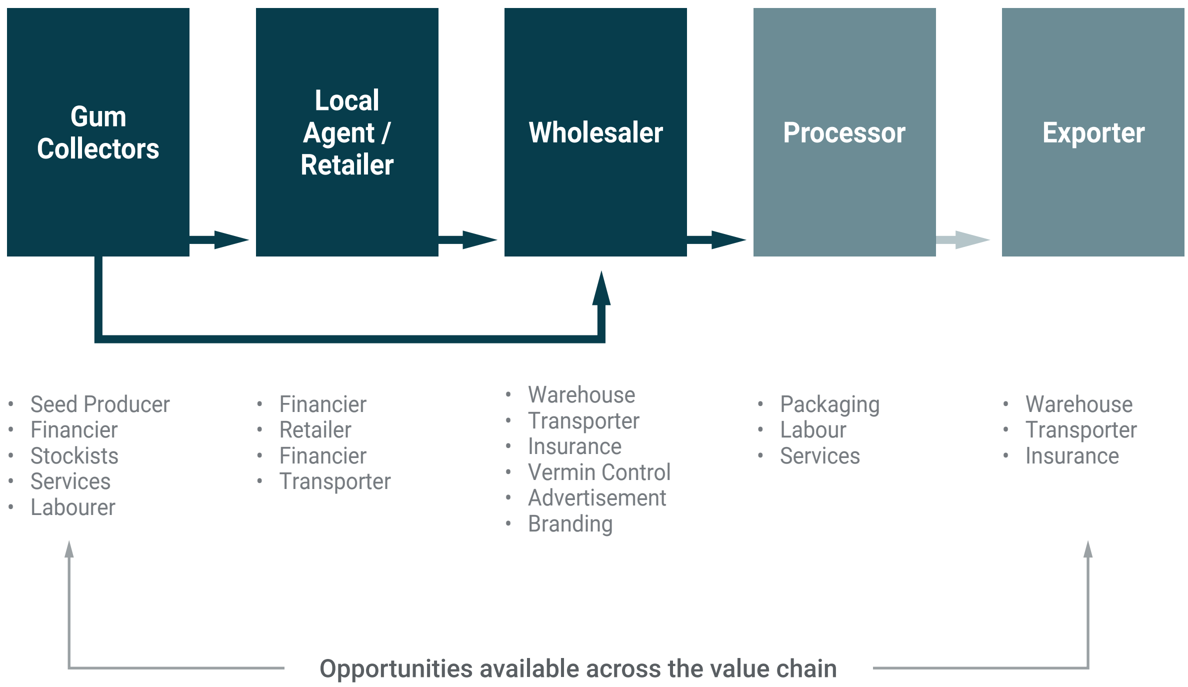
- The analysis of the chemical properties of gum arabic in South Sudan has not been well executed. The analysis of the chemical properties of gum arabic is a basic requirement in its marketing as it indicates the strength and the weakness of a particular variety of the gum.

6.9.2 Value addition opportunities

The main actors in the gum arabic value chain have been the producers, local traders and urban trader gum exporters (Figure 78). The tapping and collection of gum arabic is done during the dry season from January to May inclusive. During the tapping and collection, people spend much of their time in the forest, using temporary shelters for sleep and storage of the collected gum. The collected gum is sold mostly to traders in South Sudan and, to an extent, to Sudan. The value chain in gum arabic has been so poor due to the lack of machines and/or equipment for any value addition from upstream to downstream.

Figure 78: Opportunities in the South Sudan gum arabic value chain

Source: Author



6.9.3 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 many efforts in incorporating climate-smart principles in the harvesting of gum arabic partly because the practice of harvesting the product is traditional and not on a large scale.

6.9.4 Status of youth and women's participation

Young people and women are involved in the harvesting of gum arabic but not so much in its sale. The sale of gum arabic is mainly done by traders, most of them men taking it to neighbouring countries.

6.10 Tourism

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 and has one of the largest animal migration routes in the world, with significant populations of classic safari animals namely, elephants, giraffes, lions and cheetahs. It also has some mountains and ranges with beautiful landscapes that tourist may wish to enjoy, along with the rich resources in the mountainous areas. However, most potential tourist sites have significant infrastructure inadequacies and tourists are often scared off due to the ongoing conflict in the country and the conflict within neighbouring Sudan as well. This factor makes visitors travel instead to other more established and perceived-to-be-safer destinations.

There are six national parks and 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 hotels, with 87 hotels classified. However, the classification could not cover some hotels because of lack of funds to complete the exercise.

6.10.1 Tourism policy and institutional framework

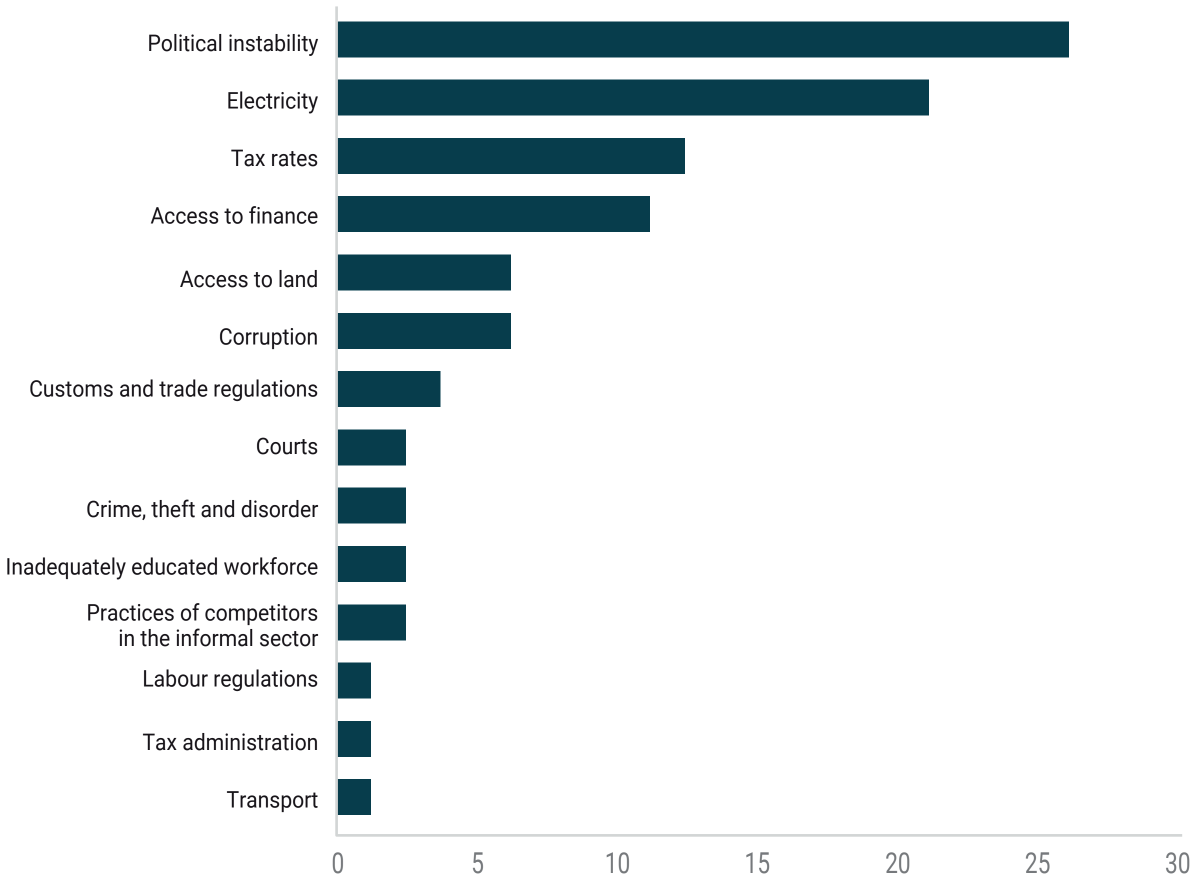
The draft tourism bill has been with the Ministry of Justice and Constitutional Affairs since February 2021 and has not yet been enacted. The tourism national policy was developed in 2015, which was passed by the cabinet. The directorate of tourism has also developed the tourism national strategic plan. The other legislation and policies include the Wildlife Conservation and National Parks Act 2003 and South Sudan Wildlife Conservation and Protected Area Policy.

6.10.2 Challenges including capacity needs

Insecurity/conflict in the country: tourists are very risk averse and the 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 79).

Figure 79: Biggest obstacles cited by hotel firms

Source: World Bank Enterprise Survey, 2014



- The tourism attractions are found in the rural areas where there has been high insecurity, roadblocks, and a lack of tourism infrastructure including roads or means of access to the sites such as air strips and lodges.
- Local communities do not understand the value of tourism and often are not welcoming to foreigners.
- Lack of funding/budget limitations make the directorate not able to carry out its activities as planned.
- The directorate has low capacity in tourism due to lack of vehicles, lack of communication equipment and lack of information centres for tourism. There is a need to establish an information centre in the country for tourists.
- There is an acute lack of tourism skills such as hospitality management and a language barrier.
- The tourism potentials have not been marketed adequately locally and internationally. The lack of funds makes impossible to attend international forums where tourism would have been marketed.
- The country has not developed a 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 select several names that the directorate has provided for competition.
- Poaching is a major problem in gaming 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 South Sudan People's Liberation Army soldiers and have little or no capacity in wildlife management.
- No in-service training is going on because of the lack of funds and the training centre at the Boma national park is no longer operational.

6.10.3 Value addition opportunities

South Sudan remains a virgin tourism market in all respects. Its tourism sites are probably the least visited in Africa. There is 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.

6.10.4 Status of youth and women's participation

Women and youth, especially young South Sudanese women, are almost absent from 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 engage in the hospitality sector more actively. Women and youth can also invest in or supply the tourism sector.

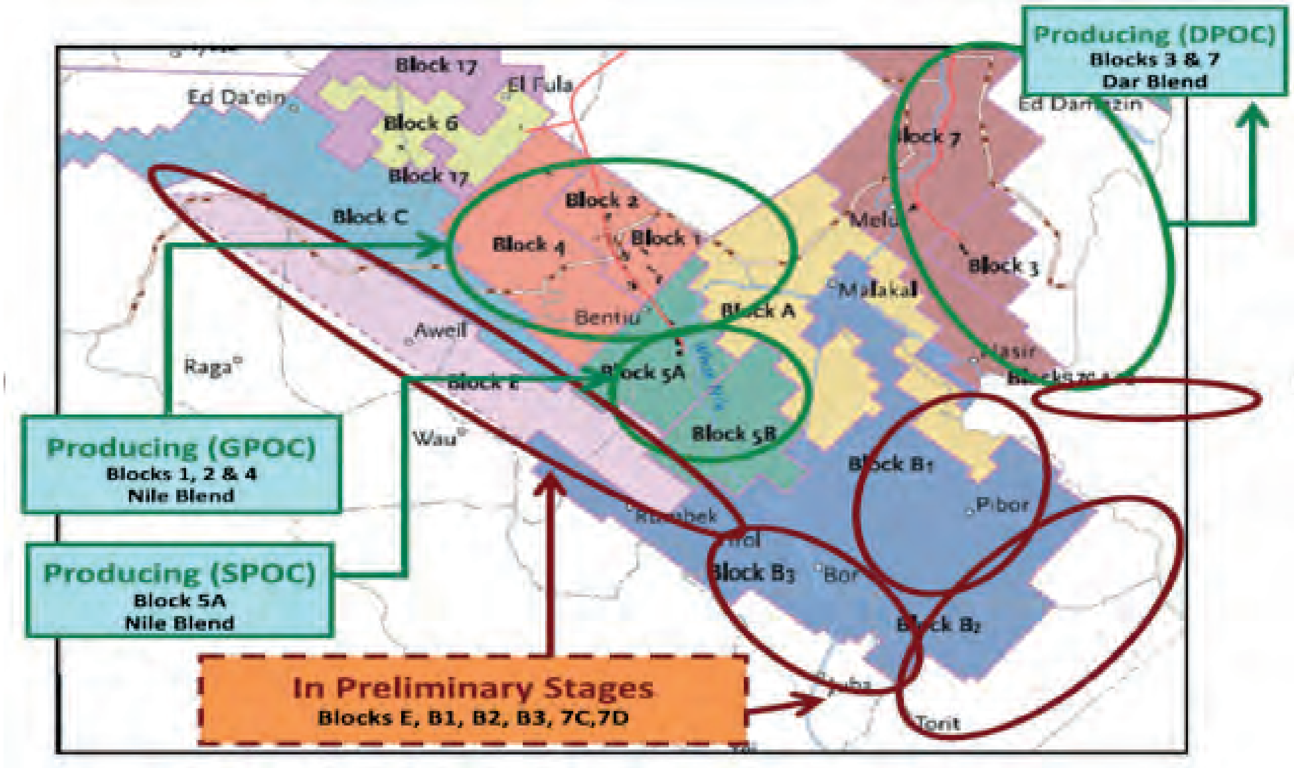
6.11 The oil industry

The oil sector has been the most important in the country, comprising more than 90 percent of exports. The oilfields 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 at different stages of negotiations.

Since 2014, no new oil exploration has been undertaken. The production and potential areas for exploration have been: (i) 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; (ii) Block 5A is being operated by Sudd Petroleum Operating Company (SPOC) which is in Unity State and has 55 wells (iii) Blocks 3 and 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 (iv) Block 2 – Nile-Orange and B3 – Oranto were already covered in signed agreements between GRSS and Strategic Fuel Fund of South Africa and Nilepet in May 2019, and between the GRSS and Oranto Company Ltd and Nilepet, respectively (v) Blocks B1, E1 and E3 were still open to any interested investors in 2020. The map at Figure 80 explains the names of the blocks, the operating companies and their locations in the country, i.e. the areas in which the oilfields in South Sudan operate and areas of potential operations.

Figure 80: Current areas of petroleum activities in the RSS

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. to meet the cost of production, which the companies incurred). The 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 2018 and 2019 and their changes are shown in Table 38. The reserves for 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 and DPOC

Source: Ministry of Petroleum website: www.mop.gov.ss

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**

South Sudan exports 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 a 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 was badly 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

Source: Akashraj Dr. D.P. and Maleith, K. D. (2020). "The Impact of Ageing Facilities on Oil Production in South Sudan." *International Journal of Research and Review*. Vol. 7. Issue 11.

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	1,000 miles	450
SPOC	Block 5A	Connects to Heglig facilities	Nile	60 miles	200

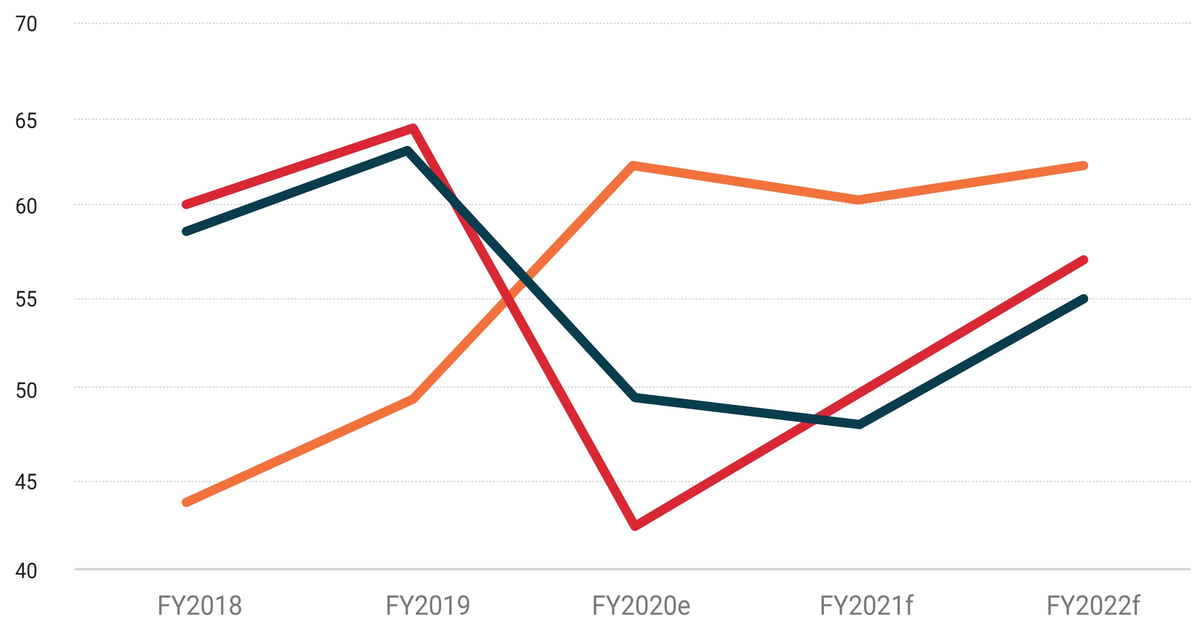
Due to the unstable relations and tensions between South Sudan and Sudan at that time, the GRSS opted for alternative routes for exporting oil to the international market. One of the proposed routes was to connect South Sudan to Port Lamu in Kenya, and the other is to connect South Sudan to Port Djibouti through Ethiopia. However, none of these proposals has materialized and oil is still exported through Sudan. The conflict that began in 2016 ended in 2018 as a result of the R-ARCSS agreement. The outbreaks of civil war and the political instability damaged some oil infrastructure and shut-in fields due to the armed conflict. Attempts to repair and/or rehabilitate the infrastructure and the resumption of production in some oilfields has been delayed. Despite this, oil production has recently been trending upwards (Figure 81).

