STRENGTHENING AGRICULTURAL VALUE CHAINS & AfCFTA LINKAGES IN SOUTH SUDAN:

Opportunities and Challenges

FINAL REPORT
FEBRUARY 2023

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ACRONYMS

AfCFTA	African Continental Free Trade Area
Afreximbank	African Export-Import Bank
AMU	Arab Maghreb Union
ARII	African Regional Integration Index
ATO	African Trade Observatory
AU	African Union
AVCs	Agricultural Value Chains
CAADP	Comprehensive African Agricultural Development Programme
CEN-SAD	Community of Sahel-Saharan States
CET	Common External Tariff
COMESA	Common Market for Eastern and Southern Africa
COVID 19	Coronavirus disease 2019
COWE	Chamber of Women Entrepreneurs
CPC	Central Product Classification
CU	Custom Union
EAC	East African Community
ECCAS	Economic Community of Central African States
ECOWAS	Economic Community of West African States
EU	European Union
FAO	Food and Agriculture Organization
FPO	Farmer Producer Organisation
FDI	Foreign Direct Investment
Fintech	Financial Technology
FTA	Free Trade Area

GDP	Gross Domestic Product
GMP	Good Manufacturing Practice
GRSS	Government of the Republic of South Sudan
GTI	Guided Trade Initiative
HS Code	Harmonized System Code
ICT	Information Communication Technology
IGAD	Inter-Governmental Authority on Development
ITC	International Trade Centre
MSME	Micro, small, and medium sized enterprise(s)
MTI	The Ministry of Trade and Industry
MW	Mega Watt
NEIS	National Export and Investment Strategy
NTB	Non-Tariff Barriers
OECD	Organization for Economic Cooperation and Development
OSBP	One Stop Border Post
OSSIC	One Stop Shop Investment Centre
PAPSS	Pan-African Payment and Settlement System
QMS	Quality Management System
R-ARCSS	Revitalised Agreement on the Resolution of Conflict in South Sudan
REC	Regional Economic Community
R-NDS	Revised National Development Strategy
RoO	Rules of Origin
R-TGoNU	Revitalized Transitional Government of National Unity of South Sudan
SADC	Southern African Development Community
SPS	Sanitary and Phytosanitary Standards
SSAM	South Sudan Association of Manufacturers
SSCCIA	South Sudan Chamber of Commerce, Industry and Agriculture
SSNBS	South Sudan National Bureau of Statistics

SSWEN	South Sudan Women Empowerment Network
TBT	Technical barriers to trade
TFTA	Tripartite Free Trade Area
TMEA	Trademark East Africa
Tralac	Trade Law Advisory Centre
UNDP	United Nations Development Programme
UNECA	United Nations Economic Commission for Africa
UNEP	United Nations Environmental Programme
WEI	Women Empowerment Initiative
WFP	World Food Programme
WHO	World Health Organization
ZMA	Zambian Manufacturers Association

EXECUTIVE SUMMARY

South Sudan has an estimated population of 13.3 million (2020 estimate) in an area of 644,000 square kilometres. More than 75 percent of the country's land area is suitable for agriculture and about half of the total land space is estimated to be suitable for cultivation. The country remains highly dependent on oil, which accounts for about 90 percent of government revenue, 95 percent of total exports, and more than half of the country's Gross Domestic Product (GDP). Outside the oil sector, livelihoods are concentrated in low productivity, unpaid agriculture and pastoralist work. The agriculture sector accounts for 15 percent of GDP and employs 80 percent of the population.

The Revised National Development Strategy (R-NDS) for the period 2021-2024 identifies diversification from petroleum to agriculture as vital for sustainable economic growth. This provides a way to attain broad-based economic growth and food security in the short to medium-term. Soils and ecological characteristics make South Sudan suitable for the supply of a wide range of agricultural products. By adding value to agricultural raw materials into final food products for domestic and export markets, South Sudan can create decent jobs, increase earnings, and broaden government's revenue generation base.

The key drivers in the strategy for expansion of agricultural production are threefold:

(i) Expand substantially the area currently under cultivation.

(ii) Increase yields in areas that are already under cultivation along with ensuring high productivity on newly farmed lands.

(iii) Expand opportunities for the sustainable production of marketable surpluses of livestock and fish products.

Opportunities exist in investment to scale up production, value addition, and to take advantage of emerging regional markets like the African Continental Free Trade Area (AfCFTA) to support the National Economic Diversification Agenda. The AfCFTA aims to connect 1.3 billion people across 55 countries, thus providing market access opportunities for products made in South Sudan and inputs to support structural transformation through value addition.

By providing a large and attractive market, the AfCFTA offers incentives to private companies to invest in small, fragmented, and uncompetitive national markets like South Sudan. The immediate benefits of the AfCFTA include

THE SEVEN SOUTH SUDAN AGRICULTURE VALUE CHAINS

a reduction in tariffs and non-tariff barriers (NTBs) and the establishment of a continental framework for trade in goods and services. This is expected to drive structural transformation in South Sudan through increased investment in key agricultural value chains (AVCs) where the country has comparative advantage.

In order to understand the potential contribution of AfCFTA in spreading the benefits of trade to all actors in the economy, an assessment was conducted to determine the potential opportunities and challenges of AfCFTA to strengthen the AVCs and build stronger AfCFTA linkages in South Sudan. The expectation is to foster participation of the private sector, especially women and youth-led MSMEs, on AfCFTA and AVCs. The study analysed the potential contribution of AfCFTA in developing key AVCs and structural transformation of South Sudan. The study's recommendations inform areas of capacity building initiatives for policymakers, private sector, MSMEs, and vulnerable youth and women on AfCFTA and agricultural value chains.

IDENTIFICATION OF VALUE CHAINS

The National Export and Investment Strategy (NEIS) is being developed with the objective of fostering trade and investment in South Sudan through a combination of effective strategic planning, improved national and subnational government technical support, and private sector leadership capacity. This will be achieved by boosting priority sectors including fruits and vegetables, oilseeds, hides and skins, natural honey, gum arabic, and tourism and wildlife. NEIS focuses on building the implementation, management, and analytical capacity of relevant public and private sector stakeholders, notably trade and investment agencies, to mobilise resources and lead the implementation of the actions defined in the strategy.

A two-day stakeholder workshop to validate the inception report of this study was conducted in Juba with representatives from the UNDP, from government line ministries, and from the private sector drawn from key value chains. **The stakeholders identified seven value chains and recommended that these be developed and linked to the AfCFTA. The selected value chains are shea nut, gum arabic, natural honey, sesame, groundnut, soya bean, and fish.**

The selected value chains have high potential for value addition and each can generate one or more value added products tradeable in the AfCFTA. Value addition to locally produced raw materials creates employment especially for youth and women, diversifies income sources, and reduces over-reliance on crude oil as a main source of government revenue. Value chains with greatest potential to benefit from the AfCFTA are those that (i) generate traded products that benefit from tariff preferences; (ii) generate products whose trade is set to expand through the AfCFTA's and (iii) generate products whose trade to AfCFTA is liberalized. All the seven value chains selected meet these criteria.

MAIN FINDINGS OF THE STUDY

STRENGTHENING THE PARTICIPATION OF WOMEN AND YOUTH IN THE AfCFTA

Women and youth are engaged in a variety of activities along the seven selected value chains of shea nut, gum arabic, natural honey, sesame, groundnut, soya bean, and fish. They are engaged in production, processing, distribution and trade, often simultaneously, and at times can be involved in multiple aspects of AVCs especially women and youth who are micro, small and medium sized enterprise (MSME) owners engaged in agriculture enterprises.

Quite often, women and youth participate in trade informally—meaning they are not legally registered, have no fixed business address, and do not access financial services from financial institutions. They depend largely on their own savings or borrow from relatives and friends. Women and youth dominate most of the informal cross-border trade in South Sudan. They face many challenges including inadequate capital, poor infrastructure, and non-tariff barriers such as illegal levies and taxes, among others.

The AfCFTA holds the potential to contribute significantly to women and youth empowerment through upgrades to their businesses and access to new markets. However, there is also a greater risk of the AfCFTA leading to further marginalisation of women and youth in trade. By upgrading and commercialising informal trade in Africa, women and youth in informal trade may be replaced by more sophisticated and resource endowed entrepreneurs, the majority of whom are men. To mitigate this risk, women and youth need to be equipped with financial literacy, business planning, and management skills. They also need to acquire skills in technology and have access to reliable and affordable internet access. Most importantly, they will need capacity to advocate and lobby for their right to access business information and for an enabling business environment.

The AfCFTA Agreement provides comprehensive avenues through which women and youth entrepreneurs can formalize and upgrade their trade. There are three digital based instruments that provide equal opportunities for countries and traders to take advantage of the opportunities presented by the AfCFTA as guided by the protocol on digital trade and e-commerce.

These instruments are **African Trade Observatory, AfCFTA Digital Trading Hub, and the AfCFTA Digital Payment Hub.** By leveraging on these instruments created by the AfCFTA, women and youth can favourably compete in the male dominated export market.

ATO

afcfta hub

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OPPORTUNITIES FOR LINKING VALUE CHAINS TO THE AfCFTA

The NEIS and the R-NDS identified the seven AVCs that have the greatest export potential including shea nut, gum arabic, natural honey, sesame, groundnut, soya bean, and fish. These are aligned with the Inter-Governmental Authority on Development (IGAD) and East African Community (EAC) priority commodities for export development. Many smallholder farmers are involved in production of the seven value chains along with maize and sorghum. Private companies in South Sudan are already sourcing some of these raw materials from producers and transforming them into finished products for domestic and export markets.

The AfCFTA Agreement provides comprehensive avenues through which women and youth entrepreneurs can formalize and upgrade their trade. AfCFTA provisions under the Protocol on Rules of Origin permit access to cheaper raw materials and intermediate inputs. Women in agriculture value chains will gain a comparative advantage by leveraging the AfCFTA's Protocol on Rules of Origin, which allows for access to cheap raw materials. Thus, women participating in value chains would be able to produce goods and services with significant African content in terms of raw materials and value addition in line with the preferential trade regime of the AfCFTA. Regarding flexibility, countries will be able to build on the productive capacities of their trade sector producers with greater comparative advantage before fully opening to trade. This gradual liberalization enables small-scale producers (the majority of whom are women) to enhance their competitiveness in intra-regional trade. As to policy space, the AfCFTA takes into account safeguards, standards (e.g. environment, safety, etc.), and transitional periods on tariff progression.

Once the AfCFTA Agreement is ratified, South Sudan will be able to create temporary exclusion lists that limit imports during sudden import surges. If properly harnessed, these trade measures will allow South Sudan to protect their small-scale producers against competition from import surges and counterfeit products. The AfCFTA's criteria for designating sensitive products and exclusion lists take into consideration restrictive trade liberalization measures on specific products deemed essential for women's needs such as reproductive health products and agro-processing. The AfCFTA adopts preferential trade regimes facilitating small-scale cross-border traders and smallholder farmers through measures that promote their integration into larger value chains. For example, the provisions of the AfCFTA Annex on Standards and Phytosanitary (SPS) Measures entails mutual recognition of standards, licensing, and certification of service suppliers across the continent, making it easier to meet export standards and satisfy regulatory requirements for niche markets.

By leveraging on the three digital based instruments, the African Trade Observatory, the AfCFTA Digital Trading Hub, and the AfCFTA Digital Payment Hub, countries and traders can take advantage of the opportunities presented by the AfCFTA Protocol on Digital Trade and E-commerce. With increased supply capacity and with improved compliance with the rules of origin and product standards, women and youth can favourably compete in the male dominated export market created by the AfCFTA.

CONSTRAINTS FOR LINKING VALUE CHAINS TO THE AfCFTA

There are seven constraints that directly affect the linkage of AVCs to the AfCFTA.

1. DOMESTIC TAXES, LEVIES AND INFRASTRUCTURE CONSTRAINING MOVEMENT OF GOODS AND RAW MATERIALS IN SOUTH SUDAN

State governments and local authorities have imposed multiple and arbitrary levies and taxes on goods transiting from rural areas to the markets and factories. Combined with poor road infrastructure, traders incur heavy costs on transportation of goods within South Sudan. Analysis of stakeholder feedback depicts that it is cheaper to buy and transport 40 tonnes of maize from Masindi in Western Uganda to the city of Juba in South Sudan than it is to move the same amount from Rumbek State to the city of Juba. To compensate for costs associated with taxes, levies, and poor road infrastructure traders offer lower farm gate prices to producers or import the commodities from neighbouring countries. The net effect is loss of foreign currency and low farm-gate price for locally grown farm produce. The low farm-gate prices discourages farmers from investing in production leading to low output, reduced income, food insecurity, and increased poverty. When combined with a high population growth rate and a bulging youth population, the potential for armed conflict and insecurity in rural areas increases; adversely affecting women and youth whose livelihood depends on agriculture.

While elimination of levies and taxes on agricultural produce will lead to revenue loss by state governments and local authorities in the short term, such strategy will encourage traders to buy more farm produce leading to increased demand and consequently higher farm-gate prices. This motivates producers to invest more in production, leading to increased supply of agricultural produce which is then processed into finished products competitively traded in the AfCFTA. The integration of production, processing, and marketing will increase demand for farm inputs, labour, and post-harvest activities, which then create employment opportunities, especially among women and youth in the agriculture sector. In the medium term, the state governments and local authorities will increase their revenue collection from licensing of businesses established along these AVCs in both rural and urban areas. Therefore, elimination of levies and taxes on commodities moving within the country and improving road infrastructure has the potential to increase the revenue collection base, reduce import dependence, and create decent employment.

Due to arbitrary taxes, it is cheaper to buy and ship maize from Masindi, Uganda to the city of Juba than it is to buy and ship maize from Rumbek State in South Sudan to the city of Juba.

2. SLOW ADOPTION OF STANDARDS AND WEAK CERTIFICATION SYSTEM FOR PRODUCTS MADE IN SOUTH SUDAN

The Codex Alimentarius (Codex or Food Code) is a collection of international standards, guidelines, and codes of practice to protect the health of consumers and ensure fair practices in the food trade. Codex standards are used worldwide to harmonize national food safety regulations and are recognized in the WTO Agreement on the Application of Sanitary and Phytosanitary (SPS) Measures as the international reference point for food safety. When food producers and traders comply with Codex standards, consumers can trust the safety and quality of the products they buy and importers can have confidence that the food they order will meet the specifications.

The South Sudan National Bureau of Standards (SSNBS) is mandated to develop standards, assess the conformity with international standards, and determine the metrology of products. However, in South Sudan these mandates are not adequately fulfilled due to inadequate technical capacity and equipment. As a result, local producers are yet to acquire national and regional standards to assist them in achieving market certification requirements. Due to limited technical guidance these producers have not established Good Manufacturing Practices (GMP) with a sound code of practice, or with Quality Management Systems (QMS), which guarantees safe production of goods that meet international standards.

At SSNBS there is a need to upgrade facilities and equipment, improve staff capacity, launch and promote a South Sudan Quality Mark, and create public awareness. Obtaining international recognition of SSNBS Quality Mark will enable products labelled ‘Made in South Sudan’ to enter continental and international markets. Capacity building and mentorship for producers and processors is also needed to ensure they are able to meet SPS and internatinoal commercial standards.

Key export products are taken to Kenya and Uganda for quality testing, causing a direct increase in time and costs to MSMEs.

3. SOUTH SUDAN TARIFFS NOT HARMONIZED WITH EAC CET

The EAC Tariff Order structure has four bands of 0%, 10%, 25% and 35%. South Sudan's current tariff structure has four bands of 0%, 5%, 10% and 20%. Despite being a member of the EAC, South Sudan has not implemented the EAC Common External Tariff (CET) protocols, which involves a revision of its tariffs to harmonise with that of EAC tariffs and have them approved by Parliament. By failing to implement the EAC CET protocols, goods from South Sudan are taxed to enter the other EAC member states. As a result, South Sudan products are less competitive in the EAC markets. Once South Sudan develops her value chains for AfCFTA including shea nut, natural honey, gum arabic, groundnut, edible oils, and fish to an exportable quality, the markets in neighbouring countries will open up. This is particularly true for food products, as the region is regularly affected by drought and food shortages. Moreover, the EAC is an important transit route for South Sudan because nearly all imports and non-oil exports are transported through the region. South Sudan, therefore, needs to implement the EAC CET protocols in order to take advantage of the market opportunities presented by the EAC and the AfCFTA.

4. DELAYED RATIFICATION AND IMPLEMENTATION OF THE AFCFTA AGREEMENT

As at February 2023, 46 of the 54 signatories (85.2 percent) had deposited their instruments of AfCFTA ratification. South Sudan is among the nine countries that have signed but have not ratified the AfCFTA Agreement. South Sudan has a young economy dominated by infant-industries, many of them new and in their early stages of development and thus not yet capable of competing against established industry competitors. Once South Sudan ratifies the AfCFTA Agreement, these emerging domestic industries will need protection against international competition until they become mature and stable. One possible measure is for South Sudan negotiators to request AfCFTA to collaborate with the Afrexim Bank to institute a US$1 billion AfCFTA adjustment facility. This will ensure businesses in infant sectors in South Sudan secure funding for expanding capacity, promotion of export, and support to MSMEs (especially for women and youth) to increase competitiveness. This will also assist South Sudan to adjust in a systematic manner for any unexpected significant tariff revenue loss.

South Sudan needs to implement the EAC CET protocols in order to take advantage of the market opportunities avaialble in the EAC and in the AfCFTA.

While there is likely the challenge of unfair competition associated with tariff reduction, AfCFTA has put in place extensive rules of origin that regulate the criteria needed to determine the national source of a product, which will ensure that goods traded with preferential rates are truly of AfCFTA origin. In addition, South Sudan has an opportunity to exclude some products from tariff liberalisation, and apply gradual tariff reduction as a least developed country (LDC), which provides flexibility to develop the infant industry.[1]

South Sudan will also need to take advantage of 'trade remedy and safeguard provisions' in the AfCFTA Agreement to deal with emerging unfair trade practices and unforeseen consequences during the implementation of the AfCFTA. While there is high visibility and political momentum around the AfCFTA and good progress 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 obligations of the AfCFTA. The impact of the AfCFTA will depend on the effectiveness of various complementary policies and initiatives put in place to enable South Sudan businesses to take advantage of trade and investment opportunities under the AfCFTA. Therefore, South Sudan should develop and deposit instruments of ratification to the AfCFTA Secretariat. In addition, it should negotiate for funding to support continued growth of its infant agricultural production and manufacturing sectors.

5. LACK OF A FRAMEWORK FOR PUBLIC–PRIVATE DIALOGUE

Linking South Sudan value chains to the AfCFTA will face a number of challenges especially at the initial stages. These will range from internal policy and regulatory frameworks, institutional capacity issues, and external policies and structures upon which the AfCFTA is founded. It is imperative that South Sudan establish evidence based public-private policy dialogue towards the formulation and implementation of industrial policies to strengthen and support the country's economic development. Through fact-based engagements, the South Sudan Association of Manufacturers (SSAM) and the South Sudan Chamber of Commerce, Industry and Agriculture (SSCCIA) should engage the government and its associated agencies in dialogue to ensure a dynamic and flourishing manufacturing sector in the country. For this to be effective, there is need to support institutional capacity development of the SSAM and SSCCIA to conduct fact based policy engagement.

1 Member states have agreed to liberalise 90 percent of tariff lines. The agreed timeframe for achieving this level of ambition is 10 years for LDCs and 5 years for non-LDCs. Of the remaining 10 percent of tariff lines, 7 percent can be designated sensitive and 3 percent of tariff lines can be excluded from liberalisation.

6. LIMITED AWARENESS ABOUT OPPORTUNITIES PRESENTED BY THE AfCFTA

Generally, there is a lack of public awareness about the potential opportunities presented by the AfCFTA, which is more acute in the rural areas where over 80 percent of the population resides, with a large proportion being women and youth. Diversifying the economy of South Sudan through AVC development and linkage to AfCFTA will rely on increased supply of quality raw materials produced in the rural areas. Women and youth are significant actors in the diversification process not just as producers of raw materials, but also as processors and exporters of the finished products. Therefore, general public awareness and campaigns needs to be conducted to educate different stakeholders in both public and private sector, with special attention given to women and youth in urban and rural areas.

7. INADEQUATE CAPACITY AND AWARENESS TO FACILITATE COMPLIANCE AND EFFECTIVE IMPLEMENTATION OF AFCFTA RULES OF ORIGIN

Rules of origin are legal provisions used to determine the nationality of a product in the context of international trade. Article 13 of the *AfCFTA Protocol on Trade in Goods* provides that goods shall be eligible for preferential tariff treatment "*if they originate in any of the State Parties in accordance with set criteria and conditions.*" This means that all goods that meet the requirements of the AfCFTA rules of origin qualify for preferential tariff treatment when they are traded within the AfCFTA. In the AfCFTA context, the rules of origin specify the conditions under which a product traded between the parties to the Agreement can claim local economic origin status and thus benefit from preferences offered by the AfCFTA. Products that cannot demonstrate compliance must be traded on standard Most Favored Nation terms, which often means much higher tariffs. However, South Sudan policymakers and the private sector have limited capacity to interpret and apply the AfCFTA rules of origin. The policymakers and private sector should therefore have adequate capacity on AfCFTA in order to qualify for preferential market access under AfCFTA. Capacity of customs officials and producers, processors, traders, and exporters must be enhanced on AfCFTA rules of origin and preferential market access.

POLICY RECOMMENDATIONS

The following policy interventions are recommended to address the seven constraints identified.

1. **Eliminate interstate trade barriers:** Removal of all arbitrary taxes and levies on goods transported within the country will increase demand for agricultural produce leading to increased production, higher incomes, better food security, and reduced poverty. Agriculture raw materials will be readily available for processing and marketing through AfCFTA. State governments and Administrative Area authorities can increase their revalue collection through licensing and service charges of agribusiness linked to AfCFTA.
2. **Strengthen compliance with international and regional market standards:** Upgrade facilities, equipment, and staff capacity of the SSNBS and obtain international recognition of SSNBS Mark of Quality to ensure products labelled 'Made in South Sudan' can enter continental and international markets. This will enable goods made in South Sudan to meet the AfCFTA quality requirements.
3. **Implement EAC Common External Tariff:** Harmonise South Sudan tariffs with those of the EAC to enable goods from South Sudan enter the EAC market at preferential rates and provide a gateway to the AfCFTA markets.
4. **Strengthen the capacity of producers and policymakers on rules of origin and preferential market access:** Domesticate the EAC rules of origin through parliamentary approval and build capacity of customs officials and producers, processors, traders, and exporters of products to the AfCFTA. Capacity building areas to include but not limited to: interpretation of rules of origin, main steps in determining the origin of a product, information required, and paperwork for proof of origin.
5. **Fast-track the ratification of AfCFTA Agreement:** South Sudan should ratify the AfCFTA Agreement by developing and depositing the relevant instruments with the AfCFTA Secretariat to facilitate implementation of the AfCFTA. This will allow 'Made in South Sudan' products to gain access to other African markets and obtain imports from the AfCFTA state parties at preferential rates. At the same time, ensuring sensitive and infant industries are protected.