Figure 81: Oil production

Legend: South Sudan oil prices (US dollars) Brent price (US dollars) South Sudan oil production (millions of barrels)

Note: e = estimate; f = forecast

Source: The World Bank commodity prices data (April 2021): South Sudan data based on World Bank and IMF staff estimates.



Since the oil production was started by the then-Sudanese regime in the 1990s, oil infrastructure in South Sudan is likely to be affected by aging. The aging of oil facilities can 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 they therefore may break down any time, which would 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 oilfields, higher oil production may also arise from increased recovery rates from existing fields. However, Cust and Harding (2013) have argued that South Sudan has a lower recovery rate of the already-existing oilfields but failed to offer the reason(s) behind this lower recovery rate.

As stated above, more exploration is needed to discover new oilfields in the country. However, oil exploration requires the following factors to be in place:

- geological factors such as the likelihood of discovering economically viable amounts of oil
- technology, i.e. the ability to collect and analyse geological data and to undertake drilling
- economic factors, such as 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 licences, the tax system and business regulation must be well-planned to boost investment in the sectors.

6.11.1 The fiscal oil regime

The Petroleum Revenue Management Act (PRMA) 2013 details the guiding principles on how the oil revenue is to be distributed. The act establishes a formalized structure for distribution of petroleum revenues for 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 GRSS (44 percent) and the operating company (11 percent). The PRMA 2013 states that any cost that goes beyond the maximum must be carried forward to the next period. This means that what is to be checked and/or controlled is the cost of oil for the operating companies not to inflate the figures for their gains.

6.11.2 Refinery of oil (petroleum)

South Sudan lacks any refinery facility, although there are plans to establish a 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 downstream infrastructure has been hampered by the political instability and/or insecurity in the country in general and in the concerned areas in particular.

6.11.3 Marketing of oil and other liquid fuels for export

South Sudan exports the Nile and Dar blend of oils to the Asian markets through Sudan. South Sudan exports in the form of crude oil via pipelines to Sudan, either for refining or for export 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), BoSS, MFP and Ministry of Justice (MoJ). The team has been under the chairmanship of the MoP and contains members from the latter, BoSS, MFP and MoJ. The crude oil marketing has been in US dollars and is converted to South Sudanese pounds when the revenue has been received by the government of South Sudan. The MoP marketing group assumed total responsibility in marketing the South Sudan crude oil immediately after the independence of the country and has gained experience in this task.

6.11.4 Challenges facing the oil industry

- Insecurity in oil-rich parts of the country hampers oil exploration and production. However, a lot of work is needed to establish additional oil reserves, to improve recovery and increase production from the current oilfields and advertise new areas for oil exploration.
- The aging of oil and extraction facilities will in time lead to a reduction in oil production.
- There is no monitoring mechanism to assess the operation of the oil machinery to alert the authorities and the oil companies about any eventual defects that may interrupt oil production.
- 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 are occurring between communities, prompted by the 2 percent allocation of the oil revenue destined for the land owners from which oil/petroleum has been extracted.

- The other major challenges in South Sudan's oil and mining sectors relate to governance. There is a need to ensure transparency in the use of oil resources so that the oil sector plays a developmental role in South Sudan.

6.12 The mining sector

The GRSS 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 the country. 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 neighbouring countries where several important mines have been 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, aluminium, iron, zinc, manganese, gemstone and similar, in addition to oil (petroleum) resource. An advantage related to the industrial minerals sector is that the time taken 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 classified 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, as proposed. There are also Mining Regulations 2015 that introduce elements of transparency and accountability and 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 sets out types of licences, the area covered, their duration of validity and renewals as in Table 40.

Table 40: South Sudan mineral licensing system

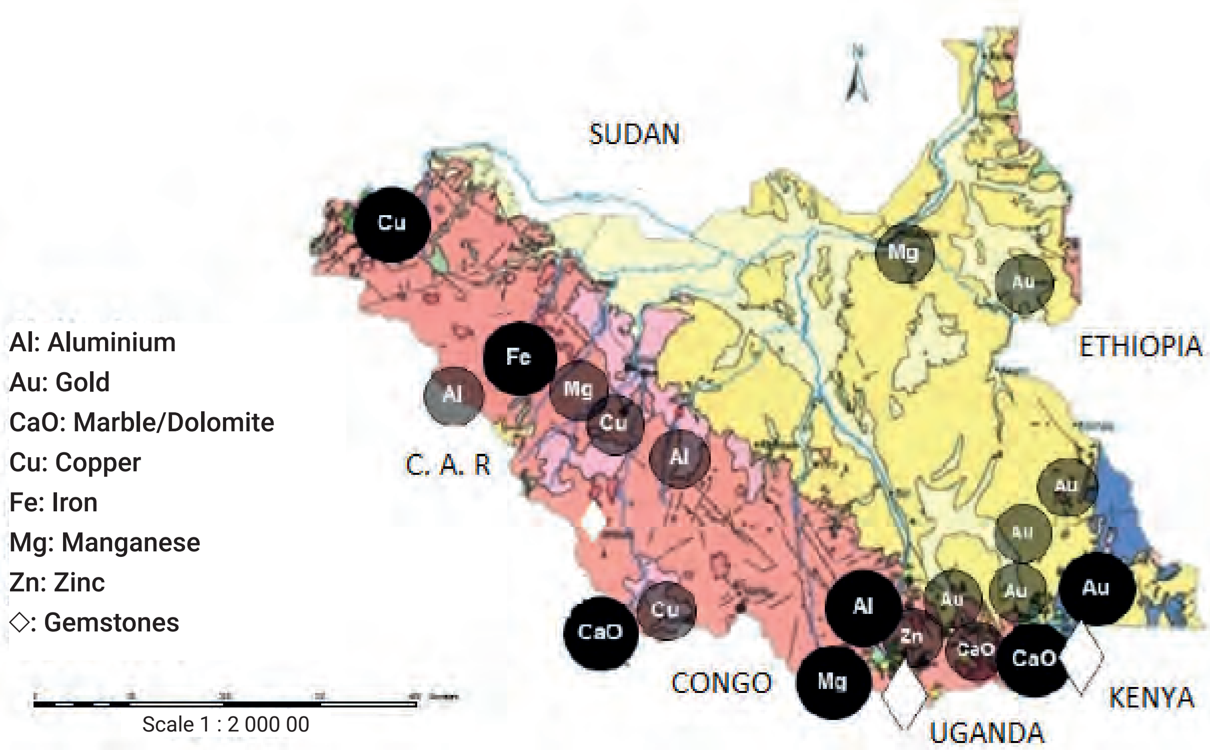
Source: Ministry of Mining brochure, GRSS

Licence	Duration	Area	Extension
Reconnaissance	2 years	Maximum of 25,000 km^2 and minimum of 10 km^2	Not extendable
Exploration	5 years	Maximum of 2,500 km^2 and minimum of 10 km^2	Renewable for two terms of five years each
Large-scale mining	25 years	As required by the mining operation	20 years each
Small-scale mining	10 years	1 km^2	Renewable for 10 years
Artisanal mining	1 year	1 km^2	Must be renewed annually

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 82). To date, the Ministry of Mining has issued licences 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. Uner 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 must go to the communities as per the previous example, but the 2 percent must go the county authorities in which the mining takes place.

Figure 82: Mineral potential map of South Sudan: Geoscientific database of mineral development

Source: Ministry of Mining: https://mom-goss.org/south-sudan-geological-map



6.12.1 Challenges facing the mineral industry

- Political instability generates insecurity in the production areas of the minerals, hampering exploration and production of 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 that 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 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 have been witnessed in cases of mineral extraction and, in particular, gold mining.

6.13 Recommendations

6.13.1 Economic diversification including general agricultural development

- Ensure effective implementation of the investment priorities in the CAMP/IDMP 2015–2040 to increase domestic production, local and regional supply capacity, promote value addition and to strengthen the national value chain.
- Identify and develop two or three 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.
- Finalize the development and implement the national export strategy, targeting priority sectors and products 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 stabilization, and the success of high-value agriculture on small farms)

6.13.2 Restore peace and stability

- Establish peace and security to encourage private sector investments in tourism and to ensure tourists can feel secure enough to visit tourist sites.

6.13.3 Improving existing roads and constructing more roads to connect tourist sites

- Many tourist sites cannot be accessed due to lack of infrastructure in the country. The travel and tourism infrastructure are virtually non-existent beyond the city, making visits and stays at tourist sites very difficult. The national and state ministries of environmental and wildlife 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 wetlands should be given priority.

6.13.4 Landmine clearances

- To ensure confidence and avoid the fear of landmines after decades of civil war, South Sudan needs to be declared landmine-free. This helps the tourists understand the associated risk of travel is reduced and that it is safe to visit South Sudan. The environmental management plan for South Sudan, in particular, needs to conserve the wildlife sector while carefully promoting it concurrently.

6.13.5 The government needs to strengthen the network with the private sectors

- The private sector comprising hotel business, travel agencies, airlines, media tour operators and suppliers of tourist goods and services needs to be strengthened and developed. The government needs to work closely with the private sector to set up or adapt policies that favour both tourists and the government and a service delivery that ensure high standards for all parties. The government should also ensure a conducive environment and climate for investment for both domestic and foreign entrepreneurs. The government needs to maximize the socio-economic benefits of tourism and the revenues generated from the industry must remain in South Sudan. Leakage of tourism revenues should be avoided by encouraging local sourcing of supplies, labour and support of locally owned businesses.

6.13.6 Improving service standards by educating and training civil servants

- South Sudan needs to improve its literacy and hospitality skills to attain quality staff in the service sector to bring them to an acceptable standard. South Sudan should conduct a training needs assessment to conduct on-the-job training and select skilled professionals in the various sectors, and train them how to pass on their skills to others.

6.13.7 Economically creating greater market awareness

- South Sudan is unknown in the international tourism market, so creating awareness of the region's wildlife tourism potential 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 tourist information materials. There is also a 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 the main sources of markets and not to rely on diplomatic and trade missions.

6.13.8 Fisheries

- 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 sustainability, especially at the community level.
- Develop marketing systems for South Sudan fish nationally and regionally 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.

6.13.9 Timber

- Stave off 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 framework 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 personnel and machinery to commercialize forestry.
- Enhance value addition opportunities in forestry expanding existing ones such as gum arabic, teak and shea nut, but also expanding into other products with the national, regional and international market.

6.13.10 Livestock

- 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.
- Develop market for domestic livestock to beat the stiff competition from regional and global actors and products.
- 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 within the industry, including cattle raiding and rustling, disrupting livestock activities and commercialization.

6.13.11 Honey

- Stave off 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's participation.

6.13.12 Sesame

- Support farmers with land preparation technologies, including tractors and other equipment, and inputs such as 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 run by women and young people.
- Work with research and academic institutions to diversify sesame products.
- Develop the sesame and simsim export market potential by linking participants to regional and international networks.

6.13.13 Gum arabic

- Provide and enforce laws governing the use of forests and prohibiting the burning of the forest to save it and gum arabic specifically from unnecessary destruction.
- Fund the forestry department to ensure improved commercialization and the value chain of the forest product including but not limited to timber, mahogany and gum arabic.
- Set up laboratories for analysing the chemical properties of gum arabic as a way of determining the quality of gum arabic in the country and thereby determining the price.
- Raise awareness of the importance of the gum arabic trees for the economy to stem cutting of gum arabic trees.
- Train producers on tapping, drying, cleaning, sorting, packaging and storing, as well as business management skills.
- Make the necessary equipment available for tapping, harvesting and handling as well as gum boots and eyeglasses.
- Establish marketing centres managed by the producers to enable them to negotiate for better gum prices.
- Establish strong linkage between the producers and the exporters of gum arabic to improve market efficiency of gum in the country.

6.13.14 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.
- Establish a fund from the oil money for the development of the oil sector and for repairs of equipment in case of any breakdown.
- Market oil resource internationally to attract FDI to the sector.
- MoP and the contractors should apply improved oil recovery (IOR)/ enhanced oil recovery technology to increase the potential oil output thereby leading to an increase in oil revenue for both the GRSS and the oil companies.
- Establish a petroleum training centre (PTC) to build the knowledge base in the oil sector.

6.13.15 Mining

- Achieve political stability and security generally in the country to enable mineral exploration and production.
- Review and update the mining policy and regulatory framework to create an enabling environment and maximize revenue from the mining sector.
- Increase investment in the mining sector through investment promotion strategies.
- Implement strategies to support marketing of the mining sector and attract FDI.

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Pillar 5:
Crosscutting Issues

P5

Chapter 7: Digital Trade and E-Commerce

7.1 Introduction

E-commerce involves commercial transactions conducted electronically on the internet. It is "the production, distribution, marketing, sale or delivery of goods and services by electronic means." It is one of the fastest-growing retail sectors in the global economy, forcing traditional bricks-and-mortar businesses and firms to adopt new online strategies.

South Sudan as an LDC and a landlocked 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 leapfrog certain technological barriers and create opportunities for SMEs to participate in new markets. It can help the country to integrate into the global economy and access a large market base for traditionally 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.

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 of the status of the e-commerce ecosystem and to develop policy options to support the development of the national digital trade and e-commerce agenda.

7.2 Policy and regulatory framework for digital trade and e-commerce

The government has put in place a legal framework that may support the utilization of e-commerce opportunities. On 7 May 2021 the president signed into law the Cybercrimes and Computer Misuse Provisional Order 2021. This provisional order is now operational and sufficient for the trial and prosecution of cyber security criminals. Consumer Protection Act 2012 is operational and widely used by most public and private institutions. While the objectives of the existing laws and regulations are to provide for the safety of electronic transactions and information systems; South Sudan does not have another legislative framework that can facilitate effective utilization of e-commerce opportunities. There is no e-transactions legislation, nor a data protection and privacy act to ensure secure online presence in e-commerce. Security of e-transactions needs to be guaranteed. Parties to e-transactions need to feel secure that the sender and the receiver in the transactions are those whom they purport to be and that the electronic records can be authenticated and not forged in transit. Legislation with provisions regarding secure technologies, such as digital signatures and digital certificates, should be put into place. There is a need to have legislation that protects citizens' rights when their personal data is stored in private and/or on government databases.

Other challenges include the lack of a national e-commerce strategy to guide the development of digital trade and e-commerce. There is also limited understanding of the e-commerce ecosystem and related opportunities; lack of awareness of e-commerce, and the associated legal frameworks create a trust deficit with the broader population, particularly in cases of fraudulent online transactions, calling for the need to undertake an e-trade readiness assessment to inform evidenced-based awareness of e-commerce. Given the technical nature of the bills and legal frameworks, the policymakers require capacity-building to fully understand the broader e-commerce ecosystem.

Box 16: 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
- Increase and accelerate national actions (policies and programmes) aimed at improving 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 considering recent technological developments related to e-commerce to ensure conformity with e-commerce related conventions and provisions in the RTAs such as the AfCFTA. In the broader context, South Sudan has not made any progress towards harmonization of national laws or with UNCITRAL model law and conventions to make the law compatible with international standards. South Sudan is yet to accede to key conventions such as 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 harmonization 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 model law 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 rather can look at the provisions that have already been developed and refined in different jurisdictions to ensure its laws are harmonized with international standards.

7.3 Challenges and opportunities to digitization

7.3.1 Barriers to digitalization and adoption of e-commerce initiatives

7.3.1.1 ICT infrastructure and services

There is an acute lack of a reliable backbone for ICT (fibre optic), infrastructure implementation, nor equipment of international standard. This situation is aggravated by insecurity almost countrywide, constraining investment in the ICT sector. Only 4 percent of South Sudan's population lives within 25 km of a fibre node, and only 7 percent within 50 km. The only optic fibre coverage is in a small part of Juba and near the border points of Uganda. Lack of fibre backhaul is a key constraint. Neighbouring countries, Kenya and Uganda, lead with 81 percent and 65 percent, respectively of their populations living within 25 km 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 overtaxation.

Table 41: Population access and proximity to ICT infrastructure in selected countries

Data sources: WDI, 2021 (2019 data) and Hamilton Research (2020);[81] UNCTAD (2021).[82]

Country	Population (millions)	Operational fibre routes		Population within reach of fibre node		
		Per 1,000 km^2	Per million inhabitants	Percent within 10 km	Percent within 25 km	Percent within 50 km
Kenya	53	51	557	41	81	96
Uganda	44	75	341	31	65	93
Sudan	43	13	553	20	38	62
Ethiopia	112	19	189	18	53	88
South Sudan	11.2	0.5	27	4	4	7

The government has not invested any significant resources in implementing ICT infrastructure throughout the country, leaving it to a private sector that is not only constrained by resources but also has other challenges such as insecurity outside urban centres.

7.3.1.2 Network, computer and internet coverage

Network coverage is limited over the whole country. Only major cities are connected. Market participants do not have access to the countryside. Although the percentage of the population that is using the internet is increasing, it is still low and starts from a low base. What is concerning is the mobile cellular subscription rate per 100 people, which has recently been declining, although it is beginning to increase (Figure 83).

81 https://www.akamai.com/visualizations/media-delivery-network-map

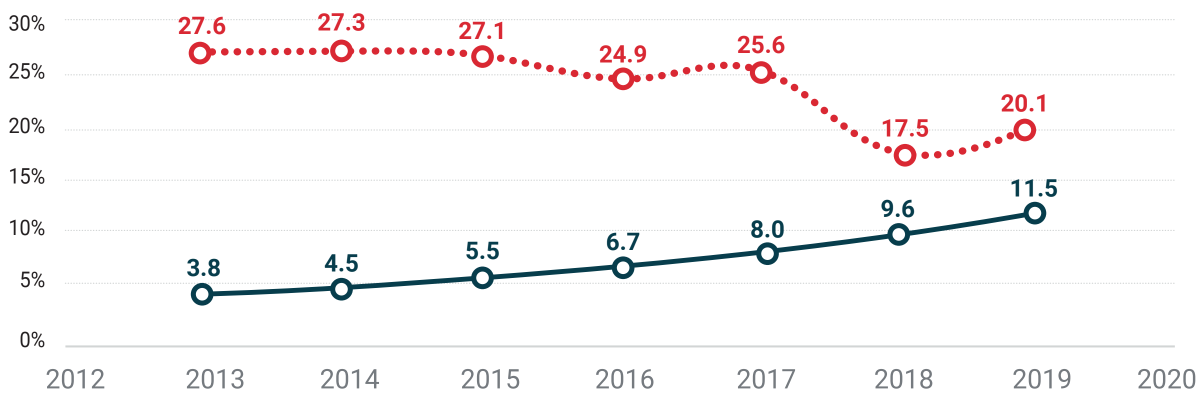
82 UNCTAD, 2021. http://unctadstat.unctad.org/countryprofile/generalprofile/en-gb/728/index.html

Figure 83: Use of internet and mobile cellular subscription in South Sudan, 2013–2019

Legend: ■ % of population using internet ■ Mobile cellular subscriptions per 100 people

Note: For South Sudan, internet users were captured as individuals who have used the internet (from any location) in the last three months. The internet can be used via a computer, mobile phone, personal digital assistant, games machine, digital TV etc.[83]

Source: World Bank, 2021.

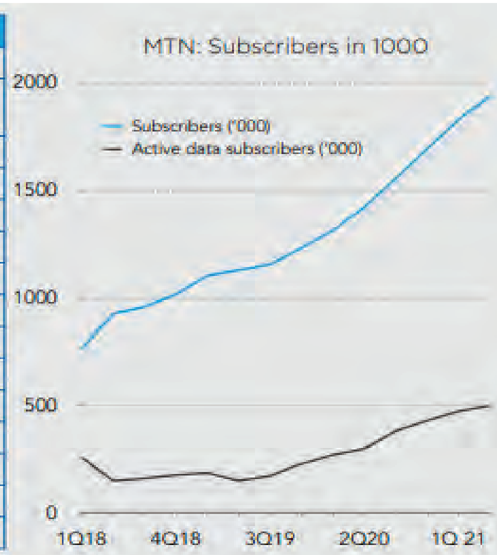


MTN still controls over 55 percent of the market share in the South Sudan telecommunications ecosystem, with subscriber numbers increasing rapidly in recent years. MTN figures show that there has been a massive unmet demand. Although there was a drop in smartphones under MTN in 2019, there has been a surge in 2020 and 2021, prompting MTN to invest heavily in South Sudan (Table 42). MTN and ZAIN are increasing their network size and upgrading the network to 4G. The number of subscribers has been notably on the rise, which is a sign of confidence in the South Sudanese economy.

Table 42: Telecommunications firms' performance in South Sudan, 2018–H1 2021

Source: World Bank ICT Project Scoping Study, 2022 (unpublished).

			2018	2019	2020	2021 H1
MTN South Sudan	Population	(m)	13.1	12.8	11.1	
	Mobile penetration	(%)	13.0%	15.0%	26.0%	
	Market share	(%)	60	62	58	
	Outgoing minutes us use	m	159	180	209	215
		YoY		13%	16%	3%
	Smartphones	('000)	178	144	289	512
		YoY		-19%	101%	77%
	MB/ active	user	554	633	1,127	1,950
		YoY		14%	78%	73%
	Cumulative sites	2G		290	355	372
		3G		177	259	304
		4G			94	134
ZAIN South Sudan	Cumulative sites	2G	143	179	240	265
		3G	49	64	80	121
		4G				73



83 https://data.worldbank.org/indicator/IT.NET.USER.ZS?locations=SS

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. Forty-nine 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 with Africa, average

Source: World Bank ICT Project Scoping Study, 2022 (unpublished).

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	
	Average Mobile download speed (Mbps)****		1.40	49	Cable.co.uk Oct 2021

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 a mere Observer, South Sudan has not yet ratified the WTO TFA, which makes simplification, standardization and harmonization of trade procedures and documentation related to imports, exports and transit highly improbable. In addition, South Sudan is not a member of the revised Kyoto Convention protocol which is aligned to the TFA. Adoption and implementation of the aforementioned protocol could be a catalyst in introducing trade facilitation reforms such as electronic payments which support e-commerce development. There are some private transport companies and logistics couriers who also provide important e-commerce delivery services, but these are completed informally.

7.3.1.4 Low reach for payment solutions

South Sudan is just beginning to adopt mobile payments, and thus some electronic payments. Presently, the active private sector participants in the digital payment solutions market are Nile Pay, M-Ghurush and MTN Mobile Money who offer phone-based money transfers but not online payment platforms. The government is seeking to license new participants 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 mentor 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 is no ICT/digital infrastructure and equipment in schools and other learning institutions to support skills development in e-commerce. The use of computers is still almost non-existent at school. The government has no immediate plans to provide broadband connectivity to schools. 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 to the adoption of e-commerce initiatives. 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 MSMEs face financing constraints as formal institutions require conditions that are often difficult to meet. Generally, both the banking and non-banking sectors in South Sudan do not provide credit to the private sector for anything let alone e-commerce. There is significant potential for continued e-commerce growth in the country but this will only happen with adequate and sustainable financing.

7.4 Recommendations to expand ICT and e-commerce

7.4.1 E-commerce readiness assessment and strategies formulation

An e-trade readiness assessment should be undertaken to identify gaps and opportunities for e-commerce development as well as a roadmap for policy actions to increase overall competitiveness and awareness of e-commerce opportunities in South Sudan. 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 multisectoral task force on e-commerce should be established to drive ICT and e-commerce growth in the country. This would help improve coordination between the public and private sector actors. Private sector associations should also increase their involvement in the policymaking process. In addition, there is a need to increase the capacity of the relevant non-state actors such as the chamber of commerce and women's organizations to undertake training and awareness to promote e-commerce adoption and use of ICT services in key value chains.

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 segments 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

The legal and regulatory framework needs enhancement to facilitate the development of fintech, such as payment systems. Awareness and sensitization campaigns should be organized for both public and private sector stakeholders to reduce fear of and lack of trust in e-payment solutions.

7.4.4 Legal and regulatory framework

Information and awareness-raising programmes on ICT and e-commerce laws and regulations across all levels of society need implementing, including for those who do not read and write. The enactment of e-transactions legislation, Data Protection and Privacy Act and Cybercrime Act needs to be in line with international conventions and standards to ensure security online. The e-commerce related laws need harmonizing with UNCITRAL model law and conventions to make the laws compatible with international standards. There is a need to foster awareness on e-commerce-related conventions to facilitate accession and harmonization with national e-commerce-related laws. A legal framework to regulate and promote broadband services also needs developing.

7.4.5 e-commerce skills development

More 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; content development and compliance with e-commerce platform and payment provider requirements) need to be provided. Access to ICT and e-commerce skills needs to be provided at an earlier age through a revised national curriculum. ICT research and innovation needs promoting through financial support and technical assistance to the University of Juba, ICT faculty. Current e-commerce and ICT skills gaps need assessment to accelerate development of the ICT-related curricula in line with the needs of the private sector. Based on this, development of a package of support provided by the Chamber of Commerce and SSBF is recommended, which could include training and ongoing mentorship for MSMEs and start-ups in e-commerce.

7.3.6 Access to financing

Funding opportunities need improving 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, alongside advocacy for better access to financing. Innovative fintech and financial insurance products for use by MSMEs interested in e-commerce need launching. Using the agency banking model, banks and insurance companies should extend their networks outside of the main cities to sell their products to entrepreneurs and MSMEs. Crowdfunding and venture capital need promoting 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.

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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, young people, and women. Hence the need for multistakeholder consultations and inclusive trade policymaking and implementation processes. The latter can significantly contribute to empowering people and persuade governments to develop and implement policies that use trade to pursue inclusive growth where the benefits of trade are universal. Close coordination between government, the private sector and civil society organizations (CSOs) requires an 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 and enhances national ownership, sustainability and sound trade outcomes. This chapter evaluates the experience in stakeholder engagement in trade policy issues, identifies gaps and recommends policy actions. It also assesses institutional capacity to effectively coordinate and implement trade policy through an inclusive consultative process.

8.2 The Ministry of Trade and Industry (MTI)

The MTI is the lead agency in trade policy formulation and implementation. The investment arm was removed and made a separate ministry. Otherwise, the structure and functions of the ministry have not changed much from what was presented in the DTIS 2014. Following the restructuring of several government ministries in July 2013, the Ministry of Trade, Industry and Investment (MTII) was merged with the Ministry of Finance to create the Ministry of Finance, Commerce, Investment and Economic Planning. The Department of Industry was moved to the Ministry of Petroleum and Mines, while the Bureau of Standards continued to remain under the MTII. However, at the time of production of DTIS 2014, the MTII was reinstated as a full ministry with the same departments as previously. The Department of Industry and the SSNBS were also taken back under the MTI, with the establishment of a separate Ministry of East African Community Affairs (MEACA).

8.2.1 Structure and aims

The MTI's mandate on trade is derived from the Transitional Constitution of the RSS and relevant presidential decrees. It specifies five broad areas: (i) internal and external trade; (ii) industrial development; (iii) standards; (iv) private sector development; and (v) investment promotion (now formed into a separate ministry). In terms of the structure of MTI, it is headed by the minister and one undersecretary, after the second undersecretary moved to the Ministry of Investment.

8.2.2 Institutional capacity of the MTI

8.2.2.1 Recent institutional changes and effectiveness in supporting trade policy formulation and implementation

Currently, most of the trade policy formulation actions are undertaken through EIF,a form of trade-related technical assistance in LDCs, 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 the capacity of institutions and stakeholders for effective formulation and implementation of trade policies that support poverty reduction, inclusive economic growth and equitable sustainable development.

The project aims to support the operations and activities of the NIU, representing the MTI in the formulation and implementation of trade policy in South Sudan, aligned to national development objectives. It also helps to improve donor coordination and AfT delivery in line with the Paris Declaration on Aid Effectiveness. At present, this is the most developed framework for supporting trade facilitation in the country.

8.2.2.2 Institutional capacity and effectiveness to support coordination

In preparing the DTIS 2014, an institutional assessment of the MTI was undertaken, which informed the recommendations in the report and fed into the EIF Tier 1 project. However, apart from setting up the national steering committee and the NIU of the EIF Tier 1 project, most of the other institutional capacity-building recommendations were not implemented, mainly due to the outbreak of the conflict.

8.2.2.3 WTO accession

There is an ad hoc committee in charge of WTO accession and a focal point. While the WTO accession is under the directorate of external trade, the focal point of WTO accession is under the planning and research directorate, which is responsible for the coordination and harmonization of WTO accession and external trade issues. A key challenge is the lack of WTO unit within the MTI. It is recommended that such a WTO unit be established within the directorate of external trade to support the WTO accession process.

It is evident that the MTI does not have adequate in-house technical capacity to support the WTO accession process. The WTO unit needs to be adequately technically resourced to ensure it has the requisite capacity to coordinate and technically support the WTO accession.

8.3 The National Consultation Mechanism on Trade and Integration

The NSC for the EIF project acts as the national consultative mechanism on trade matters. This consultative mechanism is not legally constituted, and its decisions are not legally binding. The current draft trade framework policy has provided for the establishment of a national multisector consultative mechanism to play a coordination role between the government, the private sector and CSOs. However, this mechanism is yet to be set up, partly because the trade policy has not yet been approved. It is recommended that the EIF NSC be transformed into the SSTDC as a legally constituted and multistakeholder consultative mechanism for trade-related issues (e.g. 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 matters. The membership should be drawn from trade-related government ministries, the private sector and civil society.

8.3.1 Negotiation coordination mechanism and institutional capacity

Currently there is no dedicated or established negotiation team supporting the accession and negotiation of different trade agreements. South Sudan does not have a chief negotiator. The participation in regional and multilateral trade agreements such as WTO accession is guided by an ad hoc negotiation team that is established occasionally. This affects the consistency and effectiveness of the negotiation machinery in response to an emerging dynamic and complex trade policy regime. This has also constrained 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.

8.3.2 EAC coordination mechanisms

The EAC integration initiatives are coordinated by the Ministry of East African Affairs with the undersecretary as the focal point. The MTI coordinates AfCFTA 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 reform agendas. The committee is envisaged to comprise ministers (or deputy ministers) of key economic and governance ministries related to EAC integration and heads of key institutions such as the NRA and SSNBS. The committee would oversee progress with EAC implementation and commission an update report to be presented to cabinet. The committee shall guide, direct and oversee the work of three special taskforces, namely: the (i) special taskforce for Customs Union implementation; (ii) special taskforce for Common Market implementation; (iii) special taskforce for Monetary Union implementation. The chair of the committee shall be the Minister of EAC Affairs. The taskforces would comprise undersecretaries and high-level civil servants, as well as representatives of the organized forces. The main aim of the taskforces would be to implement directives from the high-level committee and carry out the technical, administrative and logistical tasks entailed by the directives from that committee. In essence, the special taskforces would be the key implementers of the Common Market, Customs Union and Monetary Union. A strong coordination and oversight mechanism should be put in place to track the performance of the EAC CU and Common Market implementation.

8.4 Trade policymaking

Trade policymaking in the country is spearheaded by the MTI, with the involvement of trade-related agencies and private sector associations such as the South Sudan Business Forum, the South Sudan Business Council and the South Sudan Chamber of Commerce. Currently, these consultations are ad hoc and the institutional framework for trade policymaking and implementation is undertaken through the established EIF NSC.

8.4.1 Stakeholder engagement

The private sector, academia and civil society are involved in the trade policymaking process, but these public-private dialogue mechanisms need a legal and regulatory framework for their establishment, rather than being used on an ad hoc basis. The trade policymaking and implementation process involves the government, the private sector, CSOs 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 aforementioned, proposed SSTDC should provide a consultative platform where the private sector can present common private sector views/positions on 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 MTI, although other ministries handle some trade-related matters.

B] 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 is important in boosting national ownership and to ensure their commercial interests are considered during the negotiation and accession process. The private sector should have the analytical capacity to comprehend the implication of South Sudan's participation in WTO accession and RTAs. The SSTDC should be established to provide a platform where the private sector can present common private sector views/positions on WTO accession and the regional integration process.

C] Academics, civil society and research institutions

Academia, CSOs and research institutions are expected to perform general or analytical research on the South Sudan WTO accession and participation in RTAs to evaluate the impacts 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. There is a need for increased collaboration between the ministries concerned with trade and academia and civil society in a public-private dialogue framework but also to ensure two-way knowledge production and sharing.

8.4.2 Status of/existence of trade-related subcommittees

As noted earlier, the institutional framework for trade is still being established and most trade-related committees and subcommittees are yet to be set up. In addition to transforming the EIF NSC into the SSTDC as a multistakeholder consultative mechanism, the following subcommittees should be established to provide technical guidance to SSTDC.

Table 44: Proposed subcommittees to provide guidance to SSTDC

Source: Stakeholders' recommendations

Trade related intellectual property rights subcommittee
Agriculture subcommittee, chaired by Ministry of Agriculture
Service subcommittee
Market access subcommittee, chaired by Ministry of Industry
Trade and environment subcommittee
SPS/TBT subcommittee
Trade facilitation subcommittee
Trade and competition subcommittee
Trade and investment subcommittee
e-commerce subcommittee

8.4.3 Human resource development for trade policy implementation

In the draft trade policy, the government commits to allocation of adequate resources for skills development for trade officials to create and widen the cadre of experts in trade policy formulation (TPF) and negotiations including in trade policy development, trade negotiation skills, WTO agreements and negotiations, FTAs, and 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 their education curricula.

8.4.4 Timeframe for implementation

The current draft trade policy framework is envisaged to be implemented over a 10-year period from 2020–2030. The policy will have a mid-term review in 2025 to monitor progress and possible adjustments in 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 cohere with the trade policy framework to ensure consistency with policy objectives and overall vision.

8.4.5 Resource mobilization

According to the trade policy, mainstreaming trade into a 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 AfT facilities/ programmes to support the implementation of the policy priorities outlined in the TPF. The potential development partners envisaged in the policy include USAID, TMEA, AfDB, Trade and Investment Advocacy Fund, STDF; Tradecom II, UNDP, World Bank, WIPO, WCO, GIZ and so on.

8.4.6 Monitoring and evaluation

The ministry overseeing trade can serve as the principal institution responsible for the implementation, M&E of the trade policy framework on behalf of the GRSS. The implementation plan informs M&E of the TPF. A third-party will be engaged to undertake a mid-term review in the fifth 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 of the DTISU. The government, through the MTI, will collaborate with the respective responsible ministries/agencies through the national consultative mechanism. The matrix has been linked to the R-NDS implementation framework to ensure mainstreaming of trade in national development policy.

8.4.7 Communication strategy

The MTI has not developed a comprehensive communication strategy to popularize its policies but with the adoption of a trade policy this needs to be prioritized.