6. **Establish investment incentives:** Provide economic incentives and protection to producers, processors, and exporters through tax holidays and better access to financial resources by establishing an adjustment facility from Afrexim Bank negotiated through the AfCFTA.

7. **Improve country trade infrastructure:** South Sudan should invest in improving trade infrastructure in order to facilitate the participation of women and youth in intra-African trade within the context of the AfCFTA. Such infrastructure should include improvements in border and customs-related infrastructure, Digital trade and e-commerce, facilities, road and rail transport, and safety and security.

8. **Increase supply capacity:** Strengthen the capacity of producers, processors, and exporters in the seven key value chains where South Sudan has comparative advantage in order to harness opportunities associated with AfCFTA.

9. **Strengthen public and private dialogue on agricultural value chains and trade competitiveness:** Develop institutional capacity of the SSAM, SSCCIA, and women and youth trade associations. Conduct fact-based policy advocacy and partner with the government and associated agencies to ensure a dynamic and flourishing manufacturing and trade sector in South Sudan.

10. **Create public awareness:** Inform the public and policymakers about opportunities presented by the AfCFTA with special focus on women and youth, especially in rural areas.

1. INTRODUCTION

1.1 CONTEXT OF THE STUDY

South Sudan has an estimated population of 13.3 million (2020 estimate) in an area of 644,000 square kilometres. More than 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. Population growth rate is exceedingly high at 3.1 percent (2010-2019), with 40 percent of the population younger than 15 years old. About 80 percent of the population lives in rural areas (as compared to 60 percent in overall sub-Saharan African in 2018) with limited access to services, support, and markets.

South Sudan remains highly dependent on oil, which accounts for about 90 percent of government revenue, 95 percent of total exports, and more than half of the country's Gross Domestic Product (GDP). Outside the oil sector, livelihoods are concentrated in low productivity, unpaid agriculture, and pastoralist work. The agriculture sector accounts for 15 percent of GDP and employs 80 percent of the population. However, low agricultural production means the country is heavily dependent on food imports, despite the abundance of arable land. Food imports as a percent of merchandise imports have consistently increased throughout the last decade.

South Sudan has the potential to benefit from seven agricultural value chains (AVCs) that have high export potential including shea nut, gum arabic, natural honey, sesame, groundnut, soya bean, and fish. The challenge remains in investment to scale up production, value addition, and in taking advantage of emerging regional markets like the African Continental Free Trade Area (AfCFTA) to support the National Economic Diversification Agenda as envisaged in the R-NDS 2021-2024.

The AfCFTA aims to connect 1.3 billion people across 55 countries; thus providing market access opportunities for products made in South Sudan and inputs to support structural transformation through value addition. The AfCFTA signals a paradigm shift and a commitment to deeper integration. The AfCFTA is hailed as a potential economic game-changer for South Sudan's development, owing to its potential to provide an opportunity for South Sudan to competitively integrate into regional and global value chains through increased market access.

The AfCFTA is expected to provide the impetus for reforms that boost productivity and job creation, further reducing poverty. By providing a large and attractive market, the AfCFTA offers an apt response to the reluctance

Photo: UNDP South Sudan

of companies to invest in small, fragmented, and uncompetitive national markets like South Sudan. The immediate benefits of the AfCFTA are expected to emerge from the reduction in tariffs and non-tariff barriers (NTBs), and the establishment of a continental framework for trade in goods and services. By promoting intra-African trade and fostering regional value chains and production networks, the AfCFTA is expected to drive South Sudan's structural transformation through increased investment in key AVCs where the country has comparative advantage. Developing national value chains to leverage on improved market access requires an evidence-based approach to identify opportunities in key AVCs in relation to the AfCFTA.

An assessment of potential opportunities and challenges of the AfCFTA, with reference to key domestic AVCs and micro, small and medium sized enterprises (MSMEs) is important in understanding the potential contribution of AfCFTA in spreading the benefits of trade to all actors in the economy. Developing viable value chains and building the capacity of women and youth-led MSMEs to engage in value chain production and make AfCFTA linkages has the potential to increase private sector participation in AfCFTA, to increase productivity and economic growth, to create jobs, and to contribute to poverty reduction.

1.2 OBJECTIVES AND SCOPE

1.2.1 Objectives

The objective of the study is to strengthen the understanding of the seven key AVCs and AfCFTA linkages. The expectation is to foster participation of the private sector in the AfCFTA. The study analysed the potential contribution of AfCFTA in developing key AVCs and structural transformation of South Sudan. The study recommendations informs areas of capacity building initiatives for policymakers, private sector, and women and youth-led MSMEs.

1.2.2 Scope of the Study

The following tasks were undertaken to achieve the objectives of the study.

a) Examined the macroeconomic environment in which agriculture and trade policy is being formulated in South Sudan including:

- Socio-economic setting including the participation of women and youth in AVCs and trade.
- National Development Framework including the R-NDS, which sets broader context in which structural transformation, trade, and AVCs objectives are developed.
- External factors affecting agricultural and trade performance.
- The contribution of agricultural trade to GDP and employment.
- The impact of the macroeconomic environment on agricultural trade.

b) Reviewed relevant provisions of the AfCFTA, existing reports, and policies in relation to AVCs and trade.

c) Identified viable AVCs with potential to increase productivity, economic growth, create jobs and contribute to poverty reduction in the context of the AfCFTA based on the following criteria:

- AVCs with greater potential towards value addition and beneficiation of South Sudan raw materials and natural resources.
- South Sudan AVCs with the potential to create innovation necessary to meet AfCFTA demands that are currently unmet.
- AVCs that are key enablers for economic efficiency and generate economic efficiency, underpinning productivity gains and structural transformation to support national economic diversification agenda in line with R-NDS.
- AVCs that contribute to or have potential to contribute to 'Made in South Sudan' to steer South Sudan towards resilient to economic shocks.
- AVCs with potential to gain or benefit from AfCFTA liberalization based on existing tariff offers under AfCFTA.

d) Reviewed scope for export expansion of the selected AVCs, analysed potential challenges, and recommended measures needed to fully realize selected AVCs potential in the context of AfCFTA.

e) Assessed potential opportunities of AfCFTA to MSMEs and to youth and women in relation to the selected AVCs, identified possible gaps and provided policy recommendations

f) Developed a draft AVC and AfCFTA Linkage Report, highlighting potential opportunities, challenges, and recommendations in relation to the scope of the assignment a) to e).

g) Undertook consultations with key stakeholders in Juba to gather information in line with the scope of the study. The consultation included government officials, private sector, MSMEs, and women and youth engaged in AVCs and trade.

h) Presented the draft report to key stakeholders in Juba for validation and finalised the report considering the comments from all stakeholders.

2. METHODOLOGY

2.1 DESK REVIEW

The study team examined the relevant documents that include reports, various policy documents, and others indicated in the References section. The purpose of the document review was to collect published data and information on the subject as a basis for further verification. In order to complement the source documents, the study team also collected relevant information from websites.

2.2 INTERVIEWS WITH STAKEHOLDERS

Interviews were held with various stakeholders who were engaged in developing agricutlure value chains including officials from various ministries, individuals from the private sector, and selected producers. From the private sector, contributions were made by the South Sudan Chamber of Commerce, Industry and Agriculture and the Association of South Sudan Manufactures. The interviews were followed by Focus Group Discussions (FGDs) with representatives from commodity-producer groups, cooperatives, and selected women and youth groups involved in production, processing, and marketing of the seven selected value chains. The discussions with producers from the honey sector and from the shea butter sector provided first hand insight on challenges, specific to each sector. The FGDs also provided in-depth information on challenges, opportunities, and areas of intervention to strengthen linkages of value chains with the AfCFTA.

2.3 STUDY LIMITATIONS

The full extent to which AVCs could benefit from the AfCFTA was not assessed conclusively because Phase 2 and 3 of State party negotiations are not yet concluded. Phase 2 negotiations address issues on competition policy, investment, and Industrial Property Rights. Phase 3 negotiations deal with women and youth in trade and protocol on digital trade. Complete data set on intra-Africa trade, especially in the agriculture sector, is not readily available largely because most of the cross border trade is conducted informally and there is no centralized data repository for agricultural trade in Africa. Accurate and reliable agricultural production and marketing data in South Sudan is scanty; thus limiting the extent to which the study could establish benchmarks and provide future projections on trading at the AfCFTA.

2.4 STRUCTURE OF THE REPORT

This report is presented in eight sections: Section One covers the introduction, context, and objectives. Section Two is the study methodology. Section Three outlines the macroeconomic environment for agriculture and trade policy development in South Sudan in relation to the AfCFTA framework. Section Four analyses the macroeconomic framework of agriculture and trade performance in Africa. Section Five presents the interventions necessary for linking 'Made in South Sudan' products to the AfCFTA. Section Six outlines strategies to develop AVCs for the AfCFTA. Section Seven focuses on strengthening women and youth participation at the AfCFTA while Section Eight presents the conclusions and recommendations of the study.

3. MACROECONOMIC

Photo: UNDP Juba South Sudan, 2023

ENVIRONMENT FOR AGRICULTURE AND TRADE POLICY DEVELOPMENT IN RELATION TO AfCFTA

3.1 AGRICULTURE AND TRADE IN SOUTH SUDAN

3.1.1 Agriculture Sector Development

South Sudan is endowed with rich mineral deposits and natural resources. In addition to crude oil, these resources include agricultural, forestry, and fisheries. However, these have so far been used mainly for subsistence with limited exports. Since the first decade of this century, the national economy has been dependent on oil. However, because the deposits are limited, oil revenue has been declining since 2011 and is forecast to be insignificant within 10 years (Government of the Republic of South Sudan, 2011).

The agricultural sector 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 (Republic of South Sudan, 2014). With an abundance of water, rich and diversified soil, and suitable temperatures, agriculture has the potential to be a key driver to take the country out of poverty and food insecurity.

Fostering employment in the agricultural sector can have significant multiplier effects, not only for household incomes but also for the wider economy through value chain activities and commercializing agriculture. Currently, the sector is still largely subsistence-oriented and contributes less than 15 percent to gross domestic product. Extensive areas of land are virgin. Notwithstanding the abundant supply of land, the area currently being farmed is estimated at only 3.8 percent (RoSS, 2014). Crop production is mostly done on small, hand-cultivated plots farmed by women. Only the land close to their homes has been cultivated by farmers, mainly due to many years of war and insecurity, which has limited the land under cultivation.

Photo: UNDP Bor South Sudan, 2023

Agricultural productivity is low due to the limited use of technology, and low productivity is the main reason for chronic food shortages that are increasing in frequency, and which aggravate poverty, hunger, and malnutrition. Underlying reasons for insufficient agricultural development include the long civil war and new armed conflicts following the 2013 political crisis; sporadic insecurity stemming from inter-ethnic conflicts and partly armed criminality; lack of agricultural extension and research services; and the low priority given to agriculture by the government as demonstrated by 2.88 percent budget allocation to agriculture in 2022/2023 financial year (Anami, L., 2022). This goes against the *Malabo Declaration on Accelerated Agricultural Growth and Transformation for Shared Prosperity and Improved Livelihoods 2014* adopted by the African Union (AU) heads of state and governments, which requires that the agricultural sector be funded by at least 10 percent of each country's annual budget.

Livestock rearing is another activity with major potential, but it is only marketed to a limited degree. South Sudan is endowed with extensive livestock resources with an estimated 11.7 million cattle, 12.4 million goats, and 12.1 million sheep (UNDP, 2021). Key constraints are "low productivity exacerbated by droughts and insecurity, lack of adequate slaughtering facilities and marketing structures, weak extension services and training capacity, and poorly organized and uninformed herders and traders" (RoSS, 2014), and the high incidence of endemic diseases. Perhaps most important is the mindset of agro-pastoralists, who see their cattle as a of prestige and wealth rather than a source of food and income. Livestock could be a major export, as there is high demand in Sudan and East Africa. Livestock by-products, such as hides and skins, also have potential.

Since South Sudan is located within the Nile River basin, including one of the largest wetlands in the world—the Sudd. The country has abundant fishery resources. Some 14 percent of households are estimated to engage in fishing as a means of subsistence. There is an estimated sustainable harvest valued at more than US$300 million per year (UNDP, 2021). Major constraints of the fishery sector's potential include recurrent civil conflicts; a weak policy and legislative framework; weak institutional capacities, and lack of coordination among development partners involved in fishery initiatives; inadequate information on fishery production and markets; and underdevelopment of aquaculture. Other constraints include relatively high post-harvest losses of fish resulting from improper handling throughout the supply chain; and limited access to markets due to poor road infrastructure, poor organization of fishers, and limited fishing capacity. In addition, fishing communities are socially and economically marginalized.

Although little attention has been given to the fishing sector, there are now some projects to promote this sector. However, the conflict that started in 2013 put most projects and investments on hold, with only projects to secure livelihoods being maintained, not those aimed at exports. Currently, domestic production does not meet the large domestic demand, which is supplemented with sizable imports.

The natural forests and woodlands of South Sudan are estimated to cover a total area of about 29 percent of the total land area (UNDP, 2021). South Sudan's forests are endowed with rich and diverse concentrations of biodiversity, which include valuable species that command high market prices. There are also plantation forests of teak, as well as of non-timber forest products. Considerable potential exists for the expansion of forest plantations of both indigenous and exotic species. The largest forested areas are found in Upper Nile, Western Bahr el Ghazal and Eastern Equatoria.

Despite the huge potential of South Sudan's timber and non-timber forest products to provide off-farm employment in upstream forestry-based industries (sawmills, furniture manufacture, and joinery) there has been little investment in the sector so far. The Ministry of Agriculture and Food Security estimated that teak plantations alone could generate over $100 million per year.

As an additional source of livelihood to agriculture and livestock, forestry could significantly contribute to the eradication of rural poverty. However, the potential of forestry is jeopardized by the fact that urban and rural households meet 90 percent of their energy needs with firewood, charcoal, shrubs, and grass. This demand is increasing, along with increasing urbanization. Meanwhile, other energy sources such as wind or solar remain largely untapped.

South Sudan has significant potential for natural gum arabic production. A study from 2007 estimated the export value of all Sudan's gum arabic as being $150 million annually. However, this value is unattainable in South Sudan under the current production conditions, along with governance and marketing structures that do not provide a conducive environment for the existing small-scale farmers. The prices paid to farmers were for many years only 10 percent of the export price.

3.1.2 Trade Policy Environment

There are several sector policies in South Sudan including a Trade Policy, a National Export and Investment Policy (being developed), and the 2015 Comprehensive Agricultural Masterplan. The implementation of these is hindered by delayed adoption at the highest policy level and insufficient resources.

The Ministry of Trade and Industry (MTI) also has an active Private Sector Directorate and a draft Private Sector Strategy. Private sector development is key for the emergence of exporting non-oil products and services. A key objective is to create an appropriate environment for the private sector so that it can contribute to building a competitive and socially equitable economy. The draft Private Sector Strategy aims at sustainable development, national reconstruction, job creation, economic diversification, and wealth generation. The draft Private Sector Strategy also aims at removing constraints to private sector growth, including limitations in the administrative and regulatory environment and difficulties accessing finance, as well as internal sector factors, such as lack of skills.

Furthermore, improving the functioning of markets is an underlying principle of the strategy, which includes inclusive public-private dialogue, education, communication, advocacy for private sector development, and institution-building for those government ministries that play a key role in delivering the strategy. Specific attention is to be given to women and youth.

The draft Private Sector Strategy also foresees setting up a monitoring unit in the MTI. The Strategy proposes four pillars in implementation, these being the South Sudan Investment Climate Reform Programme, the MSME Enterprise Development Programme, the Access to Finance Programme, and the Physical Markets and Institution-Building Programme. The World Bank has supported some aspects of private sector development (micro-finance, entrepreneurship, support of start-ups, and public-private dialogue) and improving the investment climate. However, programmes were interrupted in 2016 due to the civil conflict.

One area that still requires intervening is in the elimination of arbitrary taxes and levies of goods and raw materials transiting within South Sudan. Multiple and arbitrary levies and taxes within states and across states are imposed on traders transporting agricultural raw materials from collection centres in rural areas to the factories, mainly in Juba. Processors in key agricultural value chains (AVCs) reported that it is cheaper to buy and transport 40 tonnes of Maize from Masindi in Western Uganda to Juba than it is to move the same amount from Rumbek to Juba. Traders transporting shea nuts, natural honey, gum arabic, sesame, groundnut, soya bean, and fish pay these taxes and levies. To compensate for high taxes and levies, traders offer low farm gate prices to producers in order to break even, while others dealing in commodities such as maize opt to import. The net effect of these levies and taxes is loss of foreign currency used to import commodities such as maize and low farm-gate prices for local agricultural produce.

The low farm-gate prices discourages local farmers from investing in increased production. This leads to low output, reduced income, food insecurity and increased poverty. These conditions when combined with high population growth rate and a bulging youth population provide a recipe for armed conflict and insecurity in most rural areas. This has adverse effects especially on women and youth whose livelihood depends mainly on agriculture.

Elimination of levies and taxes on agricultural produce transiting within South Sudan will lead to revenue loss by state governments and administrative area authorities. However, this will incentivize traders to buy more farm produce. This increase in demand will lead to higher farm gate prices giving incentives to producers to invest more in production, leading to increased supply of raw materials of shea nut, gum arabic, natural honey, sesame, groundnut, soya bean, and fish. These raw materials will then be processed into finished products that will be traded competitively in the AfCFTA. This integration of production, processing, and marketing will increase demand for farm inputs, labour, and post-harvest activities such as grain threshers, drying and storage facilities, pest control services, bagging, and transportation. All these activities will create employment opportunities, especially among women and youth in the agriculture sector. The State governments and Administrative Area authorities will increase their revenue collection from licensing of businesses established along these AVCs in both rural and urban areas. Therefore, eliminating levies and taxes on commodities moving within the country will not lead to loss of revenue but will increase revenue collection base.

3.1.3 Trade Policy and Institutions

The Ministry of Trade and Industry's 2020 updated Trade Policy Framework identifies six priority areas of intervention to achieve its mission of a "globally competitive South Sudan economy led by exports with an efficient domestic market."

1) Facilitate trade and promote markets.
2) Integrate into the global economy and enhance South Sudan's access to export markets.
3) Enhance South Sudan's business environment for South Sudan firms to increase exports.
4) Improve trade-related infrastructure.
5) Build domestic trade.
6) Leverage international resources for the creation of South Sudan's diversified export base.

The 2020 updated Trade Policy Framework commits to the East Africa Community (EAC) as well as the World Trade Organization (WTO) Accession. It recognizes the benefits of EAC integration, including the development of a modern government based on rule of law, a growing and increasingly confident private sector, and a vibrant civil society.

It is recognized that trade policy reform can play a vital role in stimulating economic growth, helping to diversify exports, add value, and create employment. The plans include, among others, tariff reforms, export promotion through a proposed special economic zone, limiting the scope of exemptions to that set out in the Investment Promotion Act, developing a trade facilitation framework, and elaborating options for services commitments under a General Agreement on Trade in Services-type Framework.

Tariff reform is now being implemented, with customs administration being integrated into the newly established National Revenue Authority. A harmonized commodity description and coding system has been developed and is currently being tested (National Revenue Authority, 2018). The new tariff structure provides for four tariff lines of 0, 5, 10 and 20 percent. This tariff structure is, however, not harmonised with the EAC Common External Tariff (CET) which has four tariff lines of 0%, 10%, 25% and 35%. The tariff order for shea nut, gum arabic, natural honey, sesame, groundnut, soya bean, and fish along with their value added products fall within the four band EAC CET.

Despite being a member of the EAC, South Sudan has not implemented the EAC CET protocols. Implementing the protocols involves revision of its tariffs to harmonise with that of EAC tariffs and approval by Parliament. By failing to implement the EAC CET protocols, goods from South Sudan are taxed to enter the EAC member states, this makes South Sudan products less competitive in the EAC markets. Once South Sudan develops her value chains for AfCFTA to an exportable quality, the neighbouring countries will be a huge market. This is particularly true for food products, as the region is regularly affected by drought and food shortages. Moreover, the EAC is important as a transit route for South Sudan as nearly all imports and non-oil exports are transported through that region. South Sudan needs to implement the EAC CET protocols in order to take advantage of the market opportunities presented by the EAC and the AfCFTA.

The import and export registry is meant to measure and regulate trade, but it does not fulfil a regulatory task and only provides a fiscal function. Its continued operation constitutes a significant trade barrier. Although several new laws have been drafted, most of these laws are in draft form and no regulations have been drawn up, so the laws cannot be applied.

3.1.4 EAC Membership

In 2016, South Sudan became the sixth member of the EAC, with its most important trade partners being Uganda and Kenya, which are important markets and sources of qualified labour. Once South Sudan has fully adopted the EAC policies, it will be part of a growing and deepening common market. The obligations to the EAC will also be of important assistance in deepening the rule of law, driving reform, improving the business climate, and enhancing investment confidence.

The EAC is the most advanced and most promising regional integration body in Africa. It is in the process of implementing a customs union and a common market that includes integration of the capital market, services and labour market. A monetary union is envisaged. EAC membership is the most important reform process the government has committed to so far. By signing the Treaty of Accession to the EAC, the government made a legally binding commitment to implement business-friendly policies, improve governance and external accountability and undertake an extensive regional integration agenda.

By failing to implement the EAC CET protocols, goods from South Sudan are taxed to enter the EAC member states, this makes South Sudan products less competitive in the EAC market.

South Sudan is a full member of the EAC and its various organs, such as the East African Court of Justice and the East African Legislative Assembly. The country is also part of programmes such as the EAC competition and financial inclusion laws; harmonization of higher education credit systems and curricula; and devising common strategies for key trade negotiations, freedom of movement of labour, and capital and services.