8.4.8 Trade-related technical assistance

AfT helps developing countries, and, in particular, LDCs, to 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 of ODA per year. Most of the ODA that flows to South Sudan is dedicated to humanitarian services (Figure 84). The humanitarian needs are mostly met by donors. For example, in the proposed national budget for 2021 to 2022, 1 percent has been allocated, representing approximately $8 million, to social and humanitarian affairs, excluding health, compared with 15 percent for the security sector, or approximately $108 million. This means that very little aid is dedicated to development, including trade support. Most of the aid coming to the country is from the USA, which provides about 60 percent, again mostly for humanitarian purposes (Figures 84 and 85).

Table 45: Aid receipts for South Sudan, 2017–2019

Source: MFP

	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	1,559.9	1,893.5
For reference			
Population (million)	10.9108	10.9759	11.0621

Figure 84: 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

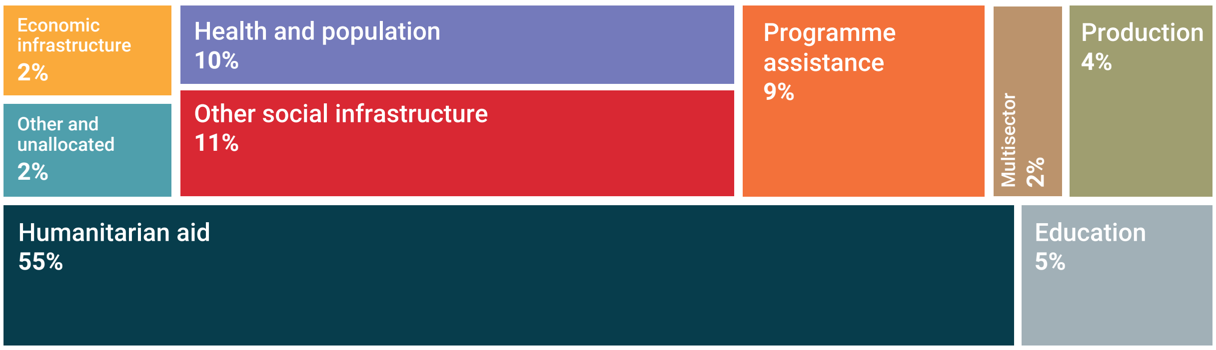
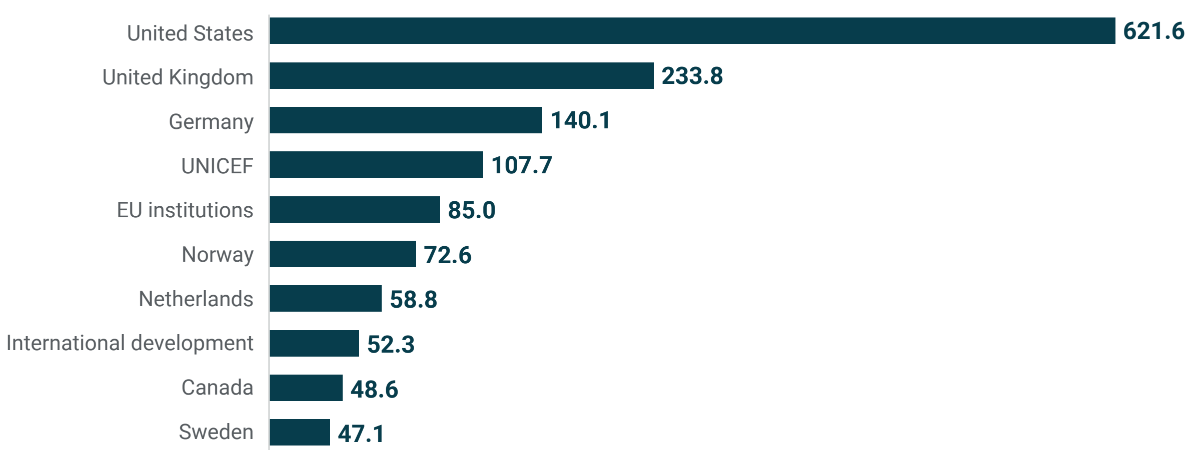


Figure 85: Top 10 donors of ODA for South Sudan, 2018-19 average, $ millions

Source: OECD



8.4.9 Existing trade-related technical assistance programmes

Currently, and as discussed, the most prominent AfT programme is the EIF, a trade-related technical assistance in LDCs, that works towards promoting economic growth and sustainable development and helps to lift more people out of poverty. The project helps to support donor coordination and AfT delivery in line with the Paris Declaration on Aid Effectiveness. At present, this is the most developed framework for supporting trade facilitation in the country. Other agencies providing AfT include: the EU, ITC, TMEA; JICA, AfDB, and so on.

8.5 Recommendations

- Transform the existing EIF NSC into the SSTDC.
- Establish and strengthen the national trade negotiation team and chief negotiator role.
- Establish trade-related subcommittees.
- Enhance the institutional capacity of the MTI and other trade-related support institutions for effective trade policy formulation and implementation.
- Establish and technically resource a WTO accession unit within the directorate of external trade of the MTI.
- Transform the EIF NIU into the MTI AfT project implementation unit to support the formulation and implementation of AfT projects in line with the DTISU Action Matrix.
- Support resource mobilization efforts, especially AfT, to foster trade policy formulation and implementation.
- Support the development of a communication strategy for the trade-related institutions.

Chapter 9: Consolidated Action Matrix and Potential Sources of Funding

9.1 Introduction

This diagnostic study was designed to assess the latest 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. In turn that matrix was updated and, in effect, a new matrix for the DTISU 2022 has now been produced. The following sections review the progress of implementation of the DTIS 2014, highlighting any progress in implementing any activities and explains those that are outstanding.

9.2 Status of DTIS 2014 implementation

For a country having just won independence, the production of the DTIS 2014 was a landmark achievement, and offered the first comprehensive framework for trade promotion and development. The production of the DTIS 2014 coincided with the EIF financing under Tier 1: "capacity-building activities" and sought to prepare the country for 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 worked 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. Nevertheless, the notable achievements include:

- Establishing a One-Stop Border Post
- Piloting of a customs automation system at Juba International Airport and Nimule
- Establishment of scanners at Juba International Airport
- Development of draft policy documents awaiting adoption by the government, including draft NQP; SPS strategy, and trade policy framework

- Establishment of the EIF Tier 1 coordination office
- Institutional development of the EIF focal point and the NIU; establishment of NIU and EIF NSC
- Appointment of the WTO focal point, achieving WTO Observer status, support towards WTO working party meetings and regional dialogues
- Appointment of the EAC integration focal point and the integration negotiation committee and achieving EAC accession
- Procurement of ICT equipment for the NIU.

9.3 Implemented activities

As noted in previous chapters, the environment for business and private sector development is challenging and actions envisaged in the DTIS 2014 already seemed ambitious. As a result, the outbreak of the second war just two years after the launch of the DTIS 2014 dashed any optimism for the implementation of any planned activities. It is important to note that there has not been any evaluation made to assess the delivery of the activities planned in the DTIS 2014. Neither was there any evaluation done in preparation to produce this DTISU. However, this study has attempted to undertake a modest assessment to track the progress of the implementation of the activities planned in the DTIS 2014. There were 126 measures proposed for the DTIS 2014 under eight headings: (i) business environment; (ii) trade facilitation and customs; (ii) trade policy; (iv) institutional capacity development; (v) agriculture; (vi) oil and electricity; (vii) mining; and (viii) inclusive tourism. These measures, associated with priority rankings (very high, high, medium, and low) along with assessed percentage scores relating to overall implementation are detailed in the Annex. Given the scale of need, every measure was considered to be either very high priority (109 measures) or high priority (17 measures). There was no measure that considered to be either medium or low priority.

Due to the difficulty in gauging progress in an environment as complex as South Sudan, this study estimated any developments using available information from government and other stakeholder reports and sometimes from intuitive experience. A brief description of the progress follows, focusing on some of the activities. The assessment follows the same objectives and recommended actions used in the DTIS 2014 Action Matrix.

A] Business environment

As part of the strategy to reduce the cost of doing business, and working with Trinity Technologies, the government is attempting to set up an automated land registry. This has not yet finished. Officials were also taken on working visits to regional countries such as Uganda and Kenya to learn about business reform. None of the recommended three activities to enhance transparency and reduce the tax burden on enterprises were undertaken, meaning that these issues remain a problem. On the plan to promote investment and facilitate enterprise processes, some work was done on digitization of work permits/visa applications but the remaining six actions remained unfulfilled. With regards to promoting enterprise development, there is ongoing training for women and young people in business development skills in selected states.

B] Trade facilitation and customs

On the implementation of the new Customs Act 2014, the media campaign targeted at economic operators was done, the training of border agencies in integrated border management was attempted. There was also a pilot of automation of customs procedures in March 2022. 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 the existing tariff schedule and to eliminate "nuisance tariffs" but these are still half done. To reduce transport costs, there have been some work to formulate and implement a road development programme and some upgrading of interstate roads to all-weather roads, including defining a 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 this remains half done. However, a quality policy, an SPS policy and regulations for a quality mark (standards certification) have been developed.

C] Trade policy

To address tariff distortion and enhance transparency, there has only been some work on supporting the EAC technical committee, which will define trade negotiation positions. There were also some attempts 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 MTI to develop analytical skills and prepare an impact assessment of joining the EAC or COMESA have been started but not finalized.

D] Institutional capacity development

On plans to adopt institutional arrangements for promoting the trade and development agenda, with the signing of the R-ARCSS 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, the NIU and EIF NSC has been used to drive the institutional reform process and update the MTII's 2012 strategic plan, considering current context and needs.

E] Agriculture

On preparing a development programme based on in-depth understanding of bottlenecks, potential demand and linkage with other sectors, there were some baby steps taken 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 address market entry barriers more effectively, the draft cooperatives' regulations were produced. On the attempt to increase production and exports of gum arabic, there was some engagement and training to enhance the capacities of the gum arabic producers' cooperatives, including for negotiating prices. 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.

F] 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.

G] Mining

On mining and plans to conduct geological surveys and research, there was some work on conducting geological surveys of prospective areas and geological/mineralogical research (applied and practical). In addition, on plans to market South Sudan as a mining country, there was some work on making available online existing data related to geological prospects on a map-based information system.

H] Inclusive tourism

Security is a major prerequisite for tourism development. Therefore, the two wars and the continuing insecurity stymied plans to develop inclusive tourism. Although the institutions charged with tourism promotion are in place and priority has continued to be highlighted in the national policies and strategies, the insecurity that continues to keep tourists away from the country, has not allowed these institutions to implement the set strategies including those in the DTIS 2014. Consequently, the set objectives, including the enhancement of the participation of local communities; tourism product development and making South Sudan known in tourism-generating markets and facilitating access to the country, remain largely undone.

9.4 Remaining activities

This update estimates the implementation rate for the DTIS 2014 at 16 percent (Table 46).

Table 46: Implementation review of DTIS 2014

Source: Stakeholders' recommendations

Subject	Objective	No. of actions/ (priority)	Implementation rate (estimate) percent	Remarks
Crosscutting 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. This has not yet been finished. Working visits to regional countries such as Uganda and Kenya undertaken
	Enhance transparency and reduce the tax burden on enterprises	0/3 (H)	0	No progress
	Promote investment and facilitate enterprise processes	1/6 (VH)	16.5	Some progress on work permits was made. The rest of the six actions remained unfulfilled
	Promote enterprise development	1/5 (VH)	20	Some work by SSNBS to enforce standards was attempted; business development skills were implemented by key development partners
2. Trade Facilitation and Customs	Support implementation of the new Customs Act 2014	2/8 (VH)	25.0	Only the launch of a media campaign targeted at economic operators and training of border agencies in integrated border management were attempted; automation of customs procedures is being piloted; establishment of One-Stop Border Post; installation of scanners at Juba International Airport and Nimule
	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 the existing tariff schedule and to eliminate "nuisance tariffs" but these are still half done
	Reduce transport costs	1/5 (VH)	20	There has been some work to formulate and implement a road development programme and some upgrading of interstate roads to all-weather roads, including definition of a priority road network

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Subject	Objective	No. of actions/ (priority)	Implementation rate (estimate) percent	Remarks
	Enhance quality infrastructure and inspection procedures	1/7 (VH)	14.2	Draft NQP developed; SPS policy developed; training undertaken targeting inspectors
3. Trade Policy	Address tariff distortion and enhance transparency	1/3 (VH)	33.3	No progress
	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	Training undertaken targeting key government officials; this facilitated accession to EAC and attainment of WTO Observer status.
4.Institutional Capacity Development	Adopt institutional arrangements for promoting the trade and development agenda	1/3 (VH)	33.3	With the signing of the R-ARCSS 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	EIF NSC has played a coordination role in supporting trade policy formulation and implementation
	Improve the cohesion of staff, introduce systematic computerization and support leadership by improving skill sets	1/7 (VH)	14.2	Computer equipment acquired to support the MTI operations and ICT Centre.
Sector Opportunities				
5. Agriculture	Prepare development programme based on in-depth understanding of bottlenecks, potential demand, and linkage with other sectors	0/5 (VH)	0.0	Value chain studies undertaken to inform backward and forward linkages. Key challenge is implementation of the emerging recommendations
	Promote farmers' organizations to more effectively address market entry barriers	1/4 (H)	25.0	There are existing cooperatives established to advocate for the interests of the producers

Table continued next page...

Subject	Objective	No. of actions/ (priority)	Implementation rate (estimate) percent	Remarks
	Develop agribusiness	0/3(VH)	0.0	There are agribusiness enterprises in livestock, honey and poultry farming, and vegetables, although constrained by supply-side constraints and insecurity/inter-communal conflict
	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	Capacity of the community developed to manage forest exploitation in a sustainable way
	Increase exports of livestock	0/4 (H)	0.0	Investment in livestock has not been strongly commercialized partly due to cultural barriers
6. Oil and Electricity	Attract new investors in the oil sector	1/2 (VH)	50.0	Research and survey undertaken, and data made available online
	Build quality control for oil and petroleum derivatives	0/4 (VH)	0.0	No action taken
	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 progress
	Build capacity in the SSEC	0/2 (H)	0.0	Not much progress on this
7. Mining	Maximize profits for South Sudan while keeping a competitive profile	0/4 (VH)	0.0	No strategic policy and regulatory framework put in place to support the intended action
	Conduct geological surveys and research	1/2 (VH)	50.0	There was some work on conducting 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 the existing data related to geological prospects via a map-based information system
	Improve understanding of the Artisanal and Small Mining sector in South Sudan	0/1 (H)	0.0	No action undertaken

Table continued next page...

Subject	Objective	No. of actions/ (priority)	Implementation rate (estimate) percent	Remarks
8. Inclusive Tourism	Enhance institutional policy and regulatory framework for tourism development	0/3(VH)	0.0	No action undertaken
	Enhance the participation of local communities in tourism activities	0/3 (VH)	0.0	No action undertaken
	Tourism product development	0/3 (VH)	0.0	Not much progress
	Make South Sudan known in tourism generating markets and facilitate access to the country	0/3 (VH)	0.0	Not much progress
Average			**16.0**	

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 the lack of resources, most of the recommendations in the DTIS remained on paper due to weak and demotivated government staff charged with coordinating the implementation. This means that there were no resources allocated to them. Moreover, most of the activities required firstly developing the capacities of the public and private sectors to deliver them, and this 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 ahead. The other issue is that with the resulting humanitarian situation from the wars and later the floods, development partners from whom most funding was to come, shifted their attention to cater for the unfolding catastrophe, drawing resources away from the DTIS priorities. Due to these constraints, the DTIS 2014 was not implemented in any meaningful way. The efforts towards implementation and the accomplishments can be rated as poor.

Other factors that hampered implementation are (i) very low institutional capacities for implementation, (ii) the absence of a clear monitoring and follow-up mechanism, and (iii) inadequate intra-agency and interagency coordination. The DTISU 2022 attempts to tackle some of these constraints to give implementation a better chance.

9.6 Plan of action for DTISU 2022

The DTISU 2022 is planned to be implemented for about eight years up to 2030. There are projects that can be implemented in the short term (2022–2024). These include many of the activities that were urgent in the DTIS 2014 that remain undone. These activities are presented in the previous eight chapters. Other projects will be implemented in the medium (2025–2028) and long term (up to 2030). Table 47 provides a summary including the cost estimates of projects under each chapter.

Table 47: Summary of recommended projects, DTISU 2022

Source: Stakeholders' recommendations

Chapter	No. of projects	Est. project cost ($ millions)	Est. project cost (SSP millions)	Short-term or medium/long-term
1	4	516	237,360	2 ST, 2 MT
2	11	4.3	2,079.2	1 ST, 9 MT
3	16	14.7	6,808	7 ST, 4 MT, 5 LT
4	19	9.7	4,462	7 ST, 8 MT, 4 LT
5	18	11,146.2	5,127,252	2 ST, 12 MT, 4 LT
6	10	1,170	538,200	4 MT, 6 LT
7	6	253.5	116,610	1 ST, 3 MT, 2 LT
8	10	4.62	2,125.2	3 ST, 7 MT
Total	**94**	**13,119.02 million ($13.2 billion)**	**6,034,896.4**	**23 ST, 49 MT, 21 LT**

Table 47 shows the total number of projects, broken down for short-, medium- and long-term implementation. The estimated budget in US dollars is also indicated. The projects and themes are briefly discussed below while the budget and timeframe will be covered subsequently in the relevant sections.