In order to fully benefit, not only should South Sudan fully and competently participate in these organs and programmes, but also the business community and the wider civil society need to understand and appreciate the benefits, risks and implications of EAC membership. South Sudan was given a three-year transition period in order to implement the required legal, regulatory and institutional changes. While the period ended in October 2019, some flexibility was provided, as the available institutional and personnel capacity did not meet the required pace and speed.

The region has ambitious plans to deepen integration and raise productivity and competitiveness. Ongoing support by the EAC heads of state will determine how rapidly these plans will come to fruition. The environment of a history of cooperation and integration of the three core countries (Kenya, Tanzania and Uganda), the small number of participants and the strong role of the business community with its regional links, in particular in Kenya, provide a strong impetus.

There are direct and indirect benefits of EAC membership for South Sudan, amongst which is that it will secure easier and cheaper access to its imports. This is vital, as the country produces only a few of the goods and services it consumes. It is important to note that once peace returns, this will not change. More importantly, once it develops its agricultural resources, including animal, fishery, and forestry products to an exportable quality, the neighbouring countries will be a huge market.

Government and the business community will gain from increasing interaction with the region. Integration and cooperation with regard to economic, political and social policies and institutions will help South Sudan to improve the quality of its policy-making and implementation processes considerably. It will also provide a basis for foreign investment. Last, but not least, the integration process will help drive the domestic process of economic policy reform and wider strengthening of transparent democratic and economic governance—major policy objectives of the government.

3.1.5 World Trade Organization Accession

South Sudan started the process of accession process to the WTO in 2018. This was a further step to integration into the global trading system and it will further strengthen the rule of law and regulations. The EAC integration process is an important step in the WTO Accession process. The progress in EAC-induced policy reform will be carefully observed by the members of the Technical Working Group (TWG) established by the WTO with interested WTO members that will pursue the accession discussions with the government. The government had already presented its memorandum on the country's trade policy regime when the TWG held its first session in March 2019.

The impressive speed was possible with the engagement of outside expertise. At this stage, more than 100 questions have been raised by TWG members on the memorandum, and it will take considerable effort to respond satisfactorily to these and to implement the necessary changes. The progress of the accession process will depend on the time this next step requires. As with the EAC membership, the accession negotiations and membership will bring major benefits through learning effects, momentum for the domestic reform process and the improvement of overall governance.

3.1.6 The Revised National Development Strategy

The R-NDS outlines South Sudan's development agenda for the period 2021-2024. It reinforces South Sudan's Vision 2040: towards freedom, equality, justice, peace, and prosperity for all. The goal of the R-NDS is to consolidate peace, stabilize the economy, and return to sustainable development by achieving the following core objectives:

a) Establish and/or strengthen institutions for transparent, accountable, and inclusive governance.

b) Foster macroeconomic stability and lay foundations for the diversification of the economy.

c) Build critical infrastructure for sustainable development, including roads, energy, public buildings, and broadband capability.

d) Increase support to the social sector for human capital development and protect the vulnerable population, to leave no one behind.

e) Mainstream gender in all development policies and programmes and empower women and youth as drivers of growth and nation-building.

Early stages of the R-NDS implementation faced severe internal and external risks. The state of violent conflict with only short periods of peace, as well as persistent intercommunal violence across the country ravaged livelihoods, destroyed assets and the macro economy. Exchange rate depreciated, foreign currency shortfalls and inflation increased to three digits, and oil production decreased. The unresolved issues on the borders and disputes over oil pipeline rights threatened revenues accruing to the government, revenue that is critical for employment generation and expansion of agriculture productivity to improve food security. The COVID-19 pandemic also compounded the challenges since South Sudan is a landlocked country that needs open trading corridors with its neighbours as a lifeline to the economy. Restrictions imposed to slow the spread of COVID-19 had a negative impact on the economy and deepened poverty among the people.

The country remains highly dependent on oil, which accounts for about 90 percent of government revenue, 95 percent of total exports and more than half of the country's GDP. Outside the oil sector, livelihoods are concentrated in low productivity, unpaid agriculture, and pastoralist work. Foreign direct investment (FDI) and local investment, including investment in economic and social infrastructure remain low. However, South Sudan's potential for political and economic development remains high especially if peace restoration can be achieved alongside development of trade in the agricultural sector.

The R-NDS identifies diversification from petroleum to agriculture as vital for sustainable economic growth. Through the 'oil for roads' project, the Revitalized Transitional Government of National Unity (R-TGoNU) intends to improve road networks that connect agricultural production areas to ease market access, and grow and mobilize the financial sector to invest in agriculture and agribusinesses. Economic diversification initiatives will promote and protect innovation and support research to drive agro economic bankable projects at micro and macro levels.

Developing the country's agricultural and livestock potential has been identified in the R-NDS as the most feasible way to enable broad-based economic growth and food security in the short to medium-term. South Sudan soils and ecological characteristics make the country suitable for the supply of wide range of agricultural products. Furthermore, the strategy envisages South Sudan that would exploit opportunities to process food products and raw materials for value addition, job creation, and increased earnings. The key drivers in the strategy for expansion of agricultural production are threefold:

(i) Expand substantially the area under cultivation.

(ii) Increase yields in areas that are already under cultivation along with ensuring high productivity on newly farmed lands.

(iii) Expand opportunities substantially for production of marketable surpluses of livestock and fish products.

3.1.7 Impacts of Conflict on the Economy

Conflict has also had an enormous impact on the skills base in South Sudan and northern Uganda, where most of the population is under 18 years old, with limited or no education or marketable skills. Many either grew up as refugees, as internally displaced people, or fought in different armed groups. They are unfamiliar with farming, despite it being the region's main means of livelihood. From a peacebuilding perspective, their current economic hardship could trigger future conflict because they are more likely to be lured into armed groups or criminality. Harnessing their capacities and energy is key to peace and prosperity (Carrington, 2009).

The pervasive impact of conflict on the economy, even in areas that are not affected by armed conflict, is significant. Trade of non-minerals can help to prevent conflict as it increases resilience of the economy and the people. Trade in goods increases incomes of producers and consumers through the expansion of markets and by lower prices via more competition.

By diversifying incomes and supply sources, trade strengthens the resilience of the population. As importantly, it creates trust through cooperation, reduces cultural barriers, and promotes cross-societal understanding. Thus, it contributes to resilience and peace. However, trade can also coexist with conflict and extend conflict.

3.1.8 Coexistence of Trade with Conflict

While international trade in oil is not the origin of the discord between Sudan and South Sudan, it is certainly a key engine to finance the continuing conflict. In this way, it has prevented the development other avenues of economic development. Agricultural-based development and trade would counter conflict. High fluctuations in world market oil prices also contribute to the instability of the fiscal income and the overall economy.

Trade may also destroy opportunities and jobs in declining sectors, and the people affected by these losses may, under certain conditions, turn to violence for a source of income. Changes in real incomes generated by trade are particularly important in fragile states, where trade flows tend to be larger and more volatile than other external flows, such as aid, remittances and foreign investment. This volatility is partly due to such countries' limited diversification and their high dependence on primary export commodities, which may exacerbate the effects of abrupt changes in exports on conflict.

In the medium to long term, growing frustration among some groups, particularly youth, about limited economic opportunities could result in resentment towards foreign traders and business people. South Sudan's government, the business community, and others can help build stronger relationships between local communities and foreign traders by encouraging foreign businesses to employ more nationals in line with the Investment Promotion Act of 2009, and by providing training schemes and apprenticeships. It will be crucial to build the productive capacity of South Sudan to enable export.

Photo: UNDP Torit, South Sudan, 2019

Cross border trade has boomed since the Comprehensive Peace Agreement was signed in 2005. The importance of this cross border trade for the region's recovery, long-term prosperity, peace, and stability cannot be overemphasized. It has created jobs, increased government revenue, provided goods and services in South Sudan and given small-scale traders and farmers much-needed cash. It is also providing a platform for reconciliation between Uganda and South Sudan communities that were cut off from each other for years or found themselves on opposing sides because of the conflict.

According to UNDP's *Policy Brief on Trade for Peace and Resilience in South Sudan* (UNDP, 2021) there are several ways in which trade can support the enhancement of resilience and movement towards peace and prosperity. Trade helps to connect areas long isolated by conflict with the rest of the economy and expands opportunities beyond subsistence. It will be important to make sure that impacts of opening up of trade are inclusive, and to enhance the quality of trade policymaking. Regional integration with the EAC can play a key role, while accession to the WTO is an ideal process to accompany the economic reform process for sustainable and widespread growth.

Economic diversification is important for sustaining peace. Agriculture and local economic development needs to be the two core focus areas. To fully benefit from opening of trade, South Sudan needs to strengthen its supply capacity for agricultural products. This can be achieved by strengthening the capacity of MSMEs, particularly those run by youth and women, to engage with AVC production. Enhanced access to business development services, credit, and vocational and livelihoods skills development are needed to help to improve trade competitiveness and access to domestic and regional markets.

3.2 THE AFRICAN CONTINENTAL FREE TRADE AREA

The AfCFTA is a free trade area encompassing most of Africa. It was established in 2018 by the AfCFTA Agreement, and has 46 parties that have ratified the agreement and another nine signatories (as of February 2023), making it the largest free trade area by number of member states after the WTO, and the largest in population and geographic size spanning 1.3 billion people across the world's second largest continent.

The AfCFTA Agreement was brokered by the AU and signed by 54 of its 55 member states in Kigali, Rwanda on 21 March 2018. It entered its operational phase following a summit on 7 July 2019, and officially commenced on 1 January 2021. AfCFTA's negotiations and implementation are overseen by a permanent secretariat based in Accra, Ghana.

Under the AfCFTA Agreement members are committed to eliminating tariffs on most goods and services for a period of 5, 10, or 13 years, depending on the country's level of development or the nature of the products. General long-term objectives include creating a single, liberalised market; reducing barriers to capital and labour to facilitate investment; developing regional infrastructure; and establishing a continental customs union. The overall aims of the AfCFTA Agreement are to increase socioeconomic development, reduce poverty, and make Africa more competitive in the global economy.

The United Nations Economic Commission for Africa estimates that the AfCFTA will boost intra-African trade by 52 percent by 2022. A report by the World Bank anticipates that the AfCFTA could lift 30 million Africans out of extreme poverty, boost the incomes of nearly 70 million people, and generate $450 billion in income by 2035. On 13 January 2022, the AfCFTA took a major step towards its objective with the establishment of the Pan-African Payment and Settlement System (PAPSS), which allows payments among companies operating in Africa to be done in any local currency.

3.2.1 Objectives of the AfCFTA Agreement

The general objectives of the AfCFTA Agreement are to:

1) Create a liberalised market for goods and services through successive rounds of negotiations.
2) Contribute to the movement of capital and natural persons and facilitate investments by building on the initiatives and developments in the State Parties and the Regional Economic Communities (RECs).
3) Lay the foundation for a Continental Customs Union at a later stage; to promote and attain sustainable and inclusive socio-economic development, gender equality and structural transformation of the State Parties.
4) Enhance the competitiveness of the economies of State Parties.
5) Resolve the challenges of multiple and overlapping memberships and expedite the regional and continental integration processes.

The AfCFTA Agreement specific objectives are to:

1) Progressively eliminate tariffs and non-tariff barriers to trade in goods and services.
2) Progressively liberalise trade in services, and cooperate on investment, intellectual property rights, and competition policy.
3) Cooperate on all trade-related areas, and cooperate on customs matters and the implementation of trade facilitation measures.
4) Establish a mechanism for the settlement of disputes.
5) Establish and maintain an institutional framework for the implementation and administration of the AfCFTA.

3.2.2 Architecture of the AfCFTA Agreement

The AfCFTA Agreement came into force on 30 May 2019. The required number of 22 ratifications had been deposited 30 days earlier. Several additional ratifications have since been deposited with the Chair of the African Union Commission and now stands at 46 as of February 2023 (Tralac, 2023). All AU Member States, not only the State Parties, are participating in the negotiations on outstanding matters. Those that have not yet ratified the Agreement (which is defined as a single undertaking and includes all the AfCFTA Protocols and Annexes) are allowed to do so as non-State Parties. Technically, the correct process is to allow only State Parties to participate in these negotiations, but that seems to be politically unacceptable.

The AfCFTA Agreement is a comprehensive legal compact that includes establishing Protocols on Trade in Goods, Trade in Services, Dispute Settlement, Investment, Intellectual Property Rights, and Competition Policy. Digital Trade, and Women and Youth in Trade have recently been added to the negotiating agenda.

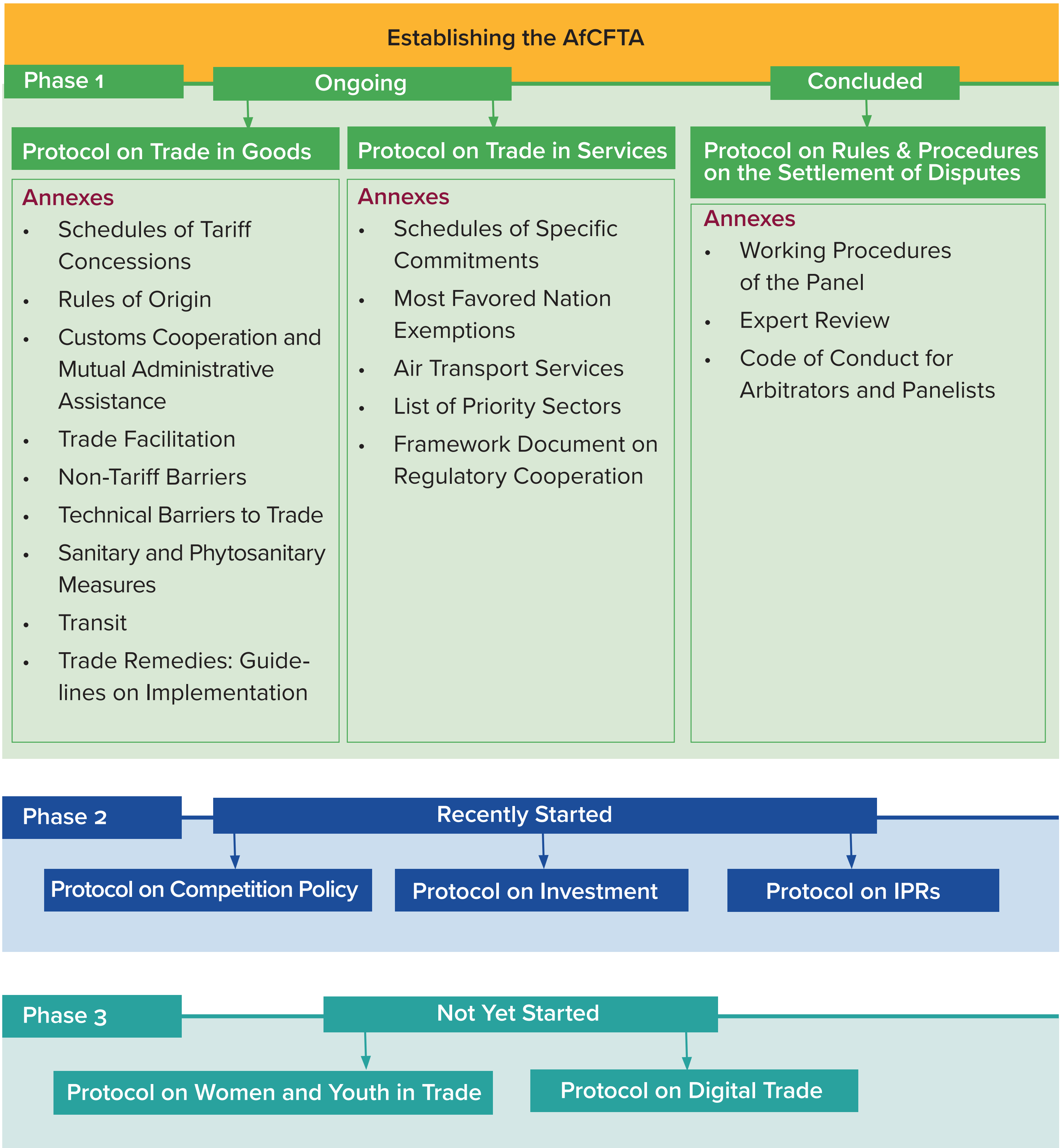
Negotiations and development of protocols of the AfCFTA Agreement are done in three phases. Figure 1 illustrates the negotiation phases and protocols already developed and those yet to be developed.

Phase 1 Negotiations cover: Trade in Goods, Trade in Services, and Dispute Settlement. The Protocols on Trade in Goods and Trade in Services each have several annexes covering substantive disciplines. Negotiations on a number of issues (e.g. tariff concessions, rules of origin for goods, and schedules of specific commitments for services) are still ongoing. The negotiations of the Protocol on Dispute Settlement have been concluded.

Phase 2 Negotiations cover: Investment, Competition Policy, and Intellectual Property Rights. These have started recently.

Phase 3 Negotiations will cover: Digital Trade and Women and Youth in Trade.

Figure 1: Architecture of the AfCFTA



Source: Tralac, 2021a

African countries have undertaken commitments to remove tariffs on 90 percent of over 5,000 tariff lines, with the remaining 10 percent being "sensitive or excluded items", as well as liberalise services such as transport, communication, tourism, financial services, and business services. The Agreement includes the mutual recognition of standards and licences and the harmonisation of plant import requirements and SPS measures to reduce NTBs and facilitate trade.

Trading under the new regime was officially scheduled to start on 1 July 2020 but was postponed to 1 January 2021 due to the COVID-19 pandemic. The free trade area represents a large export base for agricultural goods and services. It is expected to provide economies of scale and scope to support diversification, economic transformation and commodity based industrialization with a focus on a number of strategic AVCs at the national, regional and continental levels.

The AfCFTA Secretariat has started implementing the Guided Trade Initiative (GTI) which involves matchmaking businesses and products for export and import between the interested State Parties in coordination with their national AfCFTA implementation committees (Tralac, 2022c). The specific objectives of the AfCFTA GTI are to:

- Allow commercially meaningful trading under the AfCFTA.
- Test the operational, institutional, legal and trade policy environment under the AfCFTA.
- Send an important positive message to the African economic operators.

The GTI attracted the participation of eight State Parties—Cameroon, Egypt, Ghana, Kenya, Mauritius, Rwanda, Tanzania, and Tunisia. The products earmarked to trade under the AfCFTA GTI include: ceramic tiles, batteries, tea, coffee, processed meat products, cornstarch, sugar, pasta, glucose syrup, dried fruits, and sisal fibre, amongst others, all of which are in line with the AfCFTA focus on value chain development. The shipments of these goods under the AfCFTA has taken place.

Other countries that have met the requirements and deployed the AfCFTA *E-Tariff Book* and the *Rules of Origin Manual* and have officially published their tariff rates and have had them approved by the Secretariat—will also be able to take part in the GTI (Rao, 2022). At least 96 products will be traded under the GTI and the initiative will be reviewed annually to expand the list of countries. Intra-continental trade and investment will be rapidly boosted in the coming years and months because of the elimination of "Africa's financial borders" and the launch of the PAPSS.

The PAPSS is a centralised Financial Market Infrastructure enabling the efficient and secure flow of money across African borders. The platform minimises risk and contributes to financial integration across the regions. PAPSS is an AU infrastructure developed in collaboration with the African Export-Import Bank (Afreximbank) to complement trading under the AfCFTA. PAPSS works in collaboration with central banks in the continent to provide a payment and settlement service to which commercial banks, payment service providers, and Financial Technology (fintech) organisations across the continent can connect as participants.

The platform provides an alternative to current high-cost and lengthy correspondent banking relationships to facilitate trade and other economic activities among African countries through a simple, low-cost risk-controlled payment clearing and settlement system. It also serves as an avenue of expanding financial inclusion to cover the informal sector while monitoring funds transfers, thus reducing money laundering, which costs the continent several billions of dollars annually.

Whether shopping, transferring money, paying salaries, dealing in stocks and shares or making high-value business transactions, PAPSS' real-time infrastructure provides a reliable, cost-effective answer for instant payments. As of June 2022, the PAPSS network consisted of eight central banks, 28 commercial banks and six switches. It will expand into the five regions of Africa before the end of 2023. All Central banks are to sign up by the end of 2024 and all commercial banks by the end of 2025.

3.2.3 State of Play at the AfCFTA

South Sudan is a signatory to the AfCFTA Agreement, but has yet to ratify it. Ratifying the AfCFTA Agreement would facilitate access to larger, diversified, and more sophisticated markets, thereby promoting its own diversification efforts and increasing its resilience to shifts in terms of trade and global supply chain shocks. South Sudan may face two challenges if it were to ratify the AfCFTA Agreement.

The first challenge is that South Sudan has a small and less developed economy, so the main challenge to address is how to protect this infant economy to ensure continued growth once South Sudan starts trading at the AfCFTA. One possible measure is for South Sudan negotiators to request AfCFTA to collaborate with the Afreximbank to institute a $1 billion AfCFTA adjustment facility. This would ensure businesses in infant sectors within South Sudan can secure funding to expand capacity, promote export, and support to women and youth-led MSMEs to increase their competitiveness. This would also assist South Sudan to adjust in a systematic manner for any unexpected significant tariff revenue loss.

The second challenge is that South Sudan is likely to face unfair competition upon removal of tariffs. To address this risk, the AfCFTA has put in place extensive rules of origin that regulate the criteria needed to determine the national source of a product which will ensure that goods traded with preferential rates are truly of AfCFTA origin. South Sudan should take advantage of trade remedy and safeguard provisions in the AfCFTA to deal with emerging unfair trade practices and unforeseen consequences during the implementation of the AfCFTA. Therefore, South Sudan needs to develop and deposit instruments of ratification to the AfCFTA Secretariat, while at the same time negotiate for trade remedy and safeguards through tariff bargains. In addition, negotiate for funding to support continued growth of its infant agricultural production and manufacturing sectors.

3.2.4 Expected Benefits from AfCFTA

The AfCFTA will provide a global market for free trade of goods for MSMEs and create new industries and opportunities for investment, placing the continent in a more favourable position globally. The AfCFTA will reduce market fragmentation and create a single market allowing African countries to be in a better position to negotiate prices, which in turn will better position the continent as a viable economic partner on the world stage (Apiko, et.al, 2020).

Both businesses and governments will have the ability to tap into various talent from different parts of the continent upon the AfCFTA. Individuals will have a greater opportunity to seek employment and education opportunities in other parts of the continent. The agreement will enhance the competitiveness of the economies of State Parties in the global market, resolve the challenges of multiple and overlapping memberships and expedite the regional and continental integration processes.

The immediate benefits of the AfCFTA are expected to emerge from the reduction in tariffs and non-tariff barriers, and the establishment of a continental framework for trade in goods and services. But the AfCFTA also provides an opportunity to harmonise 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. Regulation in these areas helps shape how economies function and grow.

The AfCFTA Agreement provides comprehensive avenues through which women and youth entrepreneurs can formalize and upgrade their trade. AfCFTA provisions under the Protocol on Rules of Origin permit access to cheaper raw materials and intermediate inputs. Women in AVCs will gain a comparative advantage by leveraging the AfCFTA's Protocol on Rules of Origin, which allows access to low cost raw materials. Thus, women participating in value chains would be able to produce goods and services with significant African content in terms of raw materials and value addition in line with the preferential trade regime of the AfCFTA.

Regarding flexibility, countries will be able to build on the productive capacities of their trade sector producers with greater comparative advantage before fully opening to trade. This gradual liberalization enables small-scale producers (the majority of whom are women) to enhance their competitiveness in intra-regional trade. As to policy space, the AfCFTA takes the following into account: safeguards, standards (e.g. regarding the environment, safety, etc.), and transitional periods on tariff progression.

South Sudan is able to create temporary exclusion lists that limit imports times of sudden import surges. If properly harnessed, these trade measures will allow South Sudan to protect their small-scale producers against competition via such import surges and counterfeit products. The AfCFTA's criteria for designating sensitive products and exclusion lists take into consideration restrictive trade liberalization measures on specific products deemed essential for women's needs such as reproductive health products, and agro-processing. As a guiding principle, infant industries should only be protected if they can mature and then become viable without protection in a given time frame and the cumulative net benefits provided by the protected industry must exceed the cumulative costs of protecting the industry. The AfCFTA adopts preferential trade regimes facilitating small-scale cross-border traders and smallholder farmers through measures that promote their integration into larger value chains. For example, the provisions of the AfCFTA Annex on Standards and Phytosanitary Measures entails mutual recognition of standards, licensing, and certification of service suppliers across the continent, making it easier to meet export standards and satisfy regulatory requirements for niche markets.

The AfCFTA could play an important role in facilitating intra-regional trade in agri-food products, including from surplus to deficit areas, thereby stabilising food prices and improving food security. The AfCFTA also offers an opportunity to promote agricultural transformation and improve competitiveness through regional agricultural value chain development. For this to happen, many countries will require accompanying policies to improve productive capacities and promote investment for value addition. In addition, complementary policies related to SPS, technical barriers to trade (TBT), and compliance with international standard setting bodies, such as the Codex Alimentarius Commission (Ibidem), will have to be strengthened and harmonised continentally.

3.3 SELECTION AND DEVELOPMENT OF AGRICULTURAL VALUE CHAINS FOR LINKAGE TO AfCFTA

3.3.1 Value Chains with Preferential Tariff Offers

The first round of the AfCFTA market opening offers opportunities to increase trade in value chains through tariffs and tariff services offers. These create market opportunities through preferences for heavily traded products in textiles and apparel, cotton, iron, steel, articles of leather, footwear, electrical machinery and equipment, and plastics. In addition to these product groups, the other key market opportunities include agri-foods like cereals and crops, dairy, and sugar (UNDP, 2021). Others are chemicals, pharmaceuticals, vehicles, and transport equipment.

The AfCFTA has the potential to trigger industrialisation and export diversification, both of which were made even more urgent objectives by the COVID-19 crisis. Opportunities also exist in the service, e-commerce, and agriculture sectors. In addition to beginning to trade under the AfCFTA Agreement, implementation itself may remain complicated given the need for customs officials to be trained and systems put in place and used. Many of the benefits expected also depend on a combination of the AfCFTA with other complementary policies affecting investment, infrastructure, and productivity.

3.3.2 Priority Value Chains by Regional Economic Communities

African Member States have made a commitment as outlined in the Comprehensive African Agricultural Development Programme (CAADP) and Malabo Policies to adopt the sustainable regional value chain approach. For this reason, the Framework for Boosting Intra-African Trade prioritises sustainable AVCs and integrating smallholders and other key actors in intra-African trade. This is intended to spur agricultural transformation and improve food security through local sourcing and regional value addition. The 2006 AU Summit on Food Security in Africa identified the following strategic commodities to achieve economies of vertical integration and scale in African agriculture: rice, legumes, maize, cotton, palm oil, beef, dairy, poultry, fishery products, cassava, sorghum, and millet. The South Sudan National Export and Investment Strategy's (NEIS) priority sectors and value chains for export include fruits and vegetables, oil seeds, hides and skins, natural honey, gum arabic, wildlife, and tourism.

Table 1: Value chains benefiting directly from tariff offers

Products with tariff preferences and/or high export potential	Tariff Category (HS2)	Tariff preference offered by region or country	Value Chain Selected
Textiles and Apparel	61, 62, 63, 64	CEMAC, EAC, ECOWAS, Egypt	• Textiles and Apparel
Cotton	52	CEMAC, ECOWAS, Egypt, EAC, SACU	• Textiles and Apparel
Articles of Leather	42	CEMAC, ECOWAS, Egypt, EAC	• Leather and Leather Products
Footwear	64	Egypt	• Leather and Leather Products
Chemicals	29	Zambia, Malawi, STP	• Leather and Leather Products • Pharmaceuticals and Medical Supplies
Plastics and Packaging	39	CEMAC, SACU	• Pharmaceuticals and Medical Supplies • Cocoa and Chocolate
Iron and steel	72, 73	CEMAC, ECOWAS, Egypt, SACU	• Automotive
Vehicles and Transport Equipment	87		• Automotive
Electrical Machinery and Equipment	85	EAC, ECOWAS, Egypt	• Automotive, Lithium-ion Batteries
Cocoa, Cocoa Products, Sweeteners	18,17	ECOWAS, CEMAC, Egypt	• Cocoa and Chocolate
Dairy, Sugar	04,07	CEMAC, EAC, Egypt	• Cocoa and Chocolate
Processed Foods, Crops	10, 15, 22, 02, 21, 20, 03, 09, 04, 19, 16, 11	CEMAC, ECOWAS, Egypt	• Soya bean

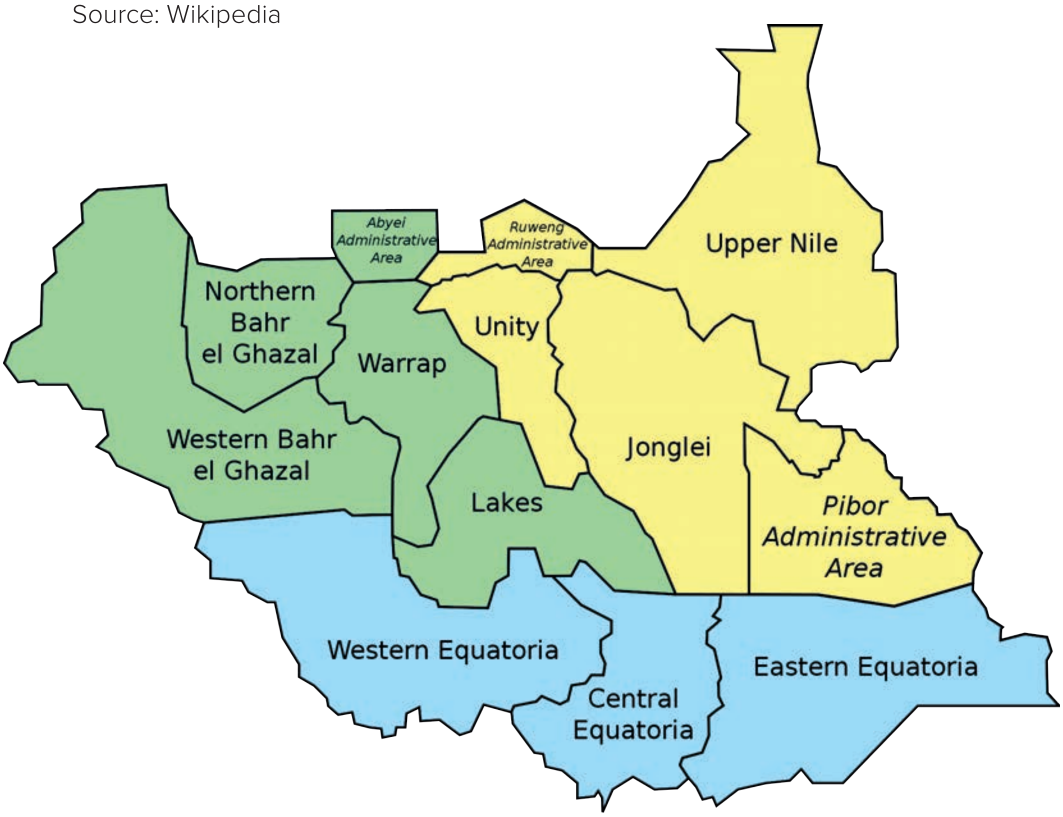
Source: AfCFTA Secretariat and UNDP, 2021

RECs have also identified strategic commodities at the regional level to support the development of regional value chains. For example, COMESA has prioritised maize, cassava, livestock, dairy, leather, soya beans, fruits, vegetables, and flowers. EAC's priority commodities include maize, rice, beans, soya bean, sunflower, palm oil, cassava, Irish potatoes, dairy, and fish (African Union, 2020). The key commodities for ECCAS are rice, cassava, livestock, meat, poultry, and cotton. ECOWAS has prioritised cassava, maize, rice, sorghum, beans, livestock, meat, dairy, cotton, cocoa, fisheries, and aquaculture. IGAD's proposed commodities include sorghum, millet, sesame, maize, sugar cane, gum arabic, livestock, meat, feed, leather, and dairy value chains. SADC's priority commodities are livestock, leather and associated value chains, soya bean, cotton, and groundnut.

The long list of potential value chains for linkage to AfCFTA by African countries as identified by the EAC, IGAD, and AfCFTA include maize, rice, beans, soya bean, sunflower, palm oil, cassava, Irish potatoes, sorghum, millet, sesame, sugar, dairy, and fish. Others are gum arabic, chemicals, pharmaceuticals, vehicles, and transport equipment. According to *The Futures Report 2021* (UNDP, 2021) the AVCs identified as benefiting from Tariff Offers and trade expansion are presented in Table 1.

Figure 2: Map of South Sudan's ten States and three Administrative Areas

Source: Wikipedia



3.3.3 Stakeholders Selection of Value Chains for Linkage to the AfCFTA

A two-day stakeholder workshop to validate the inception report was conducted in Juba with representatives from key government line ministries and the private sector drawn from key value chains. The stakeholders identified seven value chains and recommended that these be developed and linked to market access opportunities associated with the AfCFTA. The selected value chains are shea nut, gum arabic, natural honey, sesame, groundnut, soya bean, and fish. The justification for selection of these value chains ensured that each could be produced in at least three out of the ten States and three AAs in South Sudan, there was potential for production expansion, and there was existing and expanding market demand.

The seven value chains were selected from a long-list of twenty four value chains using a five-step approach as presented below:

Step 1: List the 24 value chains prioritized by RECs and South Sudan's National Export and Investment Strategy:

1. Maize
2. Rice
3. Beans
4. Soya bean
5. Sunflower
6. Palm oil
7. Cassava
8. Irish potatoes
9. Sorghum
10. Millet
11. Sesame
12. Sugar
13. Dairy
14. Gum arabic
15. Shea butter
16. Chemicals
17. Pharmaceuticals
18. Vehicles & transport equipment
19. Groundnut
20. Honey
21. Fish
22. Fruits & vegetables
23. Hides & skins
24. Wildlife & tourism

Step 2: identify those value chains produced in South Sudan. This step reduced the number of value chains from 24 to 16.

Value Chain	Production Areas in South Sudan
1. Maize	Eastern Equatoria, Central Equatoria, Western Equatoria
2. Rice	Northern Bahr El Ghazal
3. Beans	Eastern Equatoria
4. Soya bean	Eastern Equatoria, Central Equatorial, Western Bahr El Ghazal
5. Sunflower	Upper Nile
6. Palm oil	Western Equatoria
7. Sorghum	Upper Nile, Eastern Equatoria, Central Equatoria
8. Millet	Eastern Equatoria, Upper Nile
9. Sesame	Eastern Equatoria, Central Equatoria, Western Equatoria, Upper Nile
10. Sugar	Central Equatoria
11. Dairy	Central Equatoria, Warrap, Jonglei, Upper Nile, Eastern Equatoria, Pibor AA

12. Fish	Central Equatoria, Upper Nile, Pibor AA, Jonglei, Eastern Equatoria
13. Gum arabic	Upper Nile, Eastern Equatoria, Central Equatoria, Jonglei, Unity, Warrap, Northern Bahr El Ghazal
14. Groundnut	Lakes, Western Bahr El Ghazal, Central Equatoria, Upper Nile, Western Equatoria, Jonglei, Northern Bahr El Ghazal, Warrap
15. Honey	Western Equatoria, Western Bahr El Ghazal, Central Equatoria, Eastern Equatoria
16. Shea Butter	Eastern Equatoria, Central Equatoria, Western Equatoria, Lakes, Northern Bahr El Ghazal, Western Bahr El Ghazal, Warrap

Step 3: **Identify value chains with significant levels of production and with potential for expansion.** This was done by selecting value chains produced in at least three out of ten States and AAs. This reduced the number of potential value chains for linkage to AfCFTA from 15 to 10 as listed below:

Value Chain	Present in more than three States/AAs in South Sudan
1. Maize	Eastern Equatoria, Central Equatoria, Western Equatoria
2. Soya bean	Eastern Equatoria, Central Equatorial, Western Bahr El Ghazal
3. Sorghum	Upper Nile, Eastern Equatoria, Central Equatoria
4. Sesame	Eastern Equatoria, Central Equatoria, Western Equatoria, Upper Nile
5. Dairy	Central Equatoria, Warrap, Jonglei, Upper Nile, Pibor AA, Eastern Equatoria
6. Fish	Central Equatoria, Upper Nile, Pibor, Jonglei, Eastern Equatoria
7. Gum arabic	Upper Nile, Eastern Equatoria, Central Equatoria, Jonglei, Unity, Warrap, Northern Bahr El Ghazal
8. Groundnut	Lakes, Western Bahr El Ghazal, Central Equatoria, Upper Nile, Western Equatoria, Jonglei, Warrap, Northern Bahr El Ghazal,
9. Honey	Western Equatoria, Western Bahr El Ghazal, Central Equatoria, Eastern Equatoria
10. Shea Butter	Eastern Equatoria, Central Equatoria, Western Equatoria, Lakes, Northern Bahr El Ghazal, Western Bahr El Ghazal, Warrap

Step 4: **Remove the value chains with limited export potential based on available studies and reports.** Consequently, maize, sorghum, and horticulture value chains were removed from the list based on *UNDP 2022 Value Chain Study Report* that indicated while there is high food security and employment potential there is limited export potential. The dairy value chain was eliminated based on the Food and Agriculture Organization's (FAO) report that indicated that dairy import dependence ratio in Africa is only 9 percent, meaning there is limited export potential for diary from South Sudan to African markets. Through this process, the final seven AVCs for linkage to AfCFTA were selected.

Step 5: Mapping the selected value chains in their respective States and AAs of production as presented in Table 2.

Table 2 Value chains to be linked to AfCFTA and their production areas in South Sudan

	Shea Butter	Gum Arabic	Natural Honey	Sesame	Groundnut	Soya Bean	Fish	Total VCs
Central Equatoria	√	√	√	√	√	√	√	7
Eastern Equatoria	√	√	√	√	√	√	√	7
Western Equatoria	√		√	√	√	√		5
Western Bahr El Ghazal	√		√	√	√			4
Northern Bahr El Ghazal	√	√	√	√	√	√		6
Lakes	√	√	√	√	√	√	√	7
Warrap	√	√		√	√	√	√	6
Jonglei		√	√	√	√	√	√	6
Upper Nile		√		√	√		√	4
Unity		√		√	√	√	√	5
Total States/AA	7	8	7	10	10	8	7	

Source: Stakeholders consultation meetings and study report validation workshop.

The *South Sudan Agricultural Value Chain: Challenges and Opportunities* (UNDP, 2022) noted that sorghum, maize, horticulture, cattle, and poultry have high employment and food security potential but have limited export potential. Therefore, the development of the selected value chains for linkages to AfCFTA will seek ways to integrate and improve production of these value chains for food and nutrition security.

For example, local production and processing of soya bean will generate soya cake, an important livestock feed ingredient that can support production of poultry, dairy, and aquaculture in the country. Similarly, growing groundnut and soya bean in rotation with sorghum and maize should lead to increased cereal crop yields due to nitrogen fixing effects of the legume crops and breaking of diseases and pest cycles in the production fields.

3.3.4 Alignment of selected value chains with National Export and Investment Strategy (NEIS)

The NEIS is being developed with the objective of fostering trade and investment in South Sudan through a combination of effective strategic planning, improved national and subnational government technical support, and improving private sector leadership capacity. This will be achieved by boosting priority sectors: fruits and vegetables, oilseeds, hides and skins, natural honey, gum arabic, tourism, and wildlife. NEIS focuses on building the implementation, management and analytical capacity of relevant public and private sector stakeholders, notably trade and investment agencies, to mobilize resources and lead the implementation of the actions defined in the strategy.

An additional key objective of the NEIS is to support South Sudan's integration at the global level through WTO Accession, and at the pan-African level through the AfCFTA. To this end, priority sectors and investment potential will be assessed partially based on the opportunities foreseen with the integration of the African regional market. To a large extent, the seven selected value chains are aligned to the NEIS as follows; soya bean, sesame, groundnut, and shea nut are oil crops prioritized by NEIS. Similarly, gum arabic and natural honey are on the NEIS list of priority value chains. While fishery is not on the NEIS priority list, it has been identified by various studies as having high potential for food security, income generation, youth and women employment, and the potential for export.

Fruits and vegetables are noted to have high potential for food security and employment creation but have limited export potential due to limited infrastructure and services such as collection centres, cold storage, certification, standards and freight services. South Sudan's comparative advantage of developing hides and skins value chain for export to AfCFTA is less compared to more established hides and skins exporters such as Botswana, South Africa and Namibia. Gum arabic and shea nut products have high export potential and there is an opportunity to expand their production by establishing new gum arabic and shea nut trees and improving the management of the existing ones. While wildlife-tourism is a NEIS priority value chain, it does not fall within the immediate scope of AVCs intended for linkage to the AfCFTA. However, there are opportunities to consider developing agro-tourism alongside wildlife tourism in the future.

3.3.5 Justification for the Value Chain Selection

The selected value chains of shea nut, gum arabic, natural honey, sesame, groundnut, soya bean, and fish have high potential for value addition. Each can generate one or more value added products tradeable at the AfCFTA. For example, soya bean can be processed into soya meal, soya flour, soya oil, soya cake, and soya sauce. Value addition to locally produced raw materials creates employment especially for youth and women, diversifies income sources, and reduces over-reliance on oil as a main source of government revenue.

Value chains that benefit most from AfCFTA liberalization are those that:

- Generate traded products that benefit from tariff preferences.
- Generate products whose trade is set to expand through AfCFTA.
- Generate products whose trade to AfCFTA is liberalized.

All seven of the selected value chains meet these criteria.

For a product to be traded at the AfCFTA, or any international market, it must be identified by the Harmonized Commodity Description and Coding System, also known as the Harmonized System (HS) code of tariff nomenclature. It is an internationally standardized system of names and numbers to classify traded products. Table 3 presents the HS codes of 31 products derived from shea nut, gum arabic, natural honey, sesame, groundnut, soya bean, and fish. The 31 products that are being traded in the EAC and other economic communities in Africa and their EAC CETs are also presented in Table 3.

In February 2022, the EAC adopted EAC Tariff Offer for Category A products for trade under the AfCFTA Agreement. Category A products cover 5,129 lines representing 90.2 percent of all lines that will see tariffs removed under AfCFTA within 10 years for the least developed countries, and five years for developing countries.

The EAC Council of Ministers reviewed and adopted a four band common external tariff structure with a minimum rate of 0 percent, rates of 10 percent, 25 percent and a maximum rate of 35 percent in respect of all products imported into the EAC. The four band common external tariff structure came into force on 1 July, 2022.

Sesame oil and peanut butter have the highest CET of 35 percent. These products are given short-term special treatment to protect the EAC producers from external competition. Soya bean oil and groundnut oil have 0 percent CET because these vegetable oils are essential consumer goods. There is limited production in the EAC and over 90 percent of the vegetable oils are imported, therefore 0 percent CET is intended to cushion consumers from high cost of these imported products.

Photo: UNDP Torit, South Sudan, 2019

Table 3: EAC CET for the seven selected agriculture value chains and their products

Products	HS Code	Description	Units	Rate
Shea Nut	1515.90.00	Shea butter	kg	25%
	1515.90.91	Shea edible oil	kg	25%
Gum Arabic	1301.20.00	Gum arabic	kg	0%
Natural Honey	0409.00.00	Natural honey	kg	25%
	1521.90.00	Beeswax (other)	kg	10%
Sesame	1207.40.00	Sesame seeds whether or not broken	kg	10%
	1515.50.00	Sesame oil	kg	35%
Groundnut	1202.30.00	Seed	kg	10%
	1202.41.00	In shell	kg	10%
	1202.42.00	Shelled, whether or not broken	kg	10%
	1508.10.00	Groundnut oil	kg	0%
	2305.00.00	Groundnut oil cake	kg	10%
	2008.11.00	Peanut butter	kg	35%
Soya Bsean	1201.10.00	Soya bean seed whether or not broken	kg	10%
	1208.10.00	Soya flours and meals	kg	10%
	1507.10.00	Soya oil	kg	0%
	2304.00.00	Soya oil cake	kg	10%
	2103.10.00	Soya sauce	kg	25%
Fish	03.02: Fish, fresh or chilled, excluding fish fillets and other fish meat of heading			
	0302.71.00	Tilapias	kg	25%
	0302.72.00	Catfish	kg	25%
	0302.73.00	Carp	kg	25%
	03.03: Fish, frozen, excluding fish fillets and other fish meat of heading 03.04			
	0303.23.00	Tilapias	Kg	25%
	0303.24.00	Catfish	kg	25%
	0303.25.00	Carp	kg	25%
	03.04: Fish fillets and other fish meat (whether or not minced), fresh, chilled or frozen			
	0304.31.00	Tilapias	kg	25%
	0304.32.00	Catfish	kg	25%
	0304.33.00	Nile Perch	kg	25%
	03.05: Fish: dried, salted or in brine; Smoked fish: cooked before or during smoking.			
	0305.31.00	Tilapias, Catfish, Carp, Nile Perch	kg	25%
	Smoked fish: including fillets, other than edible fish offal			
	0305.44.00	Tilapias, Catfish, Nile Perch	kg	25%
	Dried fish: other than edible fish offal, salted but not smoked			
	0305.52.00	Tilapias, Catfish, Carp, Nile Perch	kg	25%
	Salted Fish: not dried or smoked, and fish in brine, other than edible fish offal:			
	0305.64.00	Tilapias, Catfish, Carp, Nile Perch	kg	25%

Source: EAC CET, 2022

Harmonisation of EAC and COMESA CET

The CET of COMESA is harmonised with the EAC CET. This means that the Member States in both Customs Unions do not have to choose which one to remain in; for with the same CET, COMESA, and EAC in effect have moved closer towards becoming a single Customs Union. Several other trade instruments and programs are also harmonised or coordinated, and this will further assist the formation of the single Free Trade Area (FTA) and Customs Union. For instance, the rules of origin of COMESA and EAC are similar. These rules will continue to apply until there is free circulation of goods within the Customs Union.