There are 94 projects, of which 27 may be implemented in the short term and 67 in the medium to long term, translating to an average of 11 projects per chapter. About 82 percent of the projects are planned for implementation for the period 2022–2025, while the rest (18 percent) are to be taken up in subsequent years. Given the great need in the country, it would have been anticipated that most of the projects would be implemented in the short term, but this has been tempered by the reality of political uncertainty and inadequate resources. However, these projects cannot be overlooked for too long given the need to meet the priorities of the R-ARCSS and the effects of the COVID-19 pandemic on multiple economic sectors, which is why most of the projects are marked for implementation in the medium term.

The number of projects range from four in Chapter 1 on ensuring macroeconomic stability for inclusive trade and sustainable development, to 19 in Chapter 4 on trade facilitation, and 18 in Chapter 5 on business environment and entrepreneurship. This is not by chance as the country badly needs to provide a conducive business environment and build an entrepreneurial spirit and improve trade facilitation. Chapter 2, with 11 projects, focuses on regional integration and WTO accession. 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 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 in agriculture, tourism, minerals, forestry and oil and gas. Chapter 7 with six projects delves into digitalization and e-commerce to facilitate digital trade and sectoral value chains to enhance trade competitiveness. Lastly, Chapter 8 with 10 projects considers the institutional and regulatory capacity for policymaking and implementation, which is vital for a fragile economy such as South Sudan.

9.7 Approach to resource mobilization

The total estimated cost of all projects is enormous at close to $13 billion (SSP6.034 billion) mainly due to the considerable amounts needed for infrastructure. The infrastructure costs including transport, energy and ICT is about $11.2 billion (SSP5.2 billion) meaning that without this huge cost, the implementation of this action matrix would be about $1.9 billion (SSP874 million) over eight years, an annual average of about $238 million (SSP110 billion). Considering that in the draft FY2021/2022 national budget, gross government revenue is estimated at SSP647.4 billion, the expenditure on the DTISU 2022 Matrix can be afforded (Table 48). However, although 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 previously noted, the estimates in expenditure 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 should help to increase business and tax revenues. It is thus 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 relatively modest resources that government, with the help of development partners that are already involved, can fund. In terms of infrastructure, in the GRSS financing plan, as noted in chapter 4, the government has already indicated that it faces a financing gap of close to $10 billion (SSP4.2 billion) on the road 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. DTIS 2022 needs to be embraced by each of the government agencies so that required resources can be prioritized in their sectoral plans.

Table 48: Resource position, FY2021/2022 (SSP billions)

Source: South Sudan authorities, World Bank estimates

	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 South 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 GRSS Treasury	240.6	37.2	8.1

The country will also need to ramp up non-oil revenue especially domestic resource mobilization in the form of taxes away from oil, which currently dominates revenue sources. The increase in domestic resources will move in tandem with growth in the economic sectors, creating a self-serving loop (Figure 86). For the country to be able to cover the considerable cost of implementing this DTISU 2022 Matrix, as the government stabilizes, the authorities will need to deliberately shift resources away from security and administration to productive sectors of the economy. This would represent a big departure considering that, as noted earlier, sectors are currently receiving a small proportion of resources, particularly the economic services sector (Figure 87).

Figure 86: Distribution of government revenues, percent

Legend: Mandatory transfers Net oil revenue Non oil revenue

Source: South Sudan authorities

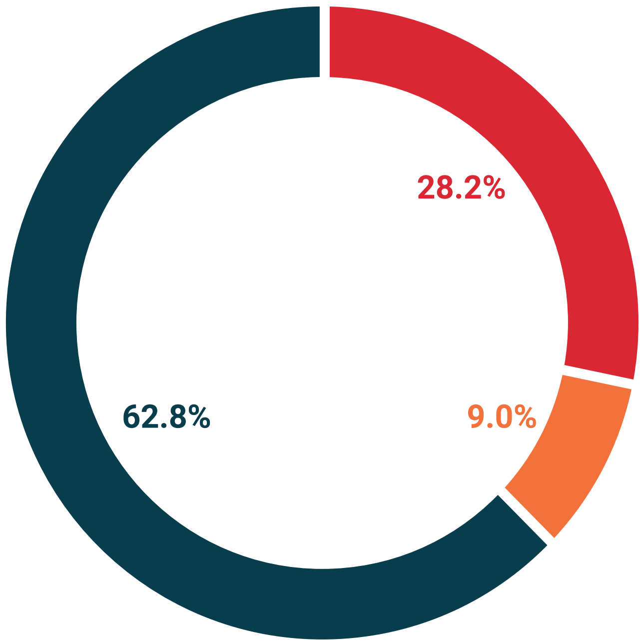
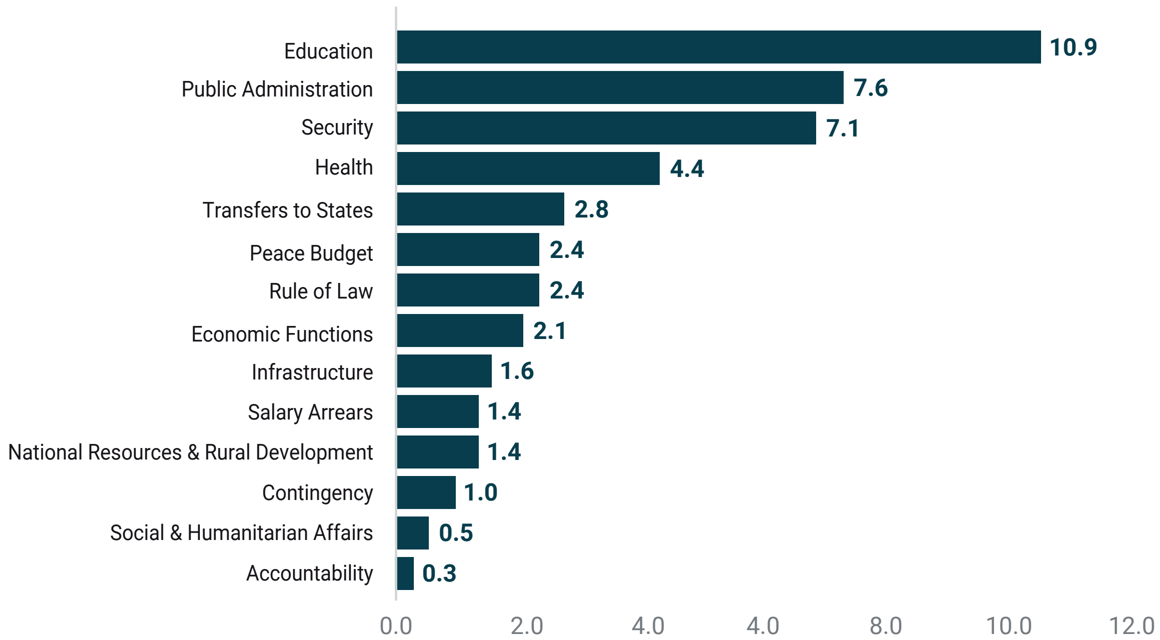


Figure 87: Sector expenditure share, percent of total

Source: South Sudan authorities



9.8 Internal sources

There is big scope for improvement in domestic resources considering non-oil revenues represent only 9 percent. Revenue as a percentage of GDP has been improving since 2010 but there is still some way to go, especially for improved domestic resource mobilization to be able to meet the huge resources required to fund the priorities outlined (Table 49).

Table 49: Selected fiscal indicators for South Sudan 2010-2018

Source: South Sudan MFP

Selected indicators	Aug.' 00-15	2011	2012	2013	2014	2015	2016	2017	2018
Fiscal									
Revenue (% of GDP)	23.2	29.7	34.4	7.7	27.9	162	457	348	341
Expenditure (% GDP)	26.3	24.4	34.7	16.9	311	271	506	352	375
Interest payments (% of GDP)	0.2	0.0	0.0	0.0	0.7	0.5	0.9	0.1	0.3
Non-interest expenditure (% of GDP)	26.6	24.4	34.7	169	303	266	496	350	372
Overall fiscal expenditure	-3.6	5.3	-0.3	-9.2	-3.2	-10.9	-4.9	-0.3	-3.4
Primary fiscal expenditure (% of GDP)	-3.4	5.3	-0.3	-9.2	-2.4	-10.4	-4.0	-0.2	-3.1
General government debt (% of GDP)	20.1	-	8.4	10.2	22.4	39.6	62.1	57.9	46.1

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, particularly the World Bank, are 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 community.[84] However, the country must keep a keen eye on the total public debt stock, which was estimated to stand at $2,958 million (59.5 percent of GDP) at the end of June 2021, according to the Joint IMF-World Bank Debt Sustainability Analysis update (October 2021).

84 The World Bank recently granted the country $34 million to improve its PFM.

9.10 Monitoring and evaluation framework

M&E is a major weakness in South Sudan's development architecture. Many good programmes and strategies are designed either with no comprehensive M&E frameworks or even when they are, with often no action taken. Consequently, even with a multiplicity of strategies in the country, it is often difficult to see their impact on the welfare of the population. It is imperative that the M&E of the DTISU 2022 is robust and that it is followed up very critically. The main problem for M&E in South Sudan is the low capacity both in government and outside, such as in civil society. Considering that the national M&E mechanism is not well developed, the MTI through the NIU established separate M&E mechanisms that feed into sectoral ones. In eight years of the DTISU 's implementation, there should be planned mid-term evaluations, annual assessments, end-line assessments and impact assessments. This is important because the DTIS 2014 finished without being evaluated and the DTISU 2022 is taking place amid such a backdrop.

9.11 National M&E structure

The R-NDS 2021-2024 states that it will: "rely on one integrated M&E system coordinated at the MFP with support from the National Bureau of Statistics and sector working groups. The M&E framework for the R-NDS will track and assess progress on activities, outputs and outcomes, as well as how these are contributing to achieving South Sudan's 2040 Vision. The framework will also assess the government's budget allocation and expenditure on R-NDS activities." The R-NDS also states that: "the results framework is articulated at the national level by cluster, strategic objectives, outcomes, and outputs. 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. 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 M&E plans that elucidate the objectives and targets for each agency along with well-defined and quantifiable indicators and meet on a quarterly basis. They need to provide a short progress report that uses as its basis the indicators and targets specified in the sector matrices. The R-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 the activities are undertaken as planned. It is planned that after the first 18 months of the R-NDS implementation, the MFP 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. 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 would be suboptimal for the DTISU 2022 to seek to rely on such mechanisms. Given past experience, the track record has been patchy.

It is therefore important for the MTI, working with development partners involved in AfT, to establish aligned mechanisms for the M&E of the DTISU 2022. Based on the Country Programme Action Plan (CPAP), the UNDP, which is supporting the formulation of this DTISU through the EIF, has set out a mechanism for the carrying out of regular M&Es. The NIU working with UNDP through an EIF NSC clearly sets out M&E timelines that should be followed strictly. The evaluation of the EIF Tier 1 project, which is under way, needs to formulate recommendations for these M&E plans. The NIU should also work with the NSC to ensure trade is mainstreamed into development programmes and that the M&E envisaged in the R-NDS is coordinated well with appropriate EIF mechanisms.

9.12 M&E of DTISU 2022

The DTIS 2014 did not include a clear M&E framework and this was partly why it was impossible to assess its effectiveness. Based on the above discussion, this DTISU 2022 proposes a rigorous M&E framework (Figure 88). As noted earlier, trade policy coordination is being undertaken by an underresourced NIU, which will need a serious revamp if it is to respond to the task of monitoring and evaluating the DTISU 2022. As noted earlier, the DTISU 2022 recommends the SSTDC to act as the programme national steering committee (PNSC), chaired by the undersecretary of trade and industry, which will coordinate and oversee all trade-related activities under the DTIS 2022 Consolidated Action Matrix. This NSC would be linked to the M&E framework proposed in the R-NDS, including the evaluation milestones proposed therein. The committee is expected to have focal points in all the trade-related agencies and institutions.

Figure 88: Implementation arrangements for the DTISU 2022 Consolidated Action Matrix

Source: South Sudan authorities

9.13 Components of the DTISU 2022 implementation and M&E

1

Ministry of Trade and Industry

National lead agency/DTISU 2022 and programme owner.

2

Collaborators

These are the 19 major organizations that are involved in the implementation of the DTISU 2022 programme: BoSS; South Sudan Bureau of Statistics; Ministry of EAC; SSRA-Customs; Ministry of Justice and Constitutional Affairs; Ministry of Agriculture; MFP, Ministry of Interior; Ministry of Security; Ministry of Transport; Ministry of Gender, Child and Social Welfare; Ministry of Energy and Dams; Ministry of Wildlife Conservation and Tourism; Ministry of ICT and Postal Services; Ministry of Higher Education, Science and Technology; Ministry of Lands, Housing and Urban Development; MLF; Ministry of Forestry; and MoP. The heads of the organizations concerned will nominate their representatives.

3

Programme Steering Committee 2022

Representatives of the collaborators of the DTISU 2022 programme implementation, coordination and monitoring. It would be chaired by the head of the undersecretary MTI who reports to the minister, as appropriate, on the progress of the DTISU 2022 Programme and obtains directives from that stakeholder. They would also interact with their counterparts in collaborator organizations for resolving issues that may arise from time to time during implementation. The SSTDC acting as PNSC will meet quarterly. It will devise its own work procedures and may enter a formal understanding, in the form of a MoU, with lead and collaborator agencies for their commitment to implement the DTISU 2022 programme as guided by the Consolidated Action Matrix.

4 National Implementation Unit

The NIU under the MTI shall be responsible for regular coordination, follow-up and monitoring of the DTISU 2022 programme. The NIU shall report to the head of the department of trade and functions as the secretariat of the SSTDC acting as the project NSC.

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 the NIU on a regular basis.

Table 50: DTISU 2022 Consolidated Action Matrix

Chapter 1: Ensuring Macroeconomic Stability for Inclusive Trade and Sustainable Development

Lead implementing agency: Ministry of Finance and Planning

Actions/measures (projects)	Outputs	Indicator	Target	Collaborating agencies	Timeframe	Budget estimate ($ millions)	Potential financing source
1.01 Support growth of productive sectors of the economy including agriculture and industry	The percentage of budget invested in agriculture and industry increased to enhance product and economic diversification.	Percentage expenditure	10%	MTI, BoSS, South Sudan Bureau of Statistics (SSNBS), MFP, Ministries of Agriculture and Forestry	Medium term (2025-2028)	500 million	GRSS, World Bank, IMF
	Percentage investment in human capital increased to stimulate development of trade in services.	Percentage of expenditure	25%				
1.02 Fiscal sector streamlining and transparency	PFM reforms in oil revenue management that ensures oil revenue flows into the budget implemented to enhance higher productive spending.	PFM reforms implementation	PFM reforms implemented		Short term (2022-2024)	10 million	EU, World Bank, UNDP, IMF
	Domestic non-oil mobilization to diversify revenue sources including harnessing opportunities in non-revenue sources designed and implemented.	Percentage of non-oil revenue	30%				
1.03 Exchange rate policy reform especially continuing to harmonize the dual rates	Measures to keep exchange rate unified that promote trade designed and implemented.	Gap between official and parallel exchange rate	Zero		Short term (2022-2024)	5 million	GRSS, World Bank, IMF

Actions/measures (projects)	Outputs	Indicator	Target	Collaborating agencies	Timeframe	Budget estimate ($ millions)	Potential financing source
1.04 Enhance the country's capacity to assess and mitigate the effects of climate change on the economy	Establish and strengthen institutional, legal, and regulatory arrangements for adaptation planning at the macro level. Ensure taxes on carbon, fuel and inefficient technologies and tax reductions and incentives for green and energy-efficient products that could temporarily shield decarbonizing national firms from foreign competitors, although carbon taxes might merely create pollution havens for carbon-intensive industries in developing countries where such taxes are weakly enforced. Ensure climate finance plays a key role in enabling South Sudan to meet its NDC goals, as it facilitates access to technical assistance, capacity-building, and technology transfer. Mainstream climate change adaptation measures into trade and private sector development programmes. Catalyse private sector movement towards a green economy, including small-scale businesses. Build greater technical capacity and awareness around trade and the climate change linkages. Enhance capacity to collect and analyse climate-related data, information and knowledge management systems enhanced to support climate change adaptation planning processes. Improve the human and institutional capacities to support national adaptation plan processes at the MFP, and the MTI.	Number of strategies in which climate change is mainstreamed Number of green businesses established Institutional coordination for climate change adaptation enhanced Unit charged with climate change data set up at MFP or SSNBS and given capacity More climate change experts recruited at national level Number of staff and private sector trained in climate change and trade linkages	10 500 Yes Yes 10 100	As above Ministry of Environment, Ministry of Agriculture	Medium term (2025-2028)	1 million	World Bank, UNDP, EU, UNEP
Sub-total: 4 projects						**$516 million**	

Table 50: DTISU 2022 Consolidated Action Matrix

Chapter 2: Regional Integration and WTO Accession

Lead implementing agency: Ministry of Trade and Industry

Actions/measures (project)	Outputs	Indicator	Target	Collaborating agencies	Timeframe	Budget estimate ($ millions)	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 national industrialization objective.	Gap between national and EAC CET	0	Ministry of EAC Affairs, NRA, Customs Division, Ministry of Justice and Constitutional Affairs	Medium term (2025-2028)	1 million	UNCTAD, TMEA, UNECA, ITC, JICA
2.02 Review import licensing regime in line with international best practice to improve trade competitiveness and facilitate trade	An import licensing regime that is competitive and consistent with RTAs and WTO obligations	Import licence reviewed in RTAs and WTO Obligations	Legislation enacted		Short term (2022-2024)	0.1 million	TMEA, UNCTAD, UNECA, ITC
2.03 Harmonize local taxation regime with the national trade development priorities, including elimination of multiple taxation	Taxation regime harmonized to support SME growth, industrial development, economic diversification, and export development strategies.	Multiple taxes harmonized	Yes		Medium term (2025-2028)	0.2 million	EU, World Bank, AfDB

Actions/measures (project)	Outputs	Indicator	Target	Collaborating agencies	Timeframe	Budget estimate ($ millions)	Potential financing source
2.04 Support and popularize the application of the RoO system, which is transparent, accountable, fair, predictable and compatible with WTO and RTAs	A transparent, accountable, fair, predictable RoO that is compatible with WTO and RTAs implemented.	Existence of RoO application system Adoption of certificate of RoO	Yes		Medium term (2025-2028)	0.2 million	JICA, EU, AfDB, EAC, AfCFTA Secretariat, UNECA,
	Capacity of private sector enhanced on RoO to increase market access.	Number and type of RoO programmes implemented	Yes				JICA, UNECA, ITC, AfCFTA Secretariat
2.05 Review and design of export tax policy to promote value addition in a few selected priority products 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.	Export taxes eliminated	Yes		Medium term (2025-2028)	0.1 million	UNCTAD, UNECA
2.06 Facilitate WTO accession	WTO accession strategy and implementation action developed. Cost-benefit analysis on WTO accession undertaken. Capacity for negotiators enhanced. Domestic legislation reviewed against the WTO obligation undertaken and associated reform implemented. Standing trade negotiation team established. Sector studies undertaken to inform development of market access offers for trade in goods and services. Stakeholders sensitized on market access opportunities associated with WTO accession.	WTO accession implemented Cost-benefit analysis done WTO trade policy-related reform. WTO negotiating team Sector studies undertaken.	WTO accession strategy adopted All relevant laws reviewed and enacted South Sudan acceded to WTO Yes Yes		Medium term (2025-2028)	1 million	WTO, WEF, UNDP

Actions/measures (project)	Outputs	Indicator	Target	Collaborating agencies	Timeframe	Budget estimate ($ millions)	Potential financing source
2.07 Facilitate full EAC integration	The draft South Sudan policy on EAC integration adopted and effectively implemented. The private sector, civil society and the general community sensitized on EAC integration. Capacity of private sector enhanced to take advantage of enhanced market access under EAC market. EAC integration monitoring committee established. Updated results-based EAC roadmap/action plan developed to inform harmonization of laws and procedures to support implementation of EAC Customs Union and Common Market.	EAC integration policy implemented Number of actions implemented in the EAC roadmap to facilitate implementation of EAC CU and Common Market EAC laws reviewed Community sensitized on EAC Committee established Roadmap developed	Yes 10 Yes Yes Yes		Medium term (2025-2028)	1 million	EAC, TMEA, UNDP, JICA, AfDB
2.08 Strengthen participation in AfCFTA	South Sudan ratifies AfCFTA. National AfCFTA strategy developed to guide implementation of the agreement. National AfCFTA strategy adopted and effectively implemented. Stakeholders sensitized on cost and benefits of implementing AfCFTA.	Ratification instrument deposited with the AU Commission Chairperson AfCFTA strategy finalized Number of actions implemented in the AfCFTA strategy Number of stakeholders sensitized on AfCFTA	Yes Yes 10 ,000				UNECA, UNCTAD, UNDP, ITC

Actions/measures (project)	Outputs	Indicator	Target	Collaborating agencies	Timeframe	Budget estimate ($ millions)	Potential financing source
2.09 Promote pan-African trade and economic integration including through the AfCFTA and other regional trade agreements	Cost-benefit analysis to inform the accession process to COMESA undertaken. Ongoing negotiations and outstanding ratifications of the various RECs and FTAs finalized. Institutional capacity to support South Sudan participation in various RECs or FTAs such as EAC-SADC–COMESA Tripartite, AfCFTA, and IGAD built for effective coordination and implementation. Products for which South Sudan has potential to trade under various RECs and FTAs developed and promoted through national export strategy. Private sector and community sensitized on the potential trade and investment-related opportunities under EAC-SADC-COMESA Tripartite, AfCFTA, IGAD, COMESA.	Cost-benefit analysis undertaken Number of private sector and stakeholders trained on market access opportunities in RTAs % growth in intra-regional trade Number of private sector/stakeholders sensitized	Yes 10,000 10 10,000		Medium term (2025-2028)	0.5 million	AU, NEPAD, AfDB, UNDP
2.10 Facilitate EU–EAC EPA accession	Cost-benefit analysis to inform possible South Sudan accession to the EU-EAC EPA undertaken. Private sector and other stakeholders sensitized, and their capacity built on how to harness market access opportunities under the EU-EAC EPA.	Cost-benefit analysis done Number of stakeholders sensitized on EU EAC EPA.	Yes 10,000		Medium term (2025-2028)	0.1 million	EU, TMEA, WTO, World Bank

Actions/measures (project)	Outputs	Indicator	Target	Collaborating agencies	Timeframe	Budget estimate ($ millions)	Potential financing source
2.11 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.	Preferential partnership adoption	Yes		Medium term (2025-2028)	0.1 million	USAID, JICA, EU
	Trade and investment relations with the United States under AGOA framework restored.	AGOA market access is sustained	Yes				
	Products for which South Sudan has potential to trade under the preferential schemes developed and promoted through national export strategy.	Products developed	10				
	South Sudan exporters assisted to cope with the requirements of preference schemes in relation to RoO and other non-tariff measures.	Number private sector and exporter training on RoO in relation to bilateral market access opportunities	1,000				
	Reciprocal participation in exhibitions and trade fairs as well as respective country week promotional events done.	Number of trade fair and exhibitions undertaken	50				
	Awareness among South Sudan producers about these preference schemes from which South Sudan can derive benefits.	Number of stakeholders sensitized	10,000				
Sub-total for the 11 projects:						**$4.3 million** (ST 0.1 million; MT 4.2 million)	

Table 50: DTISU 2022 Consolidated Action Matrix

Chapter 3: Standards and Quality Infrastructure

Lead implementing agency: South Sudan National Bureau of Standards

Actions/measures (project)	Outputs	Indicator	Target	Collaborating agencies	Timeframe	Budget estimate ($ millions)	Potential financing source
3.01 Develop and adopt policy and regulatory framework for quality infrastructure	Adopt the NQP: approval, review, then 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).	NQP adopted Number of enacted quality infrastructure-related legislation	NQP adopted 10	MTI NRA – Customs, Ministry of Health Ministries of Agriculture and Forestry South Sudan National Bureau of Standards	Short term (2022-2024)	0.5 million	UNCTAD, UNIDO, TMEA
3.02 Enhance the NQI 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. Policymakers 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 all 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. National technical standards harmonization committees in the priority areas set up. SSNBS staff supported to attend regional meetings for the adoption of regional standards. ICT infrastructure (website) and committee meeting facilities (projector, printer, projector screen, video conferencing facilities) provided	Number of exporters trained Number of policymakers sensitized Number of regulators trained Number of SPS regulations developed Adoption of harmonized standards Catalogue developed Number of technical regulations for priority sectors developed and adopted Number of policymakers inducted through regional meetings ICT infrastructure developed	10,000 500 200 Yes Yes Yes 10 50 Yes		Medium term (2025-2028)	6 million	EU, UNCTAD, WTO, UNIDO

Actions/measures (project)	Outputs	Indicator	Target	Collaborating agencies	Timeframe	Budget estimate ($ millions)	Potential financing source
3.03 Strengthen metrology to provide calibration services to laboratories and companies with traceability to the international system of units (SI).	Capacities of institutions dealing with metrology built and harmonization of local standards with regional and international standards upgraded.	Metrology capacity needs assessment report.	Yes		Long term (2029-2030)	3 million	UNCTAD, EU, World Bank, AfDB, UNIDO, OIML
	Some equipment for Gold Hallmarking and other legal metrology acquired and training on specific priority dimensions and industrial calibrations completed.	Number of metrology officials trained	100				
		Equipment for hallmarking and regal framework developed	Yes				
	Verification procedures in priority areas for the nation harmonized.	Number of sectors for which procedures are verified	10				
	Support for participation in the activities of international (OIML) and regional metrology organizations and membership fees provided.	Number of metrology experts attending regional meetings	100				
3.04 Designate a national accreditation point within MTI to ensure that conformity assessment bodies have access to accreditation services	Competent and qualified staff to the national accreditation point recruited.	Number of staff recruited	100		Long term (2029-2030)	0.5 million	EU, WTO, UNIDO
	Equipment for the national accreditation system acquired.	Accreditation equipment acquired	Yes				
	Legal and policy framework for the establishment of accreditation services in the country developed.	Number of staff trained	100				
	Staff (peer quality and technical evaluators) of South Sudan national accreditation point trained in priority areas.	MoU signed	Yes				
	MoU with regional accreditation bodies to get capacity-building through them signed.	Number of assessors trained	100				
	Assessors for laboratories, certifications and inspections trained.	Number of laboratories enrolled	10				
	Enrolment of laboratories, certification and inspection bodies with regional accreditation bodies started.	Databases established	Yes				
	Establish a database on accreditation, conformity assessment bodies and metrology.						

Actions/measures (project)	Outputs	Indicator	Target	Collaborating agencies	Timeframe	Budget estimate ($ millions)	Potential financing source
3.05 Promote SSNBS quality and certification marks	Mandating of national certification bodies for the deliverance of certification mark and its promotion supported.	Certification bodies mandated	Yes		Short term (2022-2024)	0.1 million	WTO, ASRO, TMEA
	Staff of the national certification bodies trained on SSNBS management system.	Number of standard certification staff trained	200				
	Certification scheme complying with ISO 17021 supported.	SSBS management systems ISO certified	Yes				
3.06 Strengthen capacity and capability of testing services	Gaps in testing laboratories especially test methods identified.	Capacity needs assessment report	Yes		Short term (2022-2024)	1 million	UNIDO, TMEA
	Testing methods and support laboratories to participate in proficiency schemes harmonized.	Testing methods harmonized	Yes				
	Functionality of laboratory equipment (calibration) ensuring operational links between different stakeholders (surveillance, response, food safety, animal health and laboratories) established.	Functionality of equipment harmonized	Yes				
	Personnel capacity (in-house training) and equip testing laboratories: identifying requisite skills and building capacity to ensure that a sound food safety control system is built.	Operation linkages established	Yes				
	Laboratories stocked with required equipment, reagents and supplies.	Capacities built	Yes				
	Management system development (documentation, record keeping, internal auditing) supported	Laboratories equipped	Yes				
	Staff and set standard operating procedures for laboratory accreditation (ISO IEC 17025:2017) trained	Management systems supported	Yes				
	Complementary laboratory equipment and analytical techniques acquired	Laboratories procedures accredited	Yes				
	Mobile food testing laboratories at ports of entry (e.g. Kaya and Nadapal, etc.) introduced	Number of mobile food labs installed	8				

Actions/measures (project)	Outputs	Indicator	Target	Collaborating agencies	Timeframe	Budget estimate ($ millions)	Potential financing source
3.07 Upgrade the capacities of institutions dealing with inspections	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. Ensure regulatory enforcement made more effective—the role of adequate sanctions and liability. Inspection coordination issues (national vs. local inspections) improved. Inspection bodies trained and coached to implement risk-based inspection and ISO 17020.	Inspections and enforcement issues identified Inspection procedures developed Compliance guidelines developed Regulatory enforcement procedures made effective Inspection bodies trained Inspection bodies staff trained	Yes Yes Yes Yes 100 100		Medium term (2025-2028)	1 million	UNIDO, STDF

Actions/measures (project)	Outputs	Indicator	Target	Collaborating agencies	Timeframe	Budget estimate ($ millions)	Potential financing source
3.08 Strengthen capacity of SPS institutions for animals and plant health	Draft SPS strategy adopted. 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/chemicals and required 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. Staff trained on SPS measures and crop pests risk analysis. Technical capacity of the pest control laboratory and add and build satellite laboratories across the country and at the ports of entry. Border animal health inspection points at Juba International Airport and Nimule, Nadapal, and Kaya border points rehabilitated and re-equipped. ISPM No. 15 for packaging of export products and IPPC provisions including certification implemented. WOAH Terrestrial Animal Health Code at the ports of entry implemented. Market access for livestock/livestock products improved. Three local slaughterhouses in Juba, Wau and Malakal and the export slaughterhouse in Juba constructed.	Adoption of SPS strategy by Council of Ministers Laws, regulations and standards strengthened SPS memo reviewed Committee established Number of officers recruited Reagents supplied Number of staff trained Number of stakeholders sensitized Number of officers recruited Number of control laboratories built Inspection points rehabilitated and equipped Phyto measures implemented Code implemented Percent increase in sales Slaughterhouses constructed	Yes Yes Yes Yes 100 Yes 100 1,000 100 10 Yes Yes Yes Yes 50		Long term (2029-2030)	0.5 million	STDF, FAO

Actions/measures (project)	Outputs	Indicator	Target	Collaborating agencies	Timeframe	Budget estimate ($ millions)	Potential financing source
3.09 Improve food safety and food control system 3.9.1 Food legislation, laws and regulations	Public health laws/food laws including those policies and regulations that are in draft forms enacted. Legal and regulatory frameworks for the synergy of an effective food safety control system consolidated. International standards gazetted by SSNBS and shared with stakeholders in food safety.	Number of laws enacted Legal framework consolidated Number of standards gazetted	Yes Yes 10		Medium term (2025-2028)	0.1 million	STDF, FAO
3.9.2 Food control management	Regulatory framework harmonized to facilitate effective implementation of food safety and reduce confusion. Country CA established or appointed. National strategy for food safety developed.	Regulatory framework harmonized CA established	Yes Yes		Long term (2029-2030)	0.1 million	UNIDO, TMEA, FAO, World Bank
3.9.3 Food inspection service	Ministries and agencies involved in food safety inspection service specified. National database for all food premises created. Inspection frequency determined on a risk basis. Introduce e-Phyto-sanitation certificates to facilitate food export inspections. Integrated inspection guidelines and codes of practice for conducting food safety inspection should be developed for inspection officers to ensure consistent approach and compliance.	Ministries, departments and agencies specified Database created Guidelines and codes developed e-Phyto certificates introduced	Yes Yes Yes Yes		Long term (2029-2030)	0.1 million	STDF, UNIDO, FAO, World Bank
3.9.4 Laboratory services	IDSR and DHIS-2 system to gain information on food-borne diseases reviewed. Capacities of different laboratories: e.g. SSNBS, Ministries of Agriculture Fisheries, etc. both at borders and in cities where central testing is conducted delineated. Multi-sectoral laboratory technical working group constituted.	System reviewed Laboratories delineated Working group constituted	Yes Yes Yes		Medium term (2025-2028)	1 million	UNIDO, STDF, WTO
3.9.5 Stakeholder management	Agencies that should engage and provide food safety communications and public education designated and roles specified.	Agencies specified	Yes		Short term (2022-2024)	0.1 million	GRSS, UNIDO

Actions/measures (project)	Outputs	Indicator	Target	Collaborating agencies	Timeframe	Budget estimate ($ millions)	Potential financing source
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 public and businesses. Good hygienic practices (GHPs), (HACCP, food safety management systems) (e.g. ISO 22000), and risk analysis in food value chains instituted.	IEC information supplied GHPs systems instituted	Yes Yes		Short term (2022-2024)	0.3 million	UNIDO, STDF, World Bank
3.10 Build the capacity of private sectors to understand their roles in 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 organization 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 SMEs of the major standards that are required by certain export markets and guide exporters to comply with international standards raised. Coordination of networking associations in the areas of quality promotion set-up within MTI.	Technical support provided Diagnostics done Value chain studies done Guidelines elaborated Number of SMEs sensitized Networking associations supported	Yes Yes 10 Yes 1,000 200		Short term (2022-2024)	0.3 million	STDF, UNIDO, 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 all projects being implemented in the ministry disseminated to all programme beneficiaries.	Committee set up Number of recommendations implemented by the respective committee meetings	Yes 100		Short term (2022-2024)	0.1 million	STDF, World Bank
Sub-total for the 16 projects:						**$14.7 million** (ST 2.4 million; MT 8.1 million; LT 4.2 million)	

Table 50: DTISU 2022 Consolidated Action Matrix

Chapter 4: Trade Facilitation

Lead implementing agency: South Sudan National Revenue Authority–Customs Division