3.3.6 Standards and Certification of Processed Products

The Codex Alimentarius (Food Code or Codex), is a collection of international standards, guidelines, and codes of practice to protect the health of consumers and ensure fair practices in the food trade. Codex standards are used worldwide to harmonize national food safety regulations and are recognized in the WTO Agreement on the Application of Sanitary and Phytosanitary Measures as the international reference point for food safety. When food producers and traders comply with Codex standards, consumers can trust the safety and quality of the products they buy, and importers can have confidence that the food they ordered will meet the specifications.

The South Sudan National Bureau of Standards (SSNBS) has the mandate to develop standards, assess conformity of finished products, conduct testing and metrology of products. However, these mandates are not adequately fulfilled due to inadequate technical capacity and equipment. As a result, there is slow adoption of national and regional standards by producers to assist them in achieving market certification requirements. Due to limited technical guidance, these producers have not established Good Manufacturing Practice (GMP) with a sound code of practices, or Quality Management System (QMS), which guarantees safe production of goods to meet international standards.

As a result, samples of key export products like natural honey, shea butter, groundnut oil etc. are taken to Kenya and Uganda for testing, causing a direct increase in business costs and time, especially for MSMEs. This reduces the competitiveness of products from South Sudan, impeding their potential to reach and take advantage of international markets. There is need to upgrade facilities and equipment and to build staff capacity of the South Sudan National Bureau of Standards (SSNBS). The South Sudan Quality Mark needs to be launched and promoted through public awareness. Obtaining international recognition of SSNBS Mark of Quality will enable 'Made in South Sudan' products to enter continental and international markets. There is also a need for capacity building and mentorship, so that producers and processors can meet SPS and commercial international standards.

Once South Sudan develops its agricultural value chain resources to an exportable quality, the the EAC countries offer a huge market, where these resources are in demand.

4. MACROECONOMIC FRAMEWORK, AGRICULTURE, AND TRADE PERFORMANCE IN AFRICA

4.1 ECONOMIC PERFORMANCE

4.1.1 Regional Economic Communities (RECs) in Africa and the AfCFTA

The AfCFTA is generating a new awareness of and an interest in the RECs. They are expected to play a role in achieving the goals of the AfCFTA. The role of the qualifying RECs as building blocks of the AfCFTA is being worked out as the implementation of the AfCFTA incrementally proceeds. RECs are legal persons in their own right and have their own legal instruments, with obligations for their Member States. These obligations are about matters such as REC integration agendas and how their treaties can be amended. Each one of them has a unique history, profile, and value for their Member States (Tralac, 2021b).

The RECs include Arab Maghreb Union (AMU), Common Market for Eastern and Southern Africa (COMESA), Community of Sahel–Saharan States (CEN–SAD), East African Community (EAC), Economic Community of Central African States (ECCAS), Economic Community of West African States (ECOWAS), Intergovernmental Authority on Development (IGAD), and Southern African Development Community (SADC).

The RECs are not parties to the AfCFTA Agreement. but individual States within the RECs may be a party fo the AfCFTA. The AfCFTA Council of Ministers, which is responsible for the "effective implementation and enforcement" of the AfCFTA Agreement, consists of ministers from the State Parties and makes decisions on the basis of consensus. There is no supra-national AfCFTA organ that can decide that the RECs (or some of them) must change course or be dissolved. Whatever happens to the RECs as promoters of AfCFTA objectives will need a consensus-based AfCFTA strategy and be supported by the members of individual RECs. These Member States will carefully weigh their own interests and the benefits that existing RECs bring.

Photo: UNDP

Economic integration in Africa is a member-driven process. Article 5 of the AfCFTA founding Agreement says the AfCFTA shall be governed by specific principles such as "driven by Member States of the AU; RECs Free Trade Areas as building blocks for the AfCFTA; variable geometry; preservation of the acquis; reciprocity; consensus in decision-making; and best practices in the RECs, in the State Parties and International Conventions binding the African Union." (AfCFTA, 2018a)

The acquis is the collection of common rights and obligations that constitute the body of EU law. This is important because this concept has gained a specific meaning after being adopted as part of the negotiating principles of the Tripartite Free Trade Area (TFTA). Countries that are members of existing REC FTAs will not need to negotiate tariff liberalisation under the TFTA with other members of the same REC FTAs but will consolidate their existing tariff liberalisation levels into the TFTA in line with the principle of Building on the Acquis. Article 19(2) of the AfCFTA Agreement subsequently confirmed that "State Parties that are members of other regional economic communities, regional trading arrangements and custom unions, which have attained among themselves higher levels of regional integration than under this Agreement, shall maintain such higher levels among themselves." (AfCFTA, 2018b)

Four of the eight RECs mentioned in Article 1 of the AfCFTA Agreement have not yet formed FTAs. The implication is that these four are not AfCFTA building blocks as described in Article 5 of the AfCFTA Agreement. Only REC FTAs are building blocks. The UMA, the CEN-SAD, the ECCAS, and the IGAD are not FTAs. The COMESA, the EAC, the ECOWAS, and the SADC are FTA or have already advanced to customs union level.

REC membership is not based on a neat architecture, rather overlapping membership is a long-standing feature of the African regional integration landscape, as show in Figures 3a and 3b. Several members of the RECs that are not yet FTAs belong to REC configurations that have become FTAs.

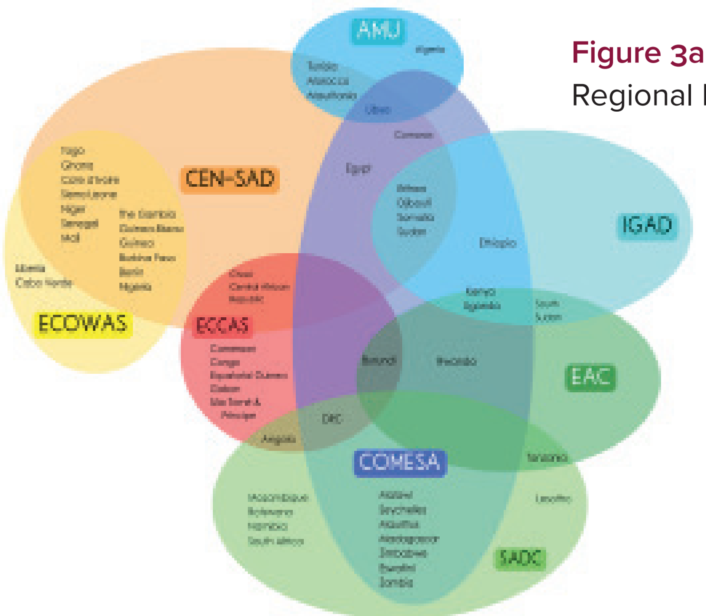


Figure 3a: Architecture of African Regional Economic Communities

Source: Tralac, 2022b

Figure 3b: Architecture of African Regional Economic Communities

ECOWAS	CEN-SAD	ECCAS	AMU	IGAD	EAC	COMESA	SADC
	Comoros					Comoros	Comoros
Benin	Benin					Malawi	Malawi
Burkina Faso	Burkina Faso					Madagascar	Madagascar
Gambia	Gambia					Eswatini	Eswatini
Ghana	Ghana			South Sudan	South Sudan	Seychelles	Seychelles
Guinea-Bissau	Guinea-Bissau	Burundi			Burundi	Burundi	
Ivory Coast	Ivory Coast	Rwanda			Rwanda	Rwanda	
Mali	Mali				Tanzania	Tanzania	
Niger	Niger			Kenya	Kenya	Kenya	
Nigeria	Nigeria			Uganda	Uganda	Uganda	
Senegal	Senegal	Angola					Angola
Sierra Leone	Sierra Leone	DRC			DRC	DRC	DRC
Togo	Togo						
	Mauritius		Mauritius			Mauritius	Mauritius
	Morocco		Morocco				
	Chad	Chad				Zambia	Zambia
	Central African Republic	Central African Republic				Zimbabwe	Zimbabwe
	Libya		Libya			Libya	
	Tunisia		Tunisia			Tunisia	
	Djibouti			Djibouti		Djibouti	
	Eritrea			Eritrea		Eritrea	
	Somalia			Somalia		Somalia	
	Sudan			Sudan		Sudan	
Liberia	Egypt	Congo	Algeria	Ethiopia			South Africa
Guinea		Sao Tome & Principe					Botswana
Cape Verde		Cameroon					Lesotho
		Equatorial Guinea					Mozam-bique
							Namibia

The AfCFTA views overlapping REC membership as a problem because it duplicates trade governance measures, and it makes compliance with standards and the pursuit of regional value chains more difficult. It also adds to trade costs. The AfCFTA structures will not be able to remove NTBs without the involvement of the relevant REC arrangements. For example, more than 60 percent of all intra-African trade in goods takes place among the members of SADC. The SACU is part of SADC and is the world's oldest functioning customs union with high commercial integration and trade in services.

The RECs are not a homogenous set of regional integration arrangements. They pursue similar but often also dissimilar objectives; and they are at very different levels of integration. They are historically important and sometimes enjoy recognition from third parties as entities with which to conclude reciprocal trade agreements. They are important for promoting the objectives of the AfCFTA, but the formula for doing so must still be worked out.

4.1.2 Trade by Regional Economic Communities (RECs)

The AU recognises eight RECs as shown in Figure 3a and b. These are regarded as building blocks to the AfCFTA. Overlapping membership complicates the implementation processes. The total Intra-Africa trade for 2020 and the REC share of intra-Africa trade is presented in Table 4.

Table 4: Intra-Africa Trade by REC

Regional Economic Communities (REC)	Percent Intra-Africa Trade (2020)
Arab Maghreb Union (AMU)	3.6%
Common Market for Eastern and Southern Africa (COMESA)	17.51%
Community of Sahel–Saharan States (CEN–SAD)	19.5%
East African Community (EAC)	5.67%
Economic Community of Central African States (ECCAS)	5.33%
Economic Community of West African States (ECOWAS)	11.01%
Intergovernmental Authority on Development (IGAD)	2.58%
Southern African Development Community (SADC)	34.79%

Source: Tralac, 2022b. Intra-Africa trade by REC: 2020 update

4.1.3 Challenges and Opportunities of Memberships in RECs

The Republic of South Sudan belongs to the EAC along with Burundi, Kenya, Rwanda, United Republic of Tanzania, Uganda, and the Democratic Republic of the Congo (Figure. 3b). The EAC Partner States have agreed to coordinate their economic and trade policies to create conditions favourable for the achievement of the objectives of the EAC: accelerated, harmonious and balanced development, and sustained expansion of economic activities for mutual benefit.

The EAC has concluded FTAs with the USA and an Economic Partnership Agreement with the European Union (EU). Four EAC members (Kenya, Uganda, Burundi, and Rwanda) are also members of the COMESA FTA. Tanzania is a member of the SADC FTA. South Sudan is not part of COMESA nor SADC. There are different preferential tariff rates applicable to imports into the different EAC countries depending on the source country (COMESA FTA, COMESA non-FTA or SADC FTA) and the destination market.

As a Customs Union with a CET, the EAC countries will be negotiating together, but there are some practical challenges. South Sudan has signed the AfCFTA Agreement but as of March 2023 has yet to ratified it. South Sudan and Uganda benefit from unilateral preferential market access granted by Morocco. The extent of the overlapping memberships with other African FTAs presents some challenges on how individual states and regional economic blocks can conduct trade negotiations (Tralac, 2022).

As a member of the EAC, the opportunities for South Sudan hinge on the EAC Treaty under Chapter 15, which provides for cooperation in infrastructure and services. The Nimule-Elegu border post between South Sudan and Uganda is one such opportunity. It is the busiest land border with an average of 200 trucks crossing daily carrying 90 percent of goods imported from Uganda. The implementation of One Stop Border Post (OSBP) is meant to facilitate cross-border movements by reducing the time needed for clearance procedures. Reducing the clearance time will further boost trade between the two countries and reduce the cost of doing business.

Using various risk management techniques will also reduce invasive physical inspection of goods and improve cooperation between the border agencies of the two countries. For example, implementing joint inspection and verification of goods, and using x-ray scanners and weigh-in-motion devices to automatically capture and record the axle weight of trucks crossing the border while vehicles are in motion.

Another opportunity is the Lamu Port Kenya—South Sudan—Ethiopia Transport (LAPSSET) Corridor. This mega project consists of seven key infrastructure projects including interregional highways from Lamu to Isiolo (Kenya), Isiolo to Juba, South Sudan, Isiolo to Addis Ababa, Ethiopia. This infrastructure project will make land-locked South Sudan more accessible to both continental and global markets.

4.1.4 Pillars of African Regional Integration

Regional integration in Africa is currently low, although individual RECs score higher than average in one or more dimensions of the Africa Regional Integration Index (ARII). The ARII was put together by the African Union Commission, the African Development Bank, and the United Nations Economic Commission for Africa. The five dimensions of the ARII are (i) regional infrastructure and interconnections, (ii) financial integration and macroeconomic policy convergence, (iii) productive integration, (iv) trade integration, and (v) the free movement of people.

The regions that performed above the African average in terms of trade integration (all trade in goods and services, including agriculture) were the AMU, COMESA, EAC, ECOWAS and IGAD, while the best performers in productive integration were the EAC and AMU. Generally, progress has been slow due to country disparities in levels of development and economic integration, vast distances between markets, multiple RECs with inconsistent and conflicting regulations and standards, as well as infrastructure and connectivity problems (FAO, 2021).

While countries are beginning to trade more and more with one another, food security continues to be underpinned by imports for the foreseeable future. Africa's increasing food import dependency and vulnerability to external shocks, including COVID-19, underscores the need for robust measures to close the food deficit in affected sub-regions. Accordingly, Member States have undertaken commitments to support the implementation of the AfCFTA Agreement in several areas including tariff liberalisation, reduction of non-tariff barriers, rules of origin, and improved market Information systems to grow intra-African trade in agricultural commodities and services in an orderly and predictable manner.

4.2 AGRICULTURE TRADE PERFORMANCE

4.2.1 Agriculture Trade in Africa

Trade in goods

The Organization for Economic Cooperation and Development (OECD)-FAO Agricultural Outlook 2019–2028 shows that agricultural demand in Africa will continue to outstrip agricultural supply over the 2019–2028 period. According to the report, demand for agricultural commodities such as beef, poultry, maize, rice, soya bean, and vegetable oils (including palm oil) will be consistently higher than production over the outlook period (see Table 5). Cotton, and roots and tubers are the only commodities whose production will exceed demand. Demand is expected to increase by 3.7 percent each year for rice, 2.2 percent for fish, and 2.4 percent for vegetable oils, while production will grow by 2.3 percent, 1 percent and 1.1 percent respectively. This situation will put significant pressure on agricultural commodity inventories, while remaining one of the primary drivers of increasing trade deficits in many subregions on the continent.

Table 5: Agricultural outlook 2019-2028 (in 1,000 metric tonnes)

	2019			2028		
Commodities	**Supply**	**Demand**	**Balance**	**Supply**	**Demand**	**Balance**
Beef and veal	6,751	7,412	Deficit	7,850	8,876	Deficit
Cotton	1,920	453	Surplus	2,300	558	Surplus
Fish	12,026	13,950	Deficit	13,264	16,993	Deficit
Maize	82,983	101,072	Deficit	100,192	122,843	Deficit
Poultry meat	5,986	7,925	Deficit	7,237	10,019	Deficit
Rice	21,307	40,334	Deficit	25,920	54,791	Deficit
Roots and tubers	91,107	88,271	Surplus	104,433	104,030	Surplus
Soya beans	3,130	8,039	Deficit	3,646	8,528	Deficit
Vegetable oils	8,219	19,359	Deficit	9,388	19,190	Deficit

Source: OECD-FAO Agricultural Outlook 2019–2028

Trade in services and competitiveness

There are five types of services that are important for food and agriculture:

i. Transport and logistics services
ii. Financial services
iii. Information Communication Technology (ICT) services
iv. Distribution and retail services
v. Wildlife tourism and agro-tourism

Services are not only embodied within traded goods such as processed foods, but services also facilitate linkages with upstream and downstream parts of the agricultural value chain. Services support trade across borders in form of transport and logistics, food safety, laboratory testing and certification, e-commerce, financial technology (fintech), delivery and payment systems, and electronic dissemination of agricultural data and market information.

The services sector generates jobs, raises wages and contributes to growth within and across borders. Typical drivers of trade in services are differences in cost and quality of services and the lack of certain specialised services. Well-functioning markets for services contribute to competitiveness in agriculture and productivity growth by adding value to food and farm goods, extending product shelf life, and ensuring product quality and variety. Services can also contribute to reducing greenhouse gas emissions and planning ideal planting and harvesting activities using weather forecasts, crop-specific advice and local market prices. Smallholder farmer productivity relies increasingly on markets for various inputs (seeds, fertilizers, pesticides) and services. These services play an important role in every phase from pre- and post-harvest operations to trade facilitation, processing, and delivery to the end consumer.

Services are a crucial component in all stages of the agricultural and food value chain in Africa, including extension and technical advisory services, the credit farmers need to invest in inputs, and the processing and distribution of finished goods. For example, transport costs represent up to a third of the farm gate price in parts of Africa. ICT services are now integral to the production and marketing cycle. Formal trade in services is still low and not well documented. While trade in services accounts for about 22 percent of Africa's total trade in goods and services, African countries remain responsible for only about 2 percent of global service exports. The current low level of value added in services indicates the vast potential for growth of intra-African trade in agricultural commodities and services. The services sector is a source of income for 30 percent of the African working-age population and about 33 percent of youth work in the sector (International Labour Organization, 2020).

Improving access to credit, especially through mobile phone application and widening scope of crop and livestock insurance is expected to increase within the EAC region. Setting up and enabling institutions to mobilise essential agri-services and new technology for production inputs and empowering individual farmers through incentives like subsidies on input resources across the farming value chain and enhancing their social security conditions will enhance value chain competitiveness in the AfCFTA markets.

Establishing Farmer Producer Organisations (FPOs) in South Sudan will encourage and benefit the farming community at large. FPOs can be established under the statute of Companies Act or the State Co-operative Act. As an organization, it follows a unique model of collective and crowdsourced efforts from like-minded farmers belonging to a particular region or growing common crops or livestock. FPOs positively impact all the players and practices of the farming value chain. They tackle price uncertainty, improve processing and storage capacities, experiment and deploy newer farming methods and facilitate improved access to formal sources of credit. FPOs can also engage with the government on fact-based lobbying and advocacy in support of formulation and implementation of policies that support producers access to essential services.

Communication technology services provides opportunities to leverage business innovations to increase exports and imports (in part through improvements in trade facilitation), enhance service delivery, and improve access to information, all contributing to the ease of doing business for the general public and for international traders. E-commerce can be used by both government institutions and private enterprises. To work efficiently, there has to be availability of internet services, such as internet infrastructure (particularly fibre optic and mobile broadband), along with the availability of affordable data enabled devices.

ICT is an enabler for socio-economic transformation and therefore its application needs to be anchored in a policy framework that supports linking value chains to the AfCFTA. The policy should promote ICT as a development tool through increased use of information technologies, the development and use of e-government to improve efficiency and the quality of public service delivery, and the development of IT infrastructure. The ICT policy should be based on the principles of:

- Keeping pace with changes in technology.
- Providing universal service access at an affordable cost.
- Ensuring adequate competition.
- Encouraging innovation.
- Standardizing ICT products and services for quality.
- Maintaining global connectivity, while safeguarding privacy and security.

African Member States have initially agreed on the liberalisation of five priority services under the AfCFTA: financial services, communication, transport, tourism, and business services. A key consideration in the cross-border supply of services is the mutual recognition of qualifications and the harmonisation of standards, licenses and certifications. For this to happen, there is a need for uniform regulations that ensure the quality and standard of services in terms of their technical merits and the safety of consumers, businesses, and other users.

4.2.2 Import Dependence in Africa

Despite its vast agricultural potential, Africa is a net importer of agricultural products. The increase in agricultural and food imports has been particularly striking for basic foodstuffs such as cereals, vegetable oils, sugar, meat and dairy products. Most imports are sourced from outside the region (e.g. wheat, sunflower oil and dairy products from Europe; rice and palm oil from Asia; maize, poultry and beef from Latin America). Dependence on extra-regional imports for food makes African countries vulnerable to disruptions in international logistics and distribution, in addition to production problems in other countries due to the COVID-19 pandemic containment measures (FAO, 2021). These vulnerabilities could result in food shortages and raise food prices, particularly in countries that are highly dependent on food imports as shown in Table 6. These factors, combined with losses in consumer incomes, minimal savings and limited access to public safety nets, mean that COVID-19 also created significant demand-side risks, particularly among poorer populations.