Actions/measures (project)	Outputs	Indicator	Target	Collaborating agencies	Timeframe	Budget estimate ($ millions)	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 analysed. Based on the above assessment, customs forms for immediate implementation in South Sudan. Adopted in line with international best practices. Training regarding the relevant customs forms and declarations carried out. Pilot/trial for the customs forms run. After a successful pilot, implementation of EAC finalized.	Forms reviewed Validation reviewed Forms chosen Number of trainings Pilot done Forms adopted	Yes Yes Yes 100 Yes Yes		Short term (2022-2024)	3 million	EAC, GIZ, TMEA, EU, JICA, AfDB, IMF, UNDP
4.02 Creation of a detailed SSCS webpage under NRA with relevant information on the country's rules for exportation and importation	Website with key customs-related procedures and information developed. Relevant customs officers to be trained to manage and update the website.	Website designed Staff trained	Yes 10		Short term (2022-2024)	0.3 million	AfDB, TMEA, EU
4.03 Implementation of the EAC-AEO programme	Awareness of EAC AEO programme implemented. Customs officials trained on the details of AEO programme as part of a holistic risk management system. EAC AEO programme adopted in South Sudan.	Number of stakeholders trained AEO adopted	1,000 Yes		Short term (2022-2024)	0.2 million	As above

Actions/measures (project)	Outputs	Indicator	Target	Collaborating agencies	Timeframe	Budget estimate ($ millions)	Potential financing source
4.04 Implementation of the EAC simplified trade regime programme	Stakeholders sensitized on EAC simplified trade regime programme. Customs officers trained on EAC simplified trade regime. EAC simplified trade regime programme adopted in South Sudan with associated regulations. .	Staff trained Pilot implemented Regulations issued	500 Yes Yes	MTI BoSS MFP Ministry of EAC Ministry of Justice and constitutional Affairs Ministry of Interior Ministry of Security	Medium term (2025-2028)	0.2 million	As above
4.05 Adopt the CET and implement a four-band tariff structure of 0 percent, 10 percent, 25 and 35 percent and the EAC sensitive items list.	Financing Act with relevant tariff structure put in place by GRSS. Detailed analysis to inform the adoption of CET undertaken. South Sudan adopts the EAC CET.	CET structure set within Financial Act Implementation of the EAC CET	Yes Yes		Medium term (2025-2028)	0.3 million	TMEA, JICA
4.06 Implement the EAC CMA	Customs officers trained on the CMA. South Sudan adopts the EAC CMA and associated regulations National Customs Law, CMA Regulations, Duty Remission Regulations and Compliance Management Regulations made available to relevant departments of SSCS. South Sudan customs operating procedures developed/reviewed/realigned to ensure compatibility with the CMA and related regulations. Customs officers trained on CMA-compatible operating procedures. Stakeholders sensitized on EAC CMA.	Number of staff trained Laws provided to departments Procedures developed	200 Yes Yes		Medium term (2025-2028)	0.3 million	TMEA

Actions/measures (project)	Outputs	Indicator	Target	Collaborating agencies	Timeframe	Budget estimate ($ millions)	Potential financing source
4.07 GATT valuation system as stipulated in the EAC CMA	South Sudan becomes a signatory to the valuation agreement. Training on the valuation agreement carried out. Overall process of procedural and management change in line with the provisions of the GATT valuation system undertaken.	Number of trainings done SOP adopted in line with valuation agreement	10 Yes		Long term (2029-2030)	0.2 million	WTO
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	Review the Customs Act and develop associated regulations to ensure its compatibility with Revised Kyoto Convention Protocol and WTO TFA EAC Customs Regulations adopted. Customs SOP developed in line with the EAC customs regulations. Customs officers trained on new customs SOPs	Adoption of new SOP in line with EAC regulations. Number of officers trained	Yes 100		Long term (2029-2030)	0.3 million	TMEA, JICA, AfDB, UNDP
4.09 Implement the EAC RoO **4.10** GRSS to issue CoOs	South Sudan adopts the EAC RoO manual. CA for RoO designated; RoO unit, responsible for issuing and verifying the CoOs established. EAC RoO adopted. Training of customs officers on RoO carried out. Copies of the RoO manual procured.	Issue of certificate of origin Number of staff trained on RoO	100 500		Medium term (2025-2028)	0.1 million	TMEA, EU, JICA
		Number of private sector players trained on RoO Administration system designed	Yes Yes		Medium term (2025-2028)	0.5 million	As above, JICA

Actions/measures (project)	Outputs	Indicator	Target	Collaborating agencies	Timeframe	Budget estimate ($ millions)	Potential financing source
4.11 GRSS 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	Adopts the EAC Customs Procedures; EAC Valuation Manual; EAC Post Clearance Manual; and the EAC Duty Remission Manual	Manuals implemented Procedures adopted	Yes Yes		Long term (2029-2030)	0.2 million	As above
4.12 Establish automated customs system	South Sudan adopts automated customs system with customs procedures compatible with the Revised Kyoto Convention Protocol and WTO TFA and ensures regional customs ICT interconnectivity, post-clearance audit and risk management	Customs system automated in line with international best practices including post clearance audit and risk management	Yes		Long term (2029-2030)	0.5 million	As above
4.13 Customs to cooperate with EAC partner states' customs administrations 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.	Meetings done Instruments adopted Quarterly meetings achieved	Yes Yes Yes		Short term (2022-2024)	0.1 million	As above
4.14 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 review of the EAC compliance and enforcement action plan.	Implementation of EAC Customs Management Regulations; minutes of authorized economic operators	Yes		Medium term (2025-2028)	1 million	As above

Actions/measures (project)	Outputs	Indicator	Target	Collaborating agencies	Timeframe	Budget estimate ($ millions)	Potential financing source
4.15 Management of duty remission and exemption regime	Customs expert to 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 with a view to align these legal texts with the EAC exemption and duty remission regime. Implement EAC exemption and duty remission schemes and officers trained. Develop training manual.	Meetings achieved Assessment report Exemptions implemented	Quarterly Yes		Medium term (2025-2028)	0.5 million	As above
4.16 Elimination of NTBs	Implementation of national NTB monitoring committee. Cross-border trade committees strengthened. CBTAs established to provide an institutional framework for lobbying of small-scale cross-border traders. Establishment of TIDs on border points for access and sharing of trade information among the SMEs. All national NTBs to South Sudan's exports removed and mechanism of safeguarding potential NTBs put in place.	Committee supported Association formed Desks facilitated NTBS removed	Yes Yes Yes Yes	MTI BoSS MFP Ministry of Transport	Medium term (2025-2028)	1 million	TMEA, EU, World Bank, USAID
4.17 Inter-agency coordination of trade facilitation	NTFC established to facilitate inclusive implementation and harmonization of trade facilitation-related measures in South Sudan.	NTFC established	Yes	As above	Short term (2022-2024)	0.2 million	UNCTAD
4.18 Transparency in business and trade policy-related laws and regulations	South Sudan Trade Information Portal established to make all trade-related information accessible, improve transparency, predictability and efficiency of trade.	Trade portal established	Yes	As above Ministry of ICT	Short term (2022-2024)	0.3 million	UNCTAD, WB

Actions/measures (project)	Outputs	Indicator	Target	Collaborating agencies	Timeframe	Budget estimate ($ millions)	Potential financing source
4.19 Gender integration in cross-border trade	Economic empowerment programmes targeting women, young people and people with disabilities implemented with a view to enable them to participate more in trade. Impacts of trade policies on the wellbeing of men and women and ultimately on the household assessed. Ensure gender and youth policies provide economic and trade opportunities for women and youth, including people with disabilities. Education programmes to eliminate prejudice against women and promote gender equality.	WEI program implemented Trade and gender linkages mainstreamed in trade initiatives Assessment made Policies created Programme developed	Yes Yes Yes Yes Yes	MTI BoSS MFP Ministry of Transport Ministry of Gender, Child and Social Welfare	Short term (2022-2024)	0.5 million	TMEA, EU, World Bank, USAID, UN Women
Sub-total for the 19 projects:						**$9.7 million** (ST 4.6 million; MT 3.9 million; LT 1.2 million)	

Table 50: DTISU 2022 Consolidated Action Matrix

Chapter 5: Business Environment and Entrepreneurship

Lead implementing agency: Ministry of Investment

Actions/measures (project)	Outputs	Indicator	Target	Collaborating agencies	Timeframe	Budget estimate ($ millions)	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. R-ARCSS signed in September 2018 to strengthen investment-related institutions to instil good governance, effectively implemented Investment in key prioritized and productive sectors to increase production and diversification in value-added products. Investment laws and other related legislations re-examined to ensure they promote investor confidence and compatibility with regional and multilateral trade agreements.	Diplomacy undertaken Peace agreement signed Value chains developed Laws reviewed	Yes Yes 10 Yes	MTI BoSS MFP Ministry of Transport Ministry of Energy Ministry of Wildlife Conservation and Tourism Ministry of ICT Ministry of Foreign Affairs and International Cooperation Ministry of Lands and Housing SSLC Ministry of Justice Law Reform Commission National Legislative Assembly The judiciary	Short term (2022-2024)	3 million	EU, AU, IGAD, World Bank, UNDP

Actions/measures (project)	Outputs	Indicator	Target	Collaborating agencies	Timeframe	Budget estimate ($ millions)	Potential financing source
5.02 Review the land policy to support trade and investment	Land policy and corresponding legal framework reviewed 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	New policy framework Legal framework reviewed Registry digitized Land approval harmonized	Yes Yes Yes Yes		Medium term (2025-2028)	2 million	GRSS, World Bank/IFC, UNDP
5.03 Reduce conflict/ insecurity	Conflict/insecurity reduced through agreement implementation.	Peace agreement implemented	Yes	Ministry of Interior Ministry of Security Ministry of Defence	Short term (2022-2024)	1 million	GRSS, IGAD
5.04 Improve transport and logistics for trade	Transport and logistics improved by construction of more roads and rehabilitating old ones with objective of linking producers with markets. Checkpoints on roads and rivers reduced through NTB. Navigation on rivers and modernize and improve ports. Clearing for exports and imports streamlined.	Kilometres of roads tarmacked Percentage reduction in checkpoints Ports improved Border points streamlined	1,000 km 70% 10 5	MTI Ministry of Transport Ministry of Roads and Bridges South Sudan Roads Authority	Long term (2029-2030)	10 billion	World Bank, EU, AfDB, GRSS
5.05 Increase access and reduce cost of power	Access and lower costs of power by constructing more power stations. Green energy explored especially given the huge potential for solar energy.	MWs of power produced such as from Fula Hydro dam MWs of solar power	1,000 100	Ministry of Trade Ministry of Energy	Long term (2029-2030)	1 billion	World Bank, EU, AfDB, GRSS
5.06 Ensure contract enforcement	Legal and regulatory framework for anti-corruption and company strengthened.	Legal and regulatory framework for contract enforcement strengthened	Yes	Ministry of Trade Ministry of Justice	Long term (2029-2030)	0.2 million	GRSS
5.07 Stream taxation regime	Taxation regime streamed by eliminating multiple taxation particularly	Taxation system streamlined	Yes	SSRA Ministry of Finance MTI	Medium term (2025-2028)	0.2 million	WTO

Actions/measures (project)	Outputs	Indicator	Target	Collaborating agencies	Timeframe	Budget estimate ($ millions)	Potential financing source
5.08 Access to finance for the private sector, especially SMEs	National financial inclusion strategy developed and implemented to increase access to and use of financial services. Women's enterprise development fund established. Youth enterprise development fund established. Collateral registries and credit history instruments established to improve access to finance. Financial education in SMEs and presentation of financial/ KYC (know-your-customer) documentation. Financial education between banks on the setting up of letters of credit, factoring, supply chain finance and credit insurance facilities promoted. Education implemented on the low-risk character of trade finance products, based on ICC publicly available documentation.	Financial inclusion strategy implemented Legal framework to establish women's and youth enterprise funds enacted Number of women and youth enterprises established through the women's and youth enterprise development funds SSMD strengthened Registries developed	Yes Yes 1,000 Yes Yes		Medium term (2025-2028)	20 million	UNDP, World Bank, AfDB
5.09 To improve the competition regime	A competition law enacted to promote efficiency, enhance the development of the productive sector, and protect consumers. Strong autonomous competition authority set up to administer the new competition law effectively and efficiently. Strengthen capacity of competition-related institutions to achieve an effective competition regime. Advocacy programmes implemented to foster competition culture among private sectors.	Competition law enacted Competition authority established Capacity of competition-related institutions developed Strong competition culture	Yes Yes Yes Yes	MTI Ministry of Justice	Medium term (2025-2028)	0.5 million	WTO, UNCTAD, UNDP
5.10 To protect the IP rights of the population	National IP strategy developed. IP-related legislation (copyright, trademark, patents, etc.) in line with TRIPS and national policy objectives enacted and implemented. South Sudan joins WIPO and IPR regional organizations; followed by WIPO membership South Sudan accedes 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.	National IP strategy developed and adopted IP-related legislation enacted WIPO joined Accession to IPR-related conventions Framework strengthened	Yes Yes Yes Yes Yes		Medium term (2025-2028)	1 million	World Bank, WIPO, ARIPO

Actions/measures (project)	Outputs	Indicator	Target	Collaborating agencies	Timeframe	Budget estimate ($ millions)	Potential financing source
5.11 To ensure consumer protection	Legal and policy framework to protect consumers against harmful or fake products and ensure its implementation finalized.	Framework finalized	Yes		Long term (2029-2030)	0.2 million	GRSS, UNCTAD
5.12 Improve governance	Government service delivery and predictability of policy ensured. Enforce laws. Empower communities, civil society and private sector.	Delivery done	Yes		Medium term (2025-2028)	1 million	USAID, EU, UKAID
5.13 Review and enact business policies, laws and regulations	Policies, laws and regulations that support business finalized and enacted. All stakeholders including Ministry of Justice and Constitutional Affairs are involved in the drafting of the legislation to foster ownership of the draft bills to fast track enactment. Periodic public-private dialogues (PPDs) strengthened to fast track legal reform process. Periodic roundtable meetings organized with parliamentary committee on trade and investment to enhance understanding and fast track adoption of the proposed bills.	R-NDS planned laws reviewed and enacted Number of PPD meetings held on business laws Number of periodic roundtable meetings on proposed trade and business-related laws	Yes 20 20		Medium term (2025-2028)	0.1 million	UKAID, World Bank/IFC
5.14 Support cooperative development	Financial literacy programmes enhanced that will allow cooperatives to be accountable, transparent, and prudent thus ensuring their longevity. Cooperative-related legislation reviewed and effectively enforced to enhance effective governance of the sector. Establishment of cooperative in key productive sectors such as fisheries agriculture, Livestock and other service-oriented sector industries promoted. Business support and development services for cooperatives implemented.	Number of entrepreneurs trained Cooperative legislation reviewed and new law enacted Sectoral cooperatives established Private sector members trained PPDs held	20,000 Yes 100 1,000 100	Ministry of Trade Ministry of Higher Education Ministries of Agriculture and Forestry	Medium term (2025-2028)	5 million	EU, UNDP
5.15 Women/youth entrepreneurship development	Women trained on simplified trade regimes so they are not exploited through the payment of bribes to clear their goods Elimination of sexual harassment, exploitation and rape that is hindering women to enter business Training and networking opportunities provided for women Women and economic empowerment programmes designed such as women's enterprise funds that will help increase access to finance for women	Women trained Sexual harassment trainings done Number of women and youth entrepreneurs trained on business development skills, supply chain management and market access Women and youth funds established	500 50 100 Yes	Ministry of Gender, Child and Social Welfare Ministry of Higher Education	Medium term (2025-2028)	5 million	EU, World Bank, UN Women, UNDP

Actions/measures (project)	Outputs	Indicator	Target	Collaborating agencies	Timeframe	Budget estimate ($ millions)	Potential financing source
5.16 Micro, small and medium-sized enterprises development enhanced	Business skill development programme within private sector redesigned and institutionalized to benefit all levels of business to enhance their competitiveness to conduct business domestically, regionally and internationally. Single permit business licence provided to all SMEs operating in designated marketplaces/workspaces and provide protection against harassment from any arm of the government. Private sector organizations that operate across more states strengthened to be able to articulate the needs of SMEs and informal traders better. Capacity-building programmes implemented on proposal writing, business plan development, management, bookkeeping and accounting.	Number of entrepreneurs given business development skills training Single licence provided Entrepreneurs trained	1,000 Yes 1,000	MTI	Medium term (2025-2028)	2 million	World Bank, EU, UNDP
5.17 Set up industrial parks, SEZs, duty-free shops and trade fair and exhibition grounds	Development of industrial parks and SEZs, duty-free shops and trade fair and exhibition grounds fast tracked to provide a conducive and reliable workstation for investors. Policy, legal and regulatory framework for SEZs and duty-free shops established.	Number of industrial parks and SEZs established Number of SEZs established Number of duty-free shops established Number of trade and exhibition grounds established SEZ policy adopted Consultant to develop SEZs and duty-free legal framework hired SEZ legal and regulatory framework enacted	10 5 2 2 Yes Yes Yes	Ministry of Lands Ministry of Agriculture MTTI	Medium term (2025-2028)	100 million	World Bank, EU, AfDB, UNDP
5.18 Skills development	TVET national policy/programmes established, which are designed to produce the skills needed in the country for private sector and industry development; national qualification framework and TVET authority.	Industry needs assessment done TVET legislative /regulatory framework enacted Establishment of TVET regulatory authority	Yes Yes Yes	Ministry of ICT and Postal Services Ministry of Higher Education Ministry of Culture, Youth and Sports Ministry of Labour	Medium term (2025-2028)	5 million	World Bank, EU, AfDB, UNDP
Sub-total for the 18 projects:						**11,146.2 million** (ST 4 million; MT 141.8 million; LT 11,000.4 million)	