Table 6: Import Dependency Ratios

Food Imports	Africa Total	Northern Africa	Eastern Africa	Central Africa	Southern Africa	Western Africa
Vegetable oils	71%	78%	86%	44%	74%	60%
Cereals, excluding beer	33%	54%	19%	34%	32%	24%
Meat	12%	8%	2%	34%	16%	13%
Milk, excluding butter	9%	14%	2%	9%	10%	9%
Pulses	8%	52%	5%	5%	42%	1%
Oil crops	7%	29%	2%	0	14%	1%
Vegetables	3%	1%	4%	5%	11%	5%
Fruits, excluding wine	3%	4%	2%	1%	15%	2%
Eggs	2%	0	3%	40%	1%	3%
Starchy roots	0%	4%	0	0	5%	0

Source: FAO (forthcoming), *Understanding the Impact of the COVID-19 Pandemic on Food Security in Africa.*

Photo: UNDP Torit South Sudan, 2019


VMT
MADE IN
SOUTH SUDAN


10 كيلو
"رومبا"
معالجة ومعباة من قبل حقيقة للدقيق

5. INTERVENTIONS NECESSARY FOR LINKING 'MADE IN SOUTH SUDAN' PRODUCTS TO THE AfCFTA

Successful linkage of AVCs to the AfCFTA requires policy and technological interventions to meet the standards and specifications of the AfCFTA traded goods. Providing an enabling policy environment for businesses to take advantage of the free trade area requires interventions that increase and sustain the supply of traded goods as well as stimulating demand in the target markets. The structure, objectives and functions of the AfCFTA addresses most of the demand side challenges faced by producers, processors, and exporters in the African continent. In order to benefit from opportunities presented by the AfCFTA, South Sudan needs to implement the following measures in order to take advantage of AfCFTA opportunities:

- Ratification of the AfCFTA Agreement.
- Establish quality standards and certification of goods.
- Engage with the African Digital Trading Hub.
- Establish mechanisms for movement of goods from South Sudan to the AfCFTA markets.
- Develop capacity of producer organisations and cooperatives.
- Create an enabling business environment.
- Sensitise public and private sector stakeholders about the AfCFTA.

Photo: UNDP Juba South Sudan, 2023

5.1 RATIFICATION OF THE AFCFTA AGREEMENT

South Sudan is a signatory to the agreement establishing the AfCFTA but has not deposited the instruments of ratification with the permanent secretariat in Accra, Ghana. Instruments of national ratification of the AfCFTA Agreement that South Sudan needs to adopt include;

- Rules of origin
- Tariff concessions
- Online negotiating forum
- Monitoring and elimination of non-tariff barriers
- Digital payment system
- African Trade Observatory (ATO)

5.1.1 Rules of Origin

Rules of origin determine the origin of goods that may enter a country under preferential treatment. The rules of origin ensure that the benefits of preferential tariff treatment are restricted to only those products that have been: harvested, grown produced or manufactured in the exporting Regional Trade Agreements (RTA) member state. The criteria for determining the origin of goods is developed from principles in national legislation or international treaties, but the implementation of rules of origin (certification and verification) is done at the country level. The purpose of the rules of origin is to define the country of origin and is often found in the label or marking of goods as a 'Product of South Sudan' or 'Made in South Sudan'.

Each country establishes its own non-preferential rules and these are based on two main principles:

- ♦ **Wholly obtained:** Products obtained entirely in the territory of one country without the addition of any non-originating materials.
- ♦ **Last substantial transformation:** In a case where more than one country was involved in the production of the goods, the country where the last substantial transformation took place determines the origin of the goods.

Based on the AfCFTA Rules of Origin Manual, the criteria conferring origin to the seven value chains are:

- ♦ **Products are wholly obtained from South Sudan and no materials from outside the AfCFTA were used in their production.** This criteria generally applies to the natural resources of South Sudan and to products made entirely from materials obtained in South Sudan. For example, shea nuts, gum arabic, groundnut, sesame, soya beans, and the products made from these are considered to originate from South Sudan even if seeds, fertilizers, pesticides or machinery from elsewhere are used in the process.

- ♦ **Products obtained from live animals raised in South Sudan,** this includes natural honey harvested from hives located in South Sudan.
- ♦ **Products of aquaculture** including mariculture, where the fish, crustaceans, molluscs, and other aquatic invertebrates are born and or raised in South Sudan from eggs, larvae, fry or fingerlings born or raised therein. This applies to fish raised or captured within South Sudan.

In applying the AfCFTA RoOs there are certain processing operations that have a minor effect on the finished product such that they cannot be regarded as conferring originating status on finished products. Such minor operations can either be carried out individually or combined with other operations. The following operations are insufficient to confer origin on a product:

- Operations exclusively intended to preserve products in good condition during storage and transportation.
- Breaking-up or assembly of packages.
- Washing, cleaning, or operations to remove dust, oxide, oil, paint, or other coverings from a product.
- Simple ironing or pressing operations.
- Simple painting or polishing operations.
- Husking, partial or total bleaching, polishing, or glazing of cereals and rice.
- Operations to colour sugar or form sugar lumps, partial or total milling of crystal sugar.
- Peeling, stoning or shelling of vegetables, fruits and nuts.
- Sharpening, simple grinding, or simple cutting.
- Simple sifting, screening, sorting, classifying, grading, or matching.
- Simple packaging operations, such as placing in bottles, cans, flasks, bags, cases, boxes, or fixing on cards or boards.
- Affixing or printing marks, labels, logos, or other distinguishing signs on the product or the packaging.
- Simple mixing of materials, whether or not of different kinds; which does not include an operation that causes a chemical reaction.
- Simple assembling of parts to constitute a complete article.
- A combination of two or more operations specified above.
- Slaughter of animals.

For example, a trader in South Sudan importing cooking oil in bulk then repackages it into smaller containers for wholesale and retail markets cannot brand such oil as ‘Made in South Sudan’. Similarly goats and cows brought into South Sudan cannot be slaughtered and their meat marketed as ‘Made in South Sudan’.

The Government of the Republic of South Sudan (GRSS) needs to establish mechanisms that provide proof of origin for all products to be traded through the AfCFTA. This should be done by appointing a competent designated authority to be responsible for issuing Certificates of Origin, and by appointing and registering ‘approved exporters’ of locally manufactured products destined to the AfCFTA.

5.1.2 Schedule of Tariff Concessions

A Schedule of Tariff Concessions is defined in the AfCFTA Protocol on Trade in Goods to mean "a list of negotiated specific concessions and commitments by each State Party. It sets out the terms, conditions, and qualifications under which goods may be imported under the AfCFTA." It is agreed that there should be 90 percent tariff liberalization over a 10 year period with a five year transition, there will be an additional 7 percent for "sensitive products" that must be liberalised. This will be supported by the AfCFTA Trade in Goods online portal where Member States will upload their tariff offers covering 90 percent of the tariff lines.

South Sudan is a member of the EAC whose Tariff Order is for shea nut, gum arabic, natural honey, sesame, groundnut, soya bean, and fish. The value added products fall within the four band CET structure of 0%, 10%, 25% and 35%. South Sudan's current tariff structure has four bands of 0%, 5%, 10% and 20%. Despite being a member of the EAC, South Sudan has not implemented the EAC CET protocols, which involves a revision of its tariffs to harmonise with that of EAC tariffs and then having these approved by Parliament. By failing to implement the EAC CET protocols, goods from South Sudan are taxed when entering EAC countries, making South Sudan products less competitive in the EAC markets.

Once South Sudan develops the seven selected value chains for AfCFTA to an exportable quality, there will be access to a large market in neighbouring countries. This is particularly true for food products because the region is affected regularly by drought and food shortages. Moreover, the EAC is important as a transit route for South Sudan as nearly all imports and non-oil exports are transported through that region. **South Sudan needs to implement the EAC CET protocols in order to take advantage of the market opportunities presented by the EAC and the AfCFTA.**

South Sudan faces two challenges to liberalise its tariffs.

The first challenge is its small and less developed economy. The main issue is how to protect the infant economy to ensure continued growth once South Sudan starts trading in the AfCFTA. One possible measure is for the AfCFTA to collaborate with the Afrexim Bank to institute a $1 billion AfCFTA adjustment facility. This will ensure businesses in infant sectors within South Sudan secure funding for expanding capacity, promoting export, and supporting MSMEs, especially for women and youth, to increase competitiveness. This will also assist South Sudan to adjust for any unexpected significant tariff revenue loss in a systematic manner. South Sudan also has opportunity to exclude some sectors from tariff liberalisation, the so called sensitive sectors/ goods in agriculture and manufacturing can undergo gradual tariff reduction thereby provide flexibility to develop the infant industry.

The second challenge is that South Sudan is likely to face unfair competition upon removal of tariffs. Under the modalities for tariff liberalisation, member states agreed to liberalise 90 percent of tariff lines within five years

(10 years for least developed countries like South Sudan), and a further 7 percent of tariff lines, designated ‘sensitive products’, subject to more gradual liberalisation, and 3 percent of tariff lines excluded from tariff liberalisation. AfCFTA has also put in place extensive rules of origin that regulate the criteria needed to determine the national source of a product which will ensure that goods traded with preferential rates are truly of AfCFTA origin. South Sudan should take advantage of trade remedy and safeguard provisions in the AfCFTA Agreement to deal with emerging unfair trade practices and unforeseen consequences during the implementation of the AfCFTA. South Sudan needs to develop and deposit instruments of ratification to the AfCFTA Secretariat and at the same time negotiate for funding to support continued growth of its infant agricultural production and manufacturing sectors.

5.1.3 Online Negotiating Forum

Under the umbrella of the ATO project and building on International Trade Centre’s (ITC) pioneering role in providing up-to-date market information, ITC launched the AfCFTA Tariff Negotiation Tool in 2019. The online tool facilitates the negotiation of tariff lines. It provides a secure exchange platform to chief negotiators to automatically generate and share tariff concession offers or formulate counterproposals. It is a transparent, timely, and straightforward method.

The online tool allows parties to run negotiations simultaneously, with instant interactions among counterparts, either single countries or regional economic groups, and without the need for in-person meetings. The tool also offers analytical features to compare, to send, and to receive all proposals and counterproposals; it can verify their validity based on the criteria established in the AfCFTA; and it allows for tracking the history of the negotiations and for follow-up on all rounds.

This online tool is accompanied by a capacity-building component to ensure that it is fully and effectively implemented by AfCFTA State Parties. During the first quarter of 2020, more than 100 African negotiators took part in four technical training courses on tariff negotiations in Senegal, Namibia, Tunisia, and Zimbabwe. Once South Sudan ratifies the AfCFTA Agreement, it should apply for capacity development to enable its negotiators participate fully in the online negotiations for tariff concessions and other trade related matters.

This online negotiating forum should be used by South Sudan negotiators to protect and safeguard ‘infant industries’ against unfair competition from more developed economies. South Sudan has a young economy dominated by infant industries, many of them in the early stages of development and, thus, not yet capable of competing against established industry competitors. These emerging domestic industries need protection against international competition until they become mature and stable. The GRSS needs to develop measures that protect and safeguard the infant industries, and that provide economic incentives and technical capacity building for effective linkage and participation in the AfCFTA. These measures may include negotiating and enacting import duties, tariffs, quotas, and exchange rate controls to prevent international competitors from matching or beating the prices of an infant industry, thereby giving the infant industry time to develop and stabilize. As a guiding principle, infant industries should only be protected if they can mature and then become viable without protection in a given time frame and the cumulative net benefits provided by the protected industry must exceed the cumulative costs of protecting the industry.

5.1.4 Monitoring and Elimination of Non-Tariff Barriers (NTB)

NTBs refer to a wide range of restrictive regulations and procedures, imposed by government authorities that make importation or exportation of products difficult and/or costly. NTBs comprise policies of economic protectionism against foreign trade, such as prohibitions, quotas, licenses or discriminatory taxes. Restrictive customs procedures can also be NTBs. NTBs can also include the unjustified and/or improper application of SPS measures and other TBT.

However, not all government regulations or procedures that are costly for a trader can be considered NTBs. Regulations and procedures can be justified by the protection of human, animal or plant health, the environment, or other important public policy objectives. Still, such measures should be proportionate and restrict trade as little as possible. Furthermore, they should not discriminate against foreign companies or products. Otherwise, they may be considered NTBs. There are six categories of NTBs, as shown in Table 7.

Table 7: Categories of non-tariff barriers

Category	Description of Reporting and Monitoring
Category 1	**Government Participation in Trade and Restrictive Practices Tolerated by Governments:** Government aids including subsidies and tax benefits, restrictive practices tolerated by governments.
Category 2	**Customs and Administrative Entry Procedures:** customs valuation, customs classification, consular formalities and documentation, RoO, customs formalities, import licensing, pre-shipment inspection, and other formalities related to pre- shipment inspection.
Category 3	**Technical Barriers to Trade:** technical regulations, and standards for packaging, labelling, and marking requirements.
Category 4	**Sanitary and Phytosanitary Measures:** chemical residue limits, disease freedom, and specified product treatment and conformity assessments.
Category 5	**Specific Limitations:** embargoes and other restrictions of similar effect, quantitative imports and export restrictions or prohibitions, and tariff quotas.
Category 6	**Charges on Imports:** prior import deposits and surcharges e.g port taxes, credit restrictions, border tax adjustments.

The mechanism for identifying, reporting, and monitoring NTBs has been put in place to facilitate the elimination of NTBs within the AfCFTA.

Any State Party or Economic Operator may register a complaint or trade concern online. Box 1 presents the procedure for online registration and reporting of NTBs. State Parties are encouraged to resolve NTBs raised at intra-REC level using the resolution mechanisms in place in each REC. The mechanism will address NTBs that have not been resolved at REC level, are inter-REC in nature, or are arising from State Parties that are not members of any REC. The NTB mechanism shall enhance transparency and provide for easy follow-up on progress in the resolution of identified and reported NTBs.

Box 1: Mechanism for online reporting non-tariff barriers

HOW TO REPORT NTBs

The AfCFTA's NTB online reporting, monitoring, and eliminating mechanism is a facility developed to enhance trade through removal of NTBs.

At www.tradebarriers.africa you can report any obstacle encountered when trading goods across intra-African borders. For example, excessive delays, ad hoc fees at the border, cumbersome document requirements, or restrictive product standards and regulations.

The online mechanism is open to all African business sectors: small, medium, or large companies, informal traders, and women and youth business operators.

A quick introduction video about the mechanism can be viewed here: www./tradebarriers.africa/about.

Step-By-Step

1. Go to www.tradebarriers.africa and choose your language.
2. Click on Login/Register → Register → Fill in your details and submit.
3. Receive a confirmation email → Click on the "activation" link in the email.
4. Go back to www.tradebarriers.africa → Login/Register → Enter your username/email and password → Login.
5. Click on "Report an NTB online" → Fill the form and provide as much detail as possible → Submit your complaint.

After you report a NTB, the concerned government authorities will follow-up to resolve your problem. Support for the process comes from the NTBs Coordination Unit in the AfCFTA Secretariat, the NTB Units in each REC, and the NTB National Focal Points in each country.

Source: www.tradebarriers.africa

5.1.5 The AfCFTA Digital Payment System

PAPSS is a centralised payment and settlement infrastructure for intra-African trade and commerce payments. PAPSS is an AU infrastructure developed in collaboration with Afreximbank to complement trading under the AfCFTA. Afreximbank will facilitate payments as well as formalize some of the unrecorded trade due to prevalence of informal cross-border trade in Africa. PAPSS will enable efficient and secure flow of money across African borders. The platform minimizes risk and contributes to financial integration across the regions. PAPSS works in collaboration with central banks in the continent to provide a payment and settlement service to which commercial banks, payment service providers, and fintech organisations across the continent can connect as participants.

PAPSS platform provides an alternative to current high-cost and lengthy correspondent banking relationships to facilitate trade and other economic activities among African countries through a simple, low-cost risk-controlled payment clearing and settlement system. PAPSS also serves as an avenue of expanding financial inclusion to cover the informal sector while monitoring funds transfers, thus reducing money laundering, which costs the continent several billion dollars annually.

As of June 2022, the PAPSS network consisted of eight central banks, 28 commercial banks, and six switches. It will expand into the five regions of Africa before the end of 2023. All central banks are to sign up by the end of 2024 and all commercial banks by the end of 2025. South Sudan, therefore, needs to undertake financial sector policy reforms and develop necessary infrastructure to enable the Bank of South Sudan and Commercial Banks to sign up for the PAPSS within the provided time frame.

5.1.6 African Trade Observatory (ATO)

The ATO is a trade intelligence tool that enables firms to easily explore and compare trade opportunities across Africa. It was rolled out by the AU, the EU Commission, and the ITC at an AU Summit on 5 December 2020. The ATO provides updated and reliable data to inform business and policy decisions and to monitor the implementation process of the Agreement and its impact.

The ATO Steering Committee includes representatives of the AUC the European Union, ITC, the United Nations Economic Commission for Africa (UNECA), and RECs.

The ATO's Support to Trade in Africa

The ATO will provide real-time trade statistics to African users. Such information will include intra-continental trade flows (traded values, traded quantities, the use of tariff preferences, taxes and fees paid at the border), and information on market conditions (such as taxes applicable at the border and regulatory requirements).

The transfer of raw data from providers to the ATO team will be automated where possible to make the collection of quantitative information sustainable. The ATO portal will be divided into three modules to allow users to:

- Compare trade opportunities in Africa.
- Explore market access conditions of African partners.
- Monitor the implementation process and achievements of the AfCFTA and the ‘Boosting Intra African Trade Action Plan’.

South Sudan needs to install the necessary software and hardware and build human resource capacity to effectively engage with the ATO.

5.2 ESTABLISH QUALITY STANDARDS AND CERTIFICATION SYSTEMS

The Codex Alimentarius (Codex), also known as the ‘Food Code’, is a collection of international standards, guidelines and codes of practice to protect the health of consumers and ensure fair practices in the food trade. Codex standards are used worldwide to harmonize national food safety regulations and are recognized in the WTO Agreement on the Application of Sanitary and Phytosanitary (SPS) Measures as the international reference point for food safety. When food producers and traders comply with Codex standards, consumers can trust the safety and quality of the products they buy and importers can have confidence that the food they ordered will meet the specifications.

The South Sudan National Bureau of Standards’ (SSNBS) is mandated to develop standards, assess conformity with international standards, and assess the metrology of products. However, these mandates are not adequately fulfilled due to inadequate technical capacity and equipment. As a result, producers in South Sudan are yet to acquire national and regional standards to assist them in achieving market certification requirements. Due to limited technical guidance, these producers have not established GMPs, with a sound code of practices and QMS that guarantees safe production of goods that meet international standards.

There is a need to upgrade SSNBS facilities and equipment, improve staff capacity, launch and promote South Sudan Quality Mark, and create public awareness around standards. Obtaining international recognition of SSNBS Mark of Quality will enable ‘Made in South Sudan’ products to enter continental and international markets. Capacity building and mentorship is also needed so producers and processors can improve their ability to meet SPS and commercial international standards.

5.3 ENGAGE WITH THE AFRICAN DIGITAL TRADING HUB

The African Digital Trading Hub is trading platform dubbed the AfCFTA Hub aimed at interconnecting national, regional and private digital applications to boost the ability of African MSMEs to expand their scope. The AfCFTA Secretariat, which is located in Accra, Ghana, launched the AfCFTA Hub Digital Platform on 8 July 2022. With the launch of the hub, every MSME or startup in the AU is now entitled to a free AfCFTA Number that will aid them in the export of products across Africa through improved logistics, networking of retail outlets, integration of fintech and brand development support.

The AfCFTA Hub is used as “a single, trusted directory of the services needed to navigate the AfCFTA for small players, thereby making the AfCFTA the most inclusive Free Trade Area in the world.” (Trade Mark Africa News, 2022). The Hub works with an “AfCFTA Number”, which is a trusted identity and social score for all MSMEs, start-ups, and other AfCFTA players. The AfCFTA Number is a unique code that will be assigned to any business model desiring to trade under the AfCFTA. This number is designed to lead to a trusted business directory of economic actors that are compliant with the necessary regulatory criteria for doing business.

In order to effectively utilize the AfCFTA Hub, South Sudan needs to establish a Trade Information Portal that will provide:

- A description of procedures and practical steps needed for importation, exportation, and transit, including port, airport, and other entry-point procedures, and required forms and documents.
- The documentation and data it requires, and the form that needs to be completed for import into, export from, or transit through its territory.
- Applied rates of duties and taxes of any kind imposed on or in connection with importation or exportation.
- Fees and charges imposed by or for governmental agencies on or in connection with importation, exportation or transit.
- Rules for the classification or valuation of products for customs purposes.

5.4 ESTABLISH MECHANISMS FOR THE MOVEMENT OF GOODS

The National Revenue Authority (NRA) needs to identify and create a register of 'Approved Exporters' to the AfCFTA and issue each with an authorisation number which must appear on the Origin Declaration. These 'Approved Exporters' are those who frequently export (or will export) products covered by the AfFTA Agreement, who will provide all the guarantees for verifying the originating status of products, and who will comply with all other requirements specified in the RoO. A framework for the Ministry of Trade and Industry and NRA needs to be developed to monitor the use of the authorisation by the Approved Exporter.

The Approved Exporters are expected to provide proof of origin for products to be marketed through AfCFTA by providing either:

(a) Certificate of Origin as presented in Annex 1 of this report, or

(b) Origin Declaration given by the exporter on an invoice, a delivery note, or any other commercial document that describes the product in sufficient detail to enable them to be identified. The text of the Origin Declaration appears in Annex 2.

An Origin Declaration, filled in using the form presented in Annex 2 may be made out by:

(a) an approved exporter ,or

(b) any exporter for any consignment consisting of one or more packages containing originating products whose total value does not exceed $5,000.

The proof of origin is to be prepared and submitted to the Customs Authorities of the importing State Party in any of the AU official languages and in accordance with the procedures applicable in that State Party. The said authorities may require a translation of such proof of origin. The official languages of the AU and all its institutions include Arabic, English, French, Portuguese, Spanish, Kiswahili, and any other African language.

A proof of origin is valid for twelve months from the date of issue in the exporting State Party.

5.5 PRODUCER ORGANISATIONS & COOPERATIVES CAPACITY DEVELOPMENT

There are an estimated 566 registered primary cooperatives with 20 or more members in all 10 States and the three AA, the majority are based in Jonglei, Eastern Equatoria, and Western Equatoria. A cooperative is defined as an autonomous, democratically controlled, legally constituted association of persons united voluntarily to pursue common economic, social, and cultural objectives.

Primary producers of the seven selected value chains are predominantly women who are dispersed and fragmented smallholders. Being unorganized, these farmers and fishers are unable to realise good value for their produce. The problems encountered by small and marginalized farmers and fishers can be mitigated, to a large extent, by organizing them into FPOS. These FPOs enable member farmers and fishers to reap the benefits of economies of scale in purchase of inputs, processing, and marketing of their products.

Forming FPOs can also provide the member farmers and fishers access to business training, production technologies, timely and adequate credit, and provide linkages to ACFTA markets. Promotion of sustainable FPOs will involve a comprehensive process including observing legal formalities, developing sound organizational and governance structures, and effective capacity building.

For purposes of linking value chains to the AfCFTA, FPOs should be formed for shea nut, natural honey, groundnut, gum arabic, sesame, soya bean, and fish. Several FPOs may be formed for a value chain in one State or AA, depending on the number of people involved. Essential features of these FPOs are:

- Formed by a group of producers of priority value chains.
- Formally registered body with relevant authorities.
- Producers are shareholders in the organization and are guided by the organization’s by-laws.
- The business activities are related to of the AfCFTA selected value chains.
- Work for the benefit of the members of the specific value chain.

Formation and development of FPOs may be promoted by any individual or institution. Individuals or institutions may promote a FPO using their own resources if they are interested in buying products for further processing and marketing through AfCFTA. Institutions may promote FPOs out of goodwill or with the noble objective of socio-economic development of producers. Government departments, or corporate, domestic, and international Aid Agencies should be encouraged to provide financial and/or technical support and to build the capacity of the FPOs. Each agency will have its own criteria for selecting the value chain and FPO to support. Organizations currently involved in peace building and humanitarian assistance in conflict affected areas should be encouraged to promote FPOs of the selected value chains in order to promote peace and prosperity through trade.

Membership is voluntary and the procedure for obtaining FPO membership depends on the by-laws of the FPO. The founding members are those who were there at the time of formation of the FPO. However, all members enjoy equal rights. A primary producer can become a member of a FPO by submitting an application and a nominal membership fee. Some FPOs may charge annual membership renewal fees. Although primary producers obtain membership of FPO voluntarily, the promoting institution should make efforts to bring all producers into the FPO, especially the small producers.

Important activities of FPOs

The primary producers may or may not have skills and expertise to produce a value chain product from shea nut, natural honey, groundnut, gum arabic, sesame, soya bean, or fish. They generally need support to improve their production skills and to market what they produce. The FPO will bridge this gap by taking over the responsibility of any one or more activities in the value chain, from procurement of raw material to delivery of the raw material or the finished products to the processors or exporter to the AfCFTA.

The FPO could undertake the following activities on behalf of their members:

- Procurement of inputs.
- Procurement of raw materials
- Delivery of raw material
- Delivery of finished product to processors
- Disseminating market information.
- Dissemination of technology and innovations.
- Facilitating finance for inputs.
- Aggregation and storage of produce.
- Primary processing like drying, cleaning and grading
- Brand building, packaging, labelling, and standardization.
- Delivery of finished products.
- Quality control.
- Marketing to institutional buyers.
- Participation in commodity exchanges.
- Export promotion activities.

Creating awareness about the opportunities presented by the AfCFTA

There is a general lack of awareness about the potential opportunities presented by the AfCFTA. This lack of awareness is more acute in the rural areas where over 80 percent of the population resides with a large proportion being women and youth. Diversifying the economy of South Sudan through AVCs development and linkage to AfCFTA markets will rely on increased supply of quality raw materials produced in the rural areas. Women and youth are therefore significant actors in the diversification process not just as producers of raw materials but also as processors and exporters of the finished products. FPOs therefore can undertake general public awareness and campaigns to educate different stakeholders in both public and private sector, with special attention given to women and youth in urban and rural areas.

FPOs contribution to restoring and promoting peace

An FPO can support members to increase their income by aggregating the demand for inputs. Because the FPO can buy in bulk, they can procure inputs at a cheaper price compared to individual purchase. By transporting in bulk, the cost of transportation is also reduced. Similarly, the FPO may aggregate the final products of all members and market in bulk to processors or exporters, thus, fetching a better price per unit of the products. The FPO can also provide market information to the producers to enable them hold on to their products until the market price becomes favourable. As a result of this collective effort, the overall cost of production is reduced and more income goes to the primary producers.

Experience and evidence from other countries shows that higher income from trade opportunities and lower prices are strongly associated with a reduction in conflict intensity. The evidence also indicates a significant association between reduced conflict intensity and increased trade. Establishing several FPOs for the seven value chains across the States and AAs in South Sudan will help to connect areas long isolated by conflict with the rest of the economy and expand opportunities beyond subsistence. Connecting isolated communities through organized FPOs for selected value chains linked to AfCFTA is a direct way to raise incomes by enlarging output markets. This trade integration within the country and with other countries has great potential to raise incomes and reduce consumer prices as the development of infrastructure will allow these remote areas to access these national economies.

Higher incomes and lower prices resulting from trade opportunities are associated with a reduction in conflict and with greater resilience of the population.

5.6 CREATE AN ENABLING BUSINESS ENVIRONMENT

Investments in infrastructure and services that help improve the business environment is essential for linking 'Made in South Sudan' products to the AfCFTA. These include improved road connectivity and security, better access to agricultural land, access to credit, access to reliable and affordable electricity, water and sanitation, and improved technology, and investment incentives. It is imperative that South Sudan establish evidenced based public-private policy dialogue towards the formation and implementation of industrial policies to strengthen and support the country's economic development. Through fact-based engagements, SSAM and the SSCCIA should engage the government and its associated agencies in fact-based dialogues to ensure a dynamic and flourishing manufacturing sector in the country.

For this to be effective, there is need to support institutional capacity development of the SSAM and SSCCIA to lobby and advocate for investments that improve provision of the following goods and services:

- *Road connectivity and security*

  Poor road connectivity and security on roads, and the dilapidated cross-border infrastructure are the main challenges that hamper South Sudan trade. These three factors limit the economic growth and export development of the country.

- *Access to land*

  There is ambiguity about the ownership of land in South Sudan. First, it is not clear whether land can be pledged as collateral for loans. Second, accessing community land is problematic because of communal ownership. Although the Investment Promotion Act and its regulations state that One Stop Shop Investment Centre (OSSIC) will facilitate access to land, in practice investors wanting to acquire land are required to consult and negotiate with the landowners, i.e. the local communities. The process also requires an environmental impact assessment. The R-NDS has committed to support the development of an economic diversification strategy; strengthen laws regarding access to and use of land for agriculture; and prudently invest in the exploration of other minerals. The strategy is however silent on the issues related to land tenure and use of land as collateral in accessing credit.

- *Access to credit*

  Lack of access to credit is a significant impediment to MSME growth and trade. Most MSMEs are not able to access credit because of strict collateral-based lending criteria and high interest rates. The shortage of financial services is more acute outside the main urban centres of Juba and Malakal. A further problem is MSMEs lack the capacity to prepare sound business plans to substantiate loan requests. This is further compounded by the fact that most MSMEs operate in the informal economy with no bank account (only 1 percent of households have a bank account) or credit history.

Locally owned commercial banks include Buffalo Commercial Bank, Ivory Bank, Agricultural Bank of Sudan, Mountains Trade Development Bank, and Nile Commercial Bank. South Sudan has eight registered Microfinance Institutions (MFIs), 67 percent of whose borrowers are women informal vendors. Sixty-eight percent of loans are used in the trade and services sectors, 15 percent are for agriculture, and 11 percent are for light manufacturing. The MFI's clients include 33,000 active borrowers who represent only 1 percent of the potential client base in South Sudan. (Lee, Celina and Robert Stone 2013).

Opportunities exist in the use of digital finance to promote financial inclusion, especially in rural areas with limited access to physical banking services. However, ICT usage in the country is characterized by limited broadband capacity, inadequate or aging equipment, and limited appreciation of easy access and the benefits. For digital financing to become applicable ICT infrastructure, access, and the culture of use need improvement.

Legislation promoting inclusive banking is before the National Legislative Assembly, including a Microfinance Bill and a Secured Transactions Bill that recognizes movable assets as collateral for loans to MSMEs. Addressing the constraints on access to credit requires guarantee funds and a credit bureau. The World Bank is currently advising the Bank of South Sudan on a credit bureau to facilitate commercial bank lending to the private sector.

- *Access to reliable and affordable electricity*

South Sudan has a small electrical grid of 25-62 MW of installed electricity, serving a limited number of government-owned installations in Juba, where access to electricity is acutely unequal. Only 1 percent of the entire population has access to electricity, and most is generated by off-grid, private diesel generators.

The average cost of power is high ($0.37 per kilowatt hour), double the average cost in Sub-Saharan Africa due to the use of small, inefficient power plants and the high cost of diesel fuel. Reducing the cost of electricity lowers the cost of production, reduces post-harvest losses, lowers the cost of doing business, and thus reduces the cost of living. The lack of reliable and affordable power is a primary factor limiting economic growth in South Sudan.

The country has extensive reserves of potential hydropower from its rivers or from flared natural gas in the oil fields that could be harnessed. Three new medium-sized dams in Wau are scheduled to provide electricity while a fourth dam, the Maridi dam, will be dedicated to supply water and irrigation. Other forms of renewable energy such as solar power and biofuels could also contribute to off-grid electricity, benefiting especially MSMEs and FPOs.

- *Water and sanitation*

The cost of water is $0.81 per mg, the highest in East Africa. Piped water and sanitation services are nonexistent. Households and businesses rely on wells and boreholes for water, and septic tanks for waste disposal. About 38 percent of the population's drinking water is sourced from an average 30 minutes walk each way. Agriculture is rain fed as there are no irrigation systems, which lowers productivity.

♦ *Information and communication technology to facilitate trade*

Related to ICT is the provision of real-time market information to market actors. In a country with little infrastructure, developing a market information system including e-commerce platforms would be an efficient way to connect buyers, sellers, cooperatives, and processors of commodities. Market information about prices and product availability, and arrival and departure schedules of truck, bus, riverboats, and rail services could be disseminated regularly through radio, television, newspapers, mobile phones, and the internet. This service could be developed by the GRSS in partnership with the private sector along the lines of Ethiopia's Commodity Exchange.

As improvements are made in ICT infrastructure, the government will be able to promote e-government (such as business and investor registration, streamlining customs management, and tax filing), e-commerce, and mobile banking to improve service delivery in the public and private sectors. In the interest of equity and national development, ICT operators should be required, in new franchise agreements, to provide universal services to underserved, mainly rural communities.

Upscaling MSME participation in digital market platforms like sokokuu or dukaanye.com has the potential to foster producers' readiness to take advantage of the market access opportunities through the AfCFTA. The online market platform can make products from rural areas to be digitally visible on the platform, thus linking producers with potential buyers. Producers should be encouraged to take advantage of digital platforms to promote their products and services.

South Sudan has not developed a Trade Information Portal to guide businesses in cross-border trade by offering traders a one-stop-shop with comprehensive information on regulation and procedures applicable to import, export, and transit of products. Offering free access to regulations and procedures to be followed to complete an international trade transaction—with a single, clear, and unequivocal description of steps that traders need to put in place—responds to a principle of administrative transparency. In fact, the simpler it is to understand rules, procedures, and formalities related to international trade operations, the more traders will be prone to engage in them. Accordingly, the development of such portals is highly recommended.

Establishing the Trade Information Portal will improve MSME's access information through integration to the AfCFTA Trade Hub. This digital platform is designed to be used as a single, trusted directory of the services needed to navigate the AfCFTA. It is an interconnected clearinghouse for national government, intergovernmental, private and public digital and partnership platforms to link together in ways that simplify and smooth the way for MSMEs and startups to drive the success of the AfCFTA. The Hub uses the AfCFTA Number, which is designed to lead to a trusted business directory of economic actors that are compliant with the necessary regulatory criteria for doing business.


LULU LIFE
SOUTH SUDAN SHEA BUTTER
100% Natural Mosquito Repellent
1.7 FL. OZ. (50ml)
Contents:
South Sudan Shea Butter,
Beeswax, Natural PMD
LULU LIFE
SOUTH SUDAN SHEA BUTTER
100% Natural Mosquito Repellent
1.7 FL. OZ. (50ml)

6. STRATEGIES TO DEVELOP PRIORITY VALUE CHAINS FOR THE AfCFTA

The seven prioritized value chains to be processed into finished products and traded through AfCFTA are shea nut, gum arabic, natural honey, sesame, groundnut, soya bean, and fish. Each value chain is has unique opportunities, potential, and challenges that are described in this section. The methods for processing into the respective final products is also presented.

6.1 SHEA NUT VALUE CHAIN

Shea nuts grow throughout South Sudan—across the three Equatoria States, Lakes State, Warrup State, and into Western and Northern Bahr el Ghazal, forming a zone estimated at 100,000 square kilometers referred to as the 'shea belt'. The shea belt continues into Chad, the Central Africa Republic, and the Democratic Republic of Congo. A smaller, less well defined zone occurs from Eastern Equatoria into Jonglei and the western Ethiopian foothills of Gambela.

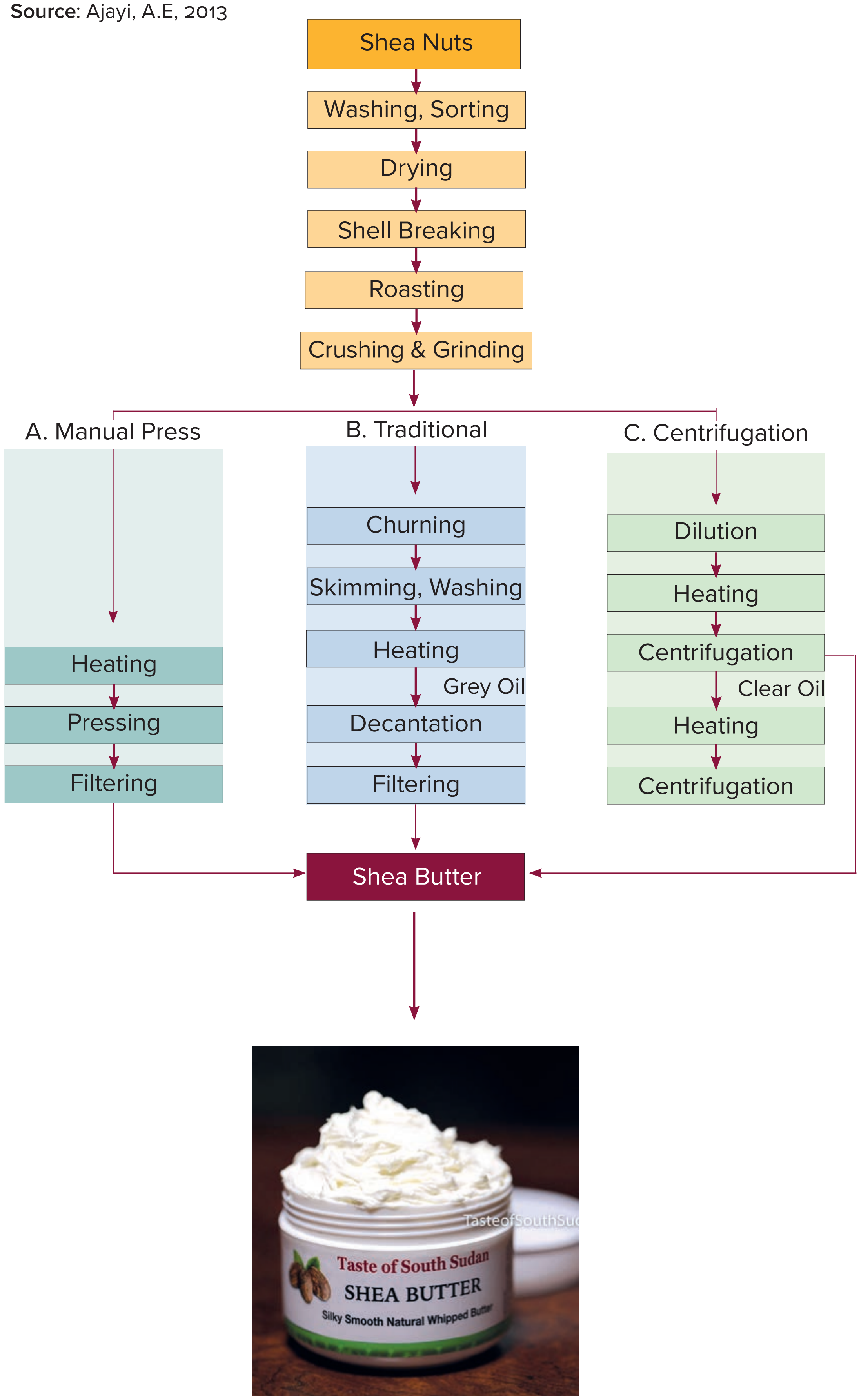
South Sudan's shea nut resource has enormous potential in terms of volume, availability, and market demand. The national population demands for shea nut products include edible oil, soap, and cosmetics (i.e. shea butter) with natural ingredients, which are usually imported from neighbouring countries. There is a golden opportunity to jump-start a shea industry with appropriate technology, for example it is possible to produce between two and three tonnes of oilseed per day, this would provide for local consumption, employment, and economic gain at realistic scales.

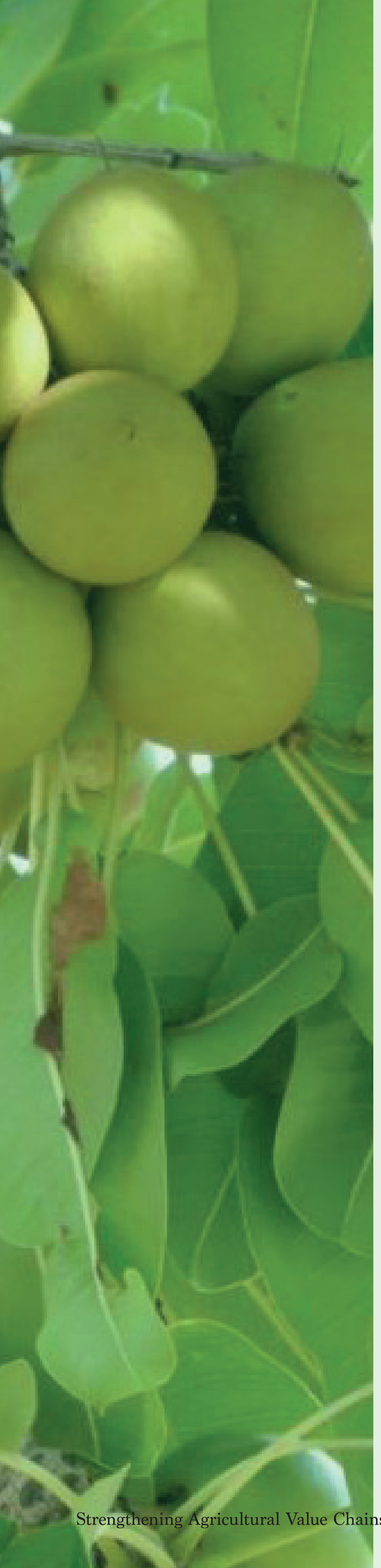
Common constraints affecting the shea nut sector include unpredictability of supply, inefficient processing techniques, poor quality control, lack of access-to-finance, poor marketing, issue with transportation (inside South Sudan and regionally), low quality packaging options, and lack of market linkages. Figure 4 illustrates the three options for processing shea nuts into shea butter. Case 1 and Case 2 provide two examples of sucessful South Sudan shea butter companies, and explores how shea butter could be the first commodity linked to AfCFTA.

Photo: UNDP Juba, South Sudan, 2023

Figure 4: Shea butter extraction

Source: Ajayi, A.E, 2013





Case 1: Lulu Works Trust Ltd

Lulu Works Trust Ltd operates under a cooperative business model, The Lulu Oil Women's Empowerment Group has developed into a succesful business over a decade. They work with four levels of production:

1) Shea nut collection from rural women's groups who are trained in the production of high quality shea kernels.
2) Centralised processing groups with facilities and staff for consolidation, storage, and oil extraction.
3) Juba-based operation centre that receives bulk product, then processes and produces the butter, and then packages and distributes the finished products to Kenya.
4) Kenyan-based distribution centre for regional and international sales.

Lulu Works Trust products include lip balms, 100% lulu oil (with and without fragrance), and exfoliating soaps. The company has established a successful national 'shea network' of nut collection and processing centres, and it has catalysed international and national interest in South Sudanese shea products.

The Lulu Oil Women's Empowerment Group has an official office, owns two industrial oil mill machines, solar energy panels, and has water bore holes. It operates in all four counties in Rumbek State. Thirty female community members have been trained to use the oil mils. The trained women lead a large volunteer group made up of men, women, and youth who are responsible for sourcing the shea nuts. The equipment was acquired through support from UNDP South Sudan. The cottage factory is expected to enhance social cohesion through trade interaction (UNDP, 2021a).

Photo: Lulu Works website, 2023

Case 2: Aram Weer Ltd

Aram Weer Ltd is one of the leading producers of shea butter in South Sudan. It was launched in 2019 by Ms Estella Malek, who liked the unique properties of natural shea butter as a body lotion and hair conditioner. Ms. Malek wanted to improve on the quality and consistancy of the products she found in local markets. Using her own money and with the help of two women employed in Juba, she began collecting and processing shea nuts. The women began by processing the shea nuts manually by crushing, washing, grinding, and pounding with pestle and mortar. Later, a diesel machine was installed to do this work. The Aram Weer Company now has 21 shea nut collection centres in Rumbek and processes over 80 tonnes of shea nuts per year.

The company employs over 30 men and women who receive monthly salaries from factory work, or receive commissions on the supply of shea nuts. Mobile Money Transfers are used to pay shea nut collectors and many in the rural areas prefer payments in kind, such as mobile phones, maize flour, sugar, planting seeds, boxes of washing soap, or tents for making shades. These modes of payment have increased the number of collectors willing to supply nuts to the company, as well as customer loyalty.

The Aram Weer shea butter products are sold in supermarkets and retail stores in Juba. Some products are exported to a warehouse in Kenya and sold to consumers through commission agents to Kenya, South Africa, Zambia, Ghana, and Rwanda. There is also demand for shea butter from Europe and the Middle East, but Aram Weer has been unable to supply this market because the products lack quality certification and standards from SSBS.

To continue to grow the business, plans are underway to purchase a more efficient shea oil press machine from China. The machine will produce both shea butter and shea oil for local and export markets. This is expected to increase the annual shea nut processing capacity to over 200 tonnes per year.

Ms. Malek observes that despite the current challenges, the shea butter value chain is viable because the sales revenue meets the production costs and there is a sufficeint profit margin. However, improving roads, ensuring the SSNBS Mark of Quality is internationally recognized, and providing mentorship and financial services (such as loans) to young entrepreneurs would increase the efficiency, competitiveness, and profitability of the shea nut value chain.

6.2 GUM ARABIC VALUE CHAIN

Gum arabic is a dried sap obtained from the stems and branches of two acacia species: Acacia senegal and Acacia seyal. The gum obtained from the Acacia senegal, also known as hard gum, is lighter in colour and sells for more. Gum from the Acacia seyal is also known as friable gum. Gum arabic is used as a stabilizer, a binder, an emulsifier or a viscosity-increasing agent, and in confectionery, soft drinks, wine, liquor, and dietary fibre, as well as non-food products such as pharmaceuticals, cosmetics, printing, ceramics, photosensitive chemicals, textiles, paper, ink, paints, and adhesives (UNIDO, 2018).