Table 50: DTISU 2022 Consolidated Action Matrix

Chapter 6: Sectoral Trade, Economic Diversification and Competitiveness

Lead implementing agency: Ministry of Trade and Industry

Actions/ measures (project)	Outputs	Indicator	Target	Collaborating agencies	Timeframe	Budget estimate ($ million)	Potential financing source
6.01 Economic diversification including general agricultural development	Investment priorities in the CAMP Irrigation Development Master Plan (IDMP) 2015-2040 to increase domestic production, local and regional supply capacity, promote value addition and to strengthen national value chain implemented Two to three growth hub areas focusing on key priority sectors such as farming, value addition and agribusiness; market systems developed. 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. Policies to help integrate small farmers into the market economy (emphasis on the facilitation of contract farming, collective bargaining, farmer associations, food price stabilization, and the success of high-value agriculture on small farms) designed.	Percent of manufacturing in exports Value chain hubs developed Incubators set up National export strategy adopted Strategies developed	20% 3 10 Yes Yes	MTI Ministry of Agriculture MLF	Long term (2029-2030)	500 million	FAO, EU, World Bank, AfDB UNDP
6.02 Tourism value chain development	Peace and stability restored in South Sudan Existing roads improved and new ones connected to connect tourist sites Landmine clearances to ensure confidence and avoid fear South Sudan government strengthens network with private sectors to tourism value chain linkages. Improve service standards by educating and training civil servants Greater market awareness	Peace restored across the country Kilometres of feeder roads developed or improved Percentage decrease in land with landmines Awareness done	Yes 5,000 60% Yes	Ministry of Conservation, Wildlife and Tourism	Long term (2029-2030)	50 million	EU, AfDB, World Bank

Actions/ measures (project)	Outputs	Indicator	Target	Collaborating agencies	Timeframe	Budget estimate ($ million)	Potential financing source
6.03 Fisheries development	Investment in cold fish storage and drying facilities such as solar dryers undertaken to reduce reliance on sun-drying. Marketing systems developed for South Sudan fish nationally and regionally to expand the market for fish. Personnel and equipment across the fish value chain improved to increase capacity nationally and regionally. Women supported to form fishing groups/cooperatives and to access finances to increase capacity for fishing and fish trade. Investments supported in fish value addition to produce a variety of fish products to be marketed nationally, regionally and internationally.	Cold facilities set up Percentage increase in marketed fish Number of fishers provided with gear Number of women supported Fish processing plants established	10 50 1,000 1,000 10	MLF	Medium term (2025-2028)	50 million	FAO
6.04 Commercialize timber	Help stem deforestation and forest degradation by implementing sustainable forest management. Forest governance especially ownership rights between levels of government and communities streamlined. Forestry department equipped to fight forest fires. Legal and regulatory framework enhanced against charcoal burning and indiscriminate deforestation for fuel wood. Public and private sector investment in technology to commercialize forest resources enhanced. Land legal framework reviewed and streamlined to support sustainable forest management. Participation of women in forest product commercialization improved Capacity of the private sector improved with personnel and machinery to commercialize forestry Value addition opportunities in forestry expanding the ones already being produced such as gum arabic, teak and shea nut enhanced but also expanded into other products with national, regional and international markets.	Forest management plan implemented Governance streamlined Frameworks enhanced New technologies adopted Framework streamlined Firms provided with equipment and machinery Number of timber-processing plants	Yes Yes Yes Yes Yes 500 100	Ministry of Interior Ministry of Forestry	Medium term (2025-2028)	100 million	EU

Actions/ measures (project)	Outputs	Indicator	Target	Collaborating agencies	Timeframe	Budget estimate ($ million)	Potential financing source
6.05 Livestock development	Policy, institutional, legal and strategic framework developed to grow the livestock sector	Frameworks developed	Yes	MLF	Long term (2029-2030)	100 million	FAO
	Production and productivity enhanced by improving technologies for production and value addition	New technologies adopted	Yes				
	Investments in animal health and food safety enhanced to increase marketability of livestock	Food safety facilities set up	100				
	Market for domestic livestock developed to beat the stiff competition from regional and global actors and products	Percentage increase in livestock exported	50				
	Taxation in the livestock value chain made more efficient by streamlining the multiple taxes being charged on livestock.	Number of butcheries established	200				
	Public investment in the livestock subsector across various value chains enhanced.	R&D resources in livestock increased	50				
	Research and training enhanced in livestock production and processing and marketing.	Percent decrease in cattle raiding	50				
	Insecurity in areas such as cattle raiding and rustling, disrupting livestock activities and commercialization reduced.						
6.06 Commercialize honey	Stem deforestation, land degradation and cattlekeeper's attacks that are destroying the beekeeping ecosystem.	Percent decrease in deforestation	30	MLF	Long term (2029-2030)	50 million	EU, World Bank, UNDP
	Support towards private sector investment in storage facilities, processing and honey aggregation and packaging facilities.	Number of honey storage facilities established	100	Ministry of Forestry			
	Strengthen capacity of honey cooperatives in harvesting and marketing.	Apiaries provided with harvesting equipment	500	MTI			

Actions/ measures (project)	Outputs	Indicator	Target	Collaborating agencies	Timeframe	Budget estimate ($ million)	Potential financing source
6.07 Sesame development	Farmers supported with land preparation technologies including tractors and other equipment, and inputs such as pesticides by developing private markets. National extension services and other advisory services developed. Proper national policy undertaken regarding sesame including standards. Cooperatives supported to procure equipment and machinery for processing sesame, especially those of women and young people. Work with research and academic institutions to diversify sesame products Sesame and simsim export market potential developed by linking participants to regional and international networks.	Technologies developed Farmers getting extension percent increase Cooperatives provided with equipment Number of sesame products developed Number of farmers exporting sesame	Yes 30% 1,000 5 1,000	MTI Ministry of Agriculture	Long term (2029-2030)	70 million	FAO, UNDP
6.08 Develop and commercialize gum arabic	Laws governing the use of the forest and prohibiting the burning of the forest 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 analysing the chemical properties of gum arabic. Orientation and/or advisory for the public through the media: radio, television, newspapers and extension services on the importance of gum arabic. Producers trained on tapping, drying, cleaning, sorting, packaging and storing as well as business management skills. Equipment available for tapping, harvesting and handling as well as gum boots and eyeglasses procured. Marketing centres established to be managed by the producers to enable them to negotiate for better gum prices. Strong linkage between the producers and the exporters of gum arabic to improve market efficiency of gum in the country established.	Laws developed Percent increase in funding for gum arabic programme Numbers of laboratory setup Radio and other media appearances Numbers trained Farmers provided with equipment Centres supported Number of gum producers exporting	Yes 50 20 100 1,000 1,000 1,000 1,000	MTI Ministry of Agriculture Ministry of Forestry	Long term (2029-2030)	50 million	FAO, World Bank, UNDP

Actions/ measures (project)	Outputs	Indicator	Target	Collaborating agencies	Timeframe	Budget estimate ($ million)	Potential financing source
6.09 Oil industry development	Political stability and security encouraged to enable investment in the oil sector and this will in turn avert quick aging of the oil infrastructure. Funds from the oil money set aside for development of the oil sector and for repairs of equipment in case of any breakdowns. South Sudan oil resources marketed internationally to attract FDI to the sector. The MoP and contractors apply IOR/enhanced oil recovery technology to increase the potential oil output. The Ministry of Petroleum establishes a PTC	Percent decrease in security in oil areas Oil fund account established International oil workshops completed Oil recovery enhanced PTC established Audit done	50 Yes 10 Yes Yes Yes	MTI Ministry of Finance BoSS MoP Ministry of Lands	Medium term (2025-2028)	100 million	GRSS
6.10 Mining sector development	Political stability and general security encouraged in the country to enable mineral exploration and production. More funding attracted to the sector, this could be through investment promotion strategies of the investment agencies of the government. Mining sector marketed by providing information through brochures, newspapers, workshops, television and similar. The Mining Act 2012 reviewed to update the monetary values for fines to reflect the current exchange rate of the national currency (SSP) relative to other currencies. Mining policy developed to support the promotion and regulate exploration, production, trading and value addition. Enhance an enabling environment for investments.	Political stability and security maintained Percent increase in funding Marketing done Mining policy updated and adopted Mining Act reviewed Environment laws revised	Yes 50 Yes Yes Yes Yes	MTI Ministry of Finance BoSS Ministry of Mining Ministry of Lands	Medium term (2025-2028)	100 million	GRSS, World Bank
Sub-total for the 10 projects:						**$1,170 million** (MT 350 million; LT 820 million)	

Table 50: DTISU 2022 Consolidated Action Matrix

Chapter 7: Digital Trade and E-Commerce

Lead implementing agency: Ministry of ICT and Postal Services

Actions/measures (project)	Outputs	Indicator	Target	Collaborating agencies	Timeframe	Budget estimate ($ millions)	Potential financing source
7.01 E-commerce readiness assessment and strategies formulation	E-trade readiness assessment undertaken. National e-commerce strategy developed, aligned with government frameworks. A national multi-sectoral taskforce on e-commerce established to drive ICT and e-commerce growth in the country.	Key targets: E-trade readiness assessment report and e-commerce strategy developed by 2024 National e-commerce committee established		MTI Ministry of ICT and Postal Services	Short term (2022-2024)	0.5 million	UNCTAD, WTO, TMEA, World Bank
7.02 ICT infrastructure and services expansion	National backbone ICT infrastructure expanded into most towns and rural areas to provide affordable and reliable broadband internet. A study of the cost structure of internet connectivity and data affordability undertaken to identify concrete steps to reduce current costs. Specific policies and regulations be put in place to ensure fair competition in the telecommunications sector. Post-investment support to new MNO investors strengthened, in the form of advisory services and technical support. Access to electricity expanded across the country, especially in rural areas.	Knowledge management systems of backbone developed Study done Policies and regulations done ICT firms provided with post-investment	1,000 Yes Yes 50		Long term (2029-2030)	50 million	World Bank, EU, AfDB, UNCITRAL
7.03 Payment solutions introduced	Legal and regulatory framework enhanced to facilitate the development of fintech such as payment systems. Awareness and sensitization campaigns for both public and private sector stakeholders organized to reduce fears and lack of trust in e-payment solutions.	Framework enhanced Awareness done	Yes Yes		Medium term (2025-2028)	100 million	EU, AfDB, UNDP

Actions/measures (project)	Outputs	Indicator	Target	Collaborating agencies	Timeframe	Budget estimate ($ millions)	Potential financing source
7.04 Legal and regulatory framework	E-transaction legislation, Data Protection And Privacy Act enacted in line with UNCITRAL. Information and awareness-raising programmes on ICT and e-commerce laws and regulations implemented across all levels of society. Awareness-raising on cybersecurity and its implications. Adopt e-commerce-related conventions.	Number of stakeholders sensitized on e-commerce E-transactions legislations enacted Data Protection and Privacy Act enacted Number of e-commerce-related conventions adopted	50 Yes Yes 5		Medium term (2025-2028)	2 million	World Bank, UNDP, UNCITRAL, UNCTAD, TMEA
7.05 E-commerce skills development	Availability of courses and training dedicated to digital business entrepreneurship increased. Training programmes on ICT and e-commerce skills at an earlier age increased and implemented through revised national curriculum. ICT research and innovation promoted through financial support and technical assistance to the University of Juba, ICT faculty. Training programme on ICT and e-commerce developed and implemented. Support provided by the Chamber of Commerce and SSBF, to include training and ongoing mentorship, for MSMEs and start-ups in e-commerce.	E-commerce-related trainings mainstreamed into school/education curricula Training courses developed Number of people trained on ICT Percent increase in ICT R&D Analysis done Number of MSMEs trained	Yes 1,000 30 500 Yes 2,000		Medium term (2025-2028)	1 million	World Bank, UNDP

Actions/measures (project)	Outputs	Indicator	Target	Collaborating agencies	Timeframe	Budget estimate ($ millions)	Potential financing source
7.06 Access to financing	Funding opportunities for e-commerce firms improved by sensitizing banks and non-financial institutions to the unique operating models of such firms. Innovative fintech and financial insurance products launched for use by MSMEs interested in e-commerce. Crowdfunding and venture capital as alternative sources of funding for e-commerce ventures promoted. A network of women in e-commerce and digital business established to help women employees and entrepreneurs in e-commerce.	Percent increase in ICT funding from banks Number of products developed Number of venture capital firms attracted Women e-commerce associations formed	30 10 50 10		Long term (2029-2030)	100 million	World Bank, AfDB
Sub-total for the 6 projects:						**$253.5 million** (ST 0.5 million; MT 103 million; LT 150 million)	

Table 50: DTISU 2022 Consolidated Action Matrix

Chapter 8: Trade Policy Coordination and Implementation in South Sudan

Lead implementing agency: Ministry of Trade and Industry

Actions/measures (project)	Outputs	Indicator	Target	Collaborating agencies	Timeframe	Budget estimate ($ millions)	Potential financing source
8.01 Institutional capacity of the MTI	Organisation structure of MTI reviewed to respond to emerging trade policy spectrum; institutional capacity of the MTI enhanced through training and equipment and other support for effective trade policy formulation and implementation.	Adoption of new organisation structure. Recruitment of new staff; training of MTI staff.	Yes	MTI Ministry of Finance Ministry of EAC Affairs Ministry of Justice and Constitutional Affairs Ministry of Foreign Affairs and International Cooperation	Short term (2022-2024)	2 million	WTO, EU, UNDP
8.02 Institutional capacity and effectiveness to support coordination of WTO accession and regional integration initiatives	Institutional capacity and effectiveness of public institutional capacity, especially MTI, for effective coordination on WTO accession and regional integration initiatives enhanced. WTO unit established within directorate of external trade, MTI. Desk officers established to support EAC and AfCFTA implementation.	Establishment of WTO unit within MTI Number of experts attached to WTO Unit Establishment of desk officers to coordinate/support EAC and AfCFTA implementation WTO chief negotiator appointed	Yes 10 Yes Yes		Short term (2022-2024)	0.2 million	As above

Actions/measures (project)	Outputs	Indicator	Target	Collaborating agencies	Timeframe	Budget estimate ($ millions)	Potential financing source
8.03 Trade policy coordination mechanism and institutional capacity	Transform the existing EIF NSC into SSTDC Capacity of trade-related institutions supporting negotiation enhanced. Trade-related subcommittees established EIF NIU enhanced as the MTI AfT project implementation unit to coordinate the formulation and implementation of AfT projects in line with DTISU AfT matrix.	EIF steering committee transformed into SSTDC Technical assistance (TA) to the negotiation's institutions Number and type of subcommittees established TA for EIF NIU capacity enhancement deployed Trainings done	Yes Yes Yes Yes Yes Quarterly		Short term (2022-2024)	0.1 million	WTO
8.04 Capacity of key trade-related support institutions and their mandate	Human resource development for trade-related support institutions enhanced for effective trade policy formulation and implementation.	Trade policy curriculum mainstreamed into at least three local universities to facilitate training and create a pool of trade policy experts. Study tours organized for staff. Scholarships provided in trade policy and development.	3 10 10		Medium term (2025-2028)	0.2 million	WTO, UNDP
8.05 Trade mainstreaming and resource mobilization for trade policymaking and implementation	Trade-related actions in the DTISU Consolidated Action Matrix mainstreamed into R-NDS and sector development plans to inform budgeting, resource allocation and mobilization. Resource mobilization efforts, especially AfT, to support trade policy formulation and implementation. Sector dialogue implemented to facilitate trade mainstreaming.	Percent increase in AfT Trade priorities included in the development strategies and sector plans	30 Yes		Medium term (2025-2028)	0.1 million	GRSS, UNDP, EIF, UNECA
8.06 Monitoring and evaluation for trade policy implementation	M&E framework for trade established and effectively implemented.	M&E framework developed and implemented. Capacity for trade data collection and dissemination enhances	Yes Yes		Medium term (2025-2028)	1 million	GRSS, UNDP

Actions/measures (project)	Outputs	Indicator	Target	Collaborating agencies	Timeframe	Budget estimate ($ millions)	Potential financing source
8.07 Communication strategy for trade-related institutions	Communication strategy developed and effectively implemented.	Communication strategy developed and implemented	Yes		Medium term (2025-2028)	0.2 million	UNDP
8.08 Trade-related private sector development programmes	Trade-related private sector development programmes developed and implemented. PPDs programmes developed and implemented; in trade supported.	PPD held	Quarterly		Medium term (2025-2028)	0.3 million	AfDB, UNDP
8.09 Support private-public dialogue for trade	Convening of PPDs supported	Frequency of PPDs	Quarterly		Medium term (2025-2028)	0.2 million	As above
8.10 Enhance capacity of trade policy-related institutions to understand the role of trade in poverty reduction and be able to mainstream trade in national development strategies and plans	Capacity of trade policy institutions enhanced to assess role of trade in poverty reduction. Capacity of trade policy institutions enhanced to mainstream trade in national development and poverty reduction strategies and plans.	Capacity to assess trade role developed Capacity to mainstream trade developed	Yes Yes		Medium term (2025-2028)	0.3 million	UNDP, WTO
Sub-total for the 10 projects:						**$4.62 million** (ST 2.3 million; MT 2.3 million)	
Grand total:						**13,119.02 million** (13.119.02 billion dollars) ST $28.9 million; MT $114.3 million; LT $12,976 million	

THE REPUBLIC OF SOUTH SUDAN

MINISTRY OF TRADE & INDUSTRY

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Integrated
Framework

Government of South Sudan

Diagnostic Trade Integration Study Update

Leveraging Trade for
Economic Diversification,
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