The South Sudan 'gum arabic belt' is estimated at 30,074,060 hectares, which is about 46.4 percent of the total land area and covers seven states: Upper Nile, Eastern Equatoria, Jonglei, Unity, Northern Bahr El Gazal, Central Equatoria, and Warrap. Although South Sudan has this vast natural resources, it has not formally participated in the commercial production and marketing of the valuable gum acacia. Some communities have some idea of commercial gum collection and marketing as they, over time, have been marginally involved and most of the gum has been sold to northern traders or brokers. These vast resources therefore remain underdeveloped and untapped for meaningful benefit to the rural communities and livelihood improvement.

These vast Gum arabic resources in South Sudan remain underdeveloped and untapped for meaningful benefit to the rural communities and livelihood improvement. The GRSS, through the National Export and Investment Strategy, is committed to developing the gum sector for the benefit of marginalised and war ravaged rural communities. Sustainable natural gum arabic production could be the corner stone to developing the rural communities and promote people's livelihoods in harmony with forests and woodlands.

The transformation of gum arabic production into more income-generating activities can promote economic development through higher incomes, but it can also secure rural livelihoods, empower vulnerable groups, including women, and promote synergies with natural resource management and climate change mitigation. Currently, South Sudan relies on its northern neighbor, Sudan, for gum arabic exports.

Photos: Aram Weer website, 2023

South Sudan has a vast natural resource, but it has not formally participated in the commercial production and marketing of the valuable gum acacia. Gum arabic extraction can provide meaningful economic benefits and contribute to the improvement of rural communities.

6.3 NATURAL HONEY

The natural honey value chain inputs are basically hives and wax to attract bees. The setting of an apiary, where the hives are located, depends on the rearing system and the surrounding flora. During production, an apiary situated in natural forest will utilize multiflora nectar thus producing multifloral honey. Apiaries sited in orchards will utilize a particular flora and the end product is honey characterized by that particular crop. For example, citrus honey, mango honey, palm honey.

There are three types of hives used in South Sudan: the Log Hive, Top Bar Hive and Langstroth Hive. The Log Hive is locally available and beeswax and propolis production is relatively high. They are also easily occupied by bees. However, combs are easily destroyed, there is loss of brood during harvesting, and honey quality is low due to mixes with pollen and brood.

Top Bar Hives are easy to lift and good for honey harvesting as each comb can be harvested independently with high honey quality. However, its combs are cut during harvesting and so bees have to make new ones.

In Langstroth Hives, the wax comb is fixed within a frame facilitating and maximizing harvesting and the added strength means less chance of damage to combs during removal from the hive and extraction of honey. Honey can be extracted by means of a centrifugal extractor and empty combs returned to the hive where they will be reused and refilled. This maximizes the honey harvest.

Equipment required for natural honey production includes protective clothing (head gear with veil, coverall, gloves, and gumboots), the smoker, hive tools, and bee brush. Honey production is done in an apiary system where hives, water, nectar, and a serene environment (no noise, shade from the sun, protection from the wind, and limited disturbance from humans and animals) are key.

Improvement of natural honey production can be achieved by ensuring product quality through development of industry codes of conduct and labelling; the development of new markets/products; facilitation of vertical and horizontal business linkages; strengthening the provision of business development services; institutional capacity building; and easing of policy level constraints. However poor business environment has made South Sudan's honey less competitive in the EAC markets. Case 3 presents a natural honey business and the challenges they face as they grow and expand.

Photo: UNDP Hagana Honey, 2023

Case 3: Hagana Agro Company

Multiple levies and taxes make honey from South Sudan less competitive in the EAC markets

Hagana Agro Company was established in 2018 as a processor of natural honey. The company purchases natural honey from honey collectors throughout South Sudan, then processes, packages, and markets the final product, mainly within Juba.

Over 550 honey collectors, mainly in the greater Equitoria region, supply the company with over seven tonnes of natural honey annually. Hagana Agro identifies the honey collectors, trains them on proper honey handling, and provides them with containers for honey storage. Several honey collection centres have been established to store the raw honey before it is transportated to Juba. Honey collectors are paid through Mobile Money agents in the region. There are also two independent aggregators who supply the company with natural honey. Mr. Matata Safi, CEO of Hagana Agro reported that 11 percent of honey producers are women, with many more women involved at the processing and marketing stages of the value chain. Hagana Agro's natural honey is currently sold through 36 retail shops and four supermarkets in Juba.

Despite the company's success, arbitrary and multiple levies and taxes imposed during the transport of raw honey from the collection areas to the processing facilities in Juba remains the biggest challenge to the stability of the company.

There are 11 revenue collection points between Maridi county and Juba. These taxation points increase the cost of doing business and denies many honey collectors the opportunity to access processing plants in Juba.

The arbitrary taxes and levies prevent South Sudan's natural honey value chain from being competitive enough to enter the EAC. For example, a Kenyan company offered Hagana Agro Company a honey supply contract worth $3,500 per tonne, but to be able to cover the "on the road" taxes needed during transport, Hagana Agro had to ask for $5,000 per tonne. Thus, the deal failed. According to Mr. Matata, if these levies and taxes were eliminated Hagana Agro could expand its annual honey production from the current seven tonnes to over 30 tonnes annually,

To make South Sudan natural honey value chain products competitive in the EAC and in the AfCFTA markets, South Sudan must eliminate the arbitrary, multiple levies and taxes on raw material and goods moving within the country

6.4 SESAME

Sesame is processed and marketed in form of sesame seeds, sesame oil, and sesame oil cake. Sesame seeds contain 50-55 percent oil and 25 percent protein. The oil contains approximately 47 percent oleic acid and 39 percent linoleic acid. Sesame seeds are used in baking (i.e to put on top of breads, in crackers, and in cakes). Ground sesame seeds are used in East African cuisine in soups and fish dishes, and as a condiment in some Asian and Indian dishes. They are also used in sweets, including a product similar to peanut brittle. Commercially, sesame oil comes in two types:

The first type of sesame oil is cooking oil. It is a pale yellow liquid with a pleasant grain-like odour and somewhat nutty taste. This oil is high in polyunsaturated fats, ranking fourth behind safflower, soybean. and corn oil. It is excellent as a frying oil, in food preparation, and in cosmetics.

The second type of sesame oil is a non-cooking oli. It is amber-colored and aromatic. It is made from pressed and toasted sesame seeds. This popular cooking ingredient is not used as a cooking oil because the flavor is too intense and it burns easily. Instead, this sesame oil is added as a flavoring agent in the final stages of cooking. This sesame oil is extracted from sesame seeds by mechanical pressing. The seed may be cold pressed to create an aromatic salad oil or hot pressed to give a lower grade product. The oil yield is from 50 percent to 57 percent, depending on growing conditions and sesame seed variety.

When the sesame seeds are food-grade, the resulting sesame cake contains from 34 to 50 percent protein. This cake is often blended with other flours for baking and other food uses. The sesame cake produced from less desirable food-grade or non-food-grade seed is an excellent high-protein feed for poultry and livestock. Sesame cake can be added to recipes to give a better nutritional balance to health food products. The antioxidants naturally found in sesame increase the shelf life of other food products produced with the flour.

The sesame seed oil and sesame oil cake production process is described below and illustrated in the flow chart, Figure 5. Table 8 provides a detailed breakdown of the sesame value addition stages.

1. **Sesame cleaning:** The seeds are washed using the seed cleaning equipment to remove dust, foreign matter, and stones.
2. **Sesame dry roasting:** The sesame seeds are dried by roasting.
3. **Sesame pressing process:** Once the seeds are completely dry, they are crushed or pressed by ‘sesame oil expeller press’. The oil is collected and given time to settle.
4. **Crude sesame oil filtration:** Filtration of the sesame oil separates the seed ‘cake’ from the oil making the refining process is easier.
5. **Sesame oil refining:** Filtration ensures that the oil is pure and free of any oil ‘cake’. Once the oil has settled and filtered, it is ready for packing.
6. **Sesame oil packing:** Sesame oil is packed into appropriate containers by professional oil filling line and is ready to take it to the market for sale.

Figure 5: Sesame oil extraction

Source: ABC Machinery

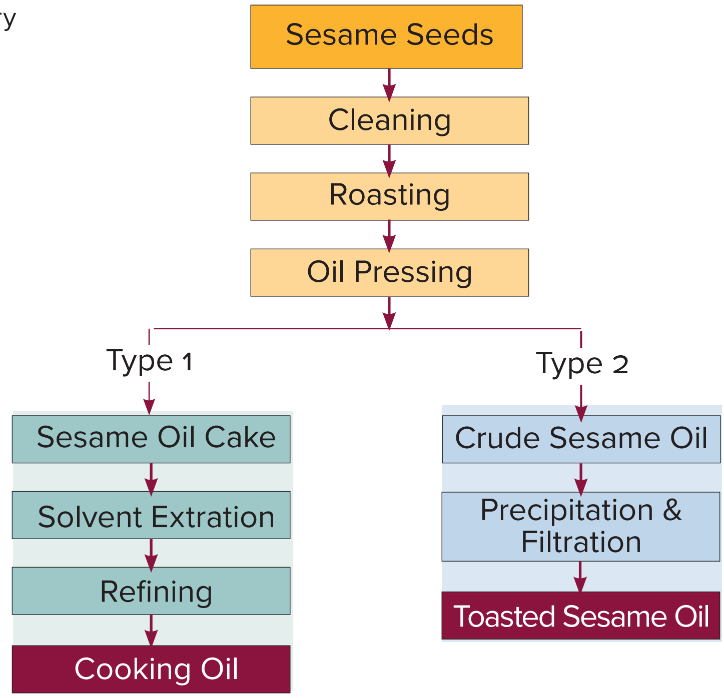


Table 8: The sesame value addition stages and HS codes

	Stage 1 Sesame production	**Stage 2 Sesame oil production**	**Stage 3 Sesame oil cake production**	**Stage 4 Sesame oil cake production**
Physical Inputs	1. Fertilisers and biostimulants 2. Pesticides 3. Seeds 4. Mechanized production and harvesting.	1. Reliable and affordable power. 2. Sesame seed cleaner 3. Sesame seed roaster 4. Sesame oil press 5. Sesame oil solvent extraction machine 6. Sesame oil refining machine		1. Reliable and affordable power. 2. Crude sesame oil precipitation and filtration machine.
Products	Sesame seeds HS 120740	Sesame oil HS 151550	Sesame oil cake HS 23069024	Toasted sesame oil HS 151550
Service Inputs	• Micro finance & crop insurance services. • Agri-input last mile delivery innovations. • Farming extension services.	• Technical testing services. • Traceability services.	• Logistics services. • Equipment and machinery installation, and maintenance services. • Services incidental to manufacturing.	• Packaging services. • Technical testing services.

6.5 GROUNDNUT

There are three basic types of groundnuts. The first is the Virginiathe, it is the largest variety and is used in the snack industry. The second is the Runner, it is a medium-size nut and is common in making peanut butter. The third is the Spanish/Valencia, this is the smallest in size. It is high in oil content and it is also used in peanut candy, confectionary, and as peanut butter.

The most basic form of groundnut that is traded is the 'groundnut in-shell', which accounts for the majority of transactions both within the producer countries and internationally. In terms of volume of trade, the 'shelled groundnut' is the most common.

Groundnut products are divided into two categories edible groundnuts and oilseed groundnuts. Edible groundnuts are also known as 'confectionary groundnuts' and are traded whole for further processing. Oilseed groundnuts are used for the extraction of edible oil and to make groundnut meal.

As the oil content of the seed varies between 38 to 47 percent for confectionary and 47 to 55 percent for the oilseed varieties, the yield of oil is roughly equal to the yield of groundnut cake or meal.

About two-thirds of the world's groundnut production goes toward oil production. The main groundnut oil exporting countries in any given year are Senegal and Argentina. During 1999-2000, 30 percent of world's groundnut oil originated in Africa (of which 14 percent was from Senegal), as did 40 percent of the world's groundnut cake, of which 15 percent originated from Senegal (Ntare et al. 2004). India and China have recently re-entered the market in response to unusually high prices in 2003 (Br Ntare et al, 2004). Groundnut oil prices have remained fairly level over the past 25 years, but groundnut meal prices have steadily declined, largely in response to competition from soya bean products.

The protein content of the groundnut kernel ranges between 24 to 35 percent versus that of processed meal, which is 40 to 55 percent protein. Alongside the industrial production of groundnut oil in Niger, Senegal, and Nigeria household or artisanal extraction remains an important economic activity, particularly for rural women. After oil is extracted, the groundnut meal is used as an important component of animal feed for poultry and livestock.

It may also be processed into human food, such as kulikuli made from groundnut paste (the by-product of traditional extraction). This is both for household consumption as well as for sale.

As an edible product, groundnut has no direct competition. It provides a greater share of dietary protein than does meat, it is a specific commodity in confectionery, and it is prevalent in many African diets. Despite its great potential for trade and revenue, the edible groundnut market is constrained by quality concerns, specifically related to the Aspergillus mold and Aflatoxin fungi. These toxins not only represent a barrier to export, but are also a considerable concern to public health. To manage supply-chain quality issues related to aflatoxin, producers need to invest in specific and labour-intensive post-harvest processing methods, and improved seeds and other inputs. The challenge lies in persuading

Figure 6: Processing groundnuts into peanut butter

Source: Golden Machinery

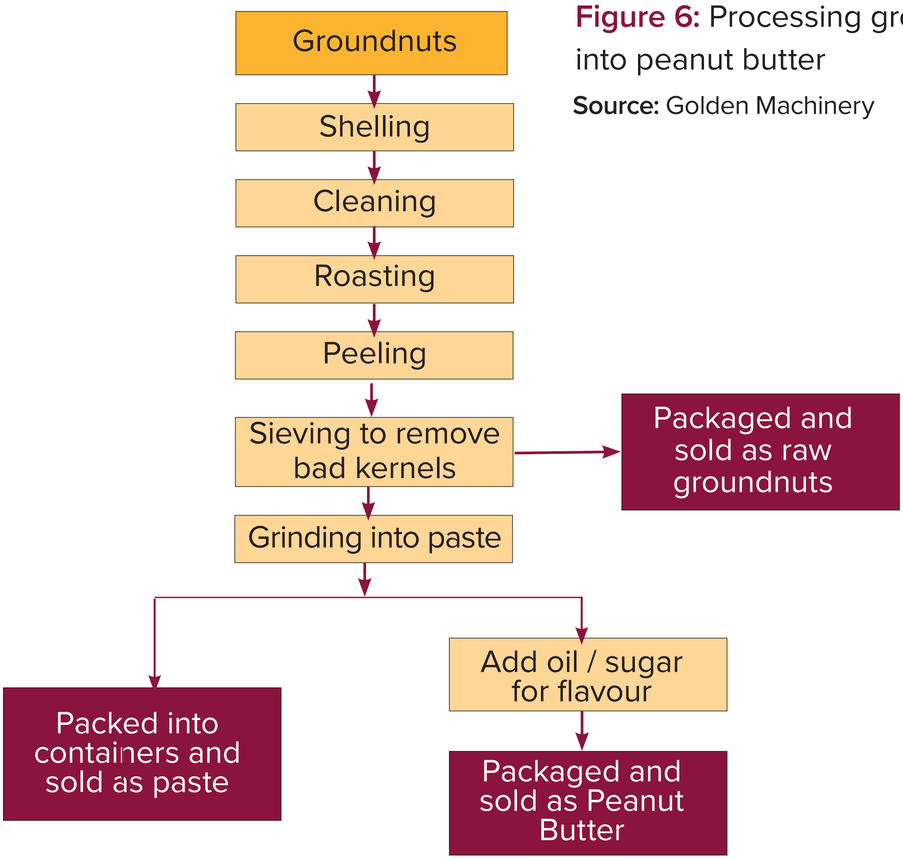


Figure 7: Groundnut oil extraction

Source: Agri Farming

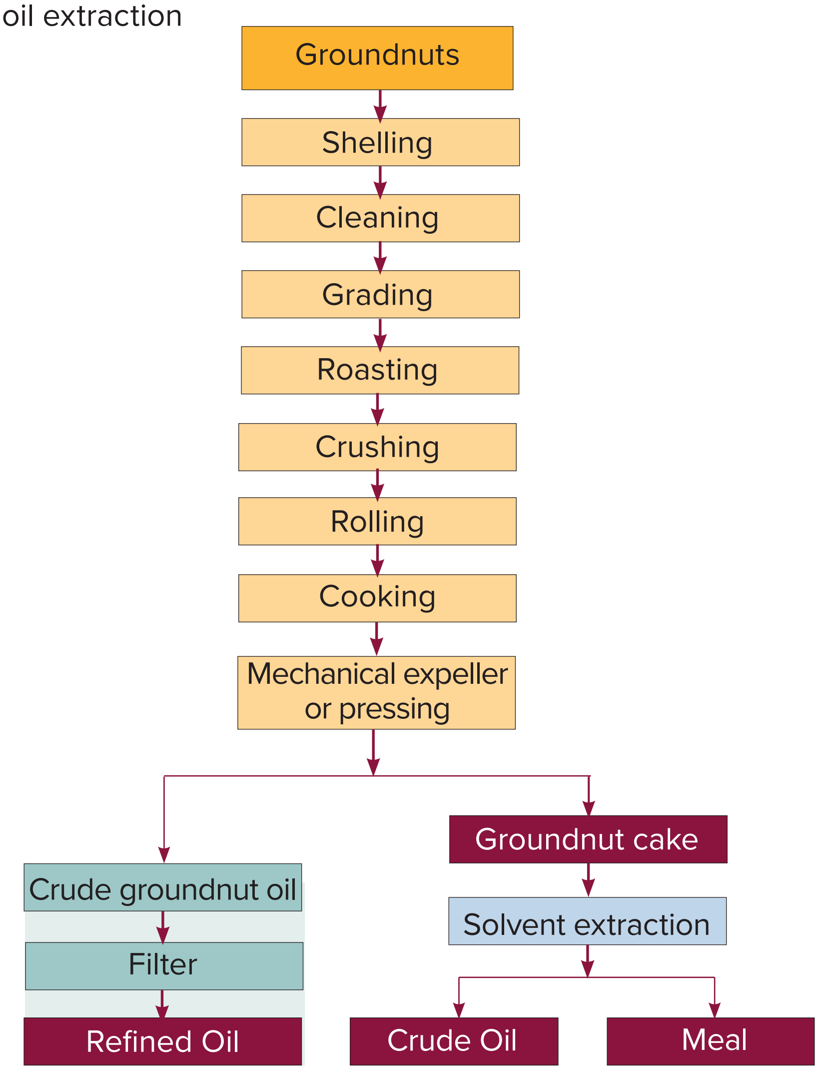


Photo: UNDP, Juba, 2023

producers in the AfCFTA market, many who are in fragile economic, political, or environmental situations, to invest more in post-harvest processes.

Quality standards for oilseed groundnut are much lower than those for edible groundnut, and groundnut meal may be chemically de-toxified of aflatoxin residues by a simple industrial process (Ntare et al. 2004).

Groundnut value chain products

Edible groundnuts are dried and roasted and sold as “in shell” or as “shelled” to be eaten as is or added as an ingredient in food. Roasted groundnuts are also processed into peanut butter through grinding and mixing processes. Emulsifiers may be added to ensure that the oil released by grinding remains in suspension. Processing groundnuts into peanut butter is a straighforward process that can be done manually and with few machanical inputs. This makes local production easy for many homebased and small enterprises.

Oilseed groundnuts are shelled and can be processed into groundnut oil for cooking or groundnut cake for livestock feed. Edible groundnut oil is a light transparent yellow with a pleasant fragrance, appealing taste, and is easy to digest. Groundnut oil is generally used in cooking including frying and basting, and in the manufacture of margarine and shortenings. The process of making oil requires more equipment and machinery. For example, crude groundnut oil contains several oil-soluble and insoluble impurities, and so it is essential use professional filtering equipment to obtain the refined, high quality edible groundnut oil suitable for the African market.

Figure 6 illustrates the processes for making peanut butter from roasted groundnuts, and Figure 7 illustrates the process for creating edible groundnut oil and groundnut cake for livestock feed.

Groundnut value chain inputs

Physical inputs and services required to process groundnut into value added products, such as edible oil, peanut butter, and oil cake are presented in Table 9, along with the HS codes. The inputs required include seed, fertilisers, bio stimulants, pesticides, mechanized production, and harvesting equipment. Most of these inputs are currently unavailable to groundnut farmers and linking groundnut value chain to AfCFTA will create demand for these products and services. This will create new business opportunities for entrepreneurs to supply these goods and services to groundnut producers.

Reliable and affordable electricity, storage facilities, and road connectivity between the farms and processing facilities are essential infrastructure to improve the value addition of groundnut processing. Services required include input supply, financial services, insurance services, and field extension services. Other inputs needed include technical testing, traceability, packaging, and marketing of finished products. Supply of goods and services for groundnut value chain development provides new businesses and employment opportunities for the youth and women.

Table 9: Groundnut value addition stages and HS codes

	Stage 1 Groundnut production	Stage 2 Groundnut oil production	Stage 3 Groundnut oil cake production	Stage 4 Peanut butter production
Physical Inputs	1. Fertilisers and biostimulants 2. Pesticides 3. Seeds 4. Mechanized production and harvesting.	1. Reliable and affordable power 2. Self-regulating vibrating sieve 3. Magnetic separator 4. Cleaning sieve 5. Groundnut shelling machine 6. Groundnut kernel grading machine 7. Groundnut crushing machine 8. Five-layer vertical steam cooker 9. Electric cooker 10. Groundnut rolling machine 11. Mechanical expeller 12. Filter machine		1. Reliable and affordable power. 2. Groundnut roasting machine. 3. Peanut butter grinder. 4. Emulsifiers. 5. Food paste filling machine. 6. Jar capping machine. 7. Weighung machine 8. Food grade conveyor.
Products	Groundnut HS 1202.30.00	Groundnut oil HS 1508.10.00	Groundnut cake HS 2305.00.00	Peanut butter HS 2008.11.00
Service Inputs	• Microfinance & crop insurance services. • Agri-input last mile delivery innovations. • Farming extension services.	• Technical testing services • Traceability services	• Logistics services • Equipment and machinery installation, and maintenance services. • Services incidental to manufacturing.	• Packaging services. • Technical testing services.

Groundnut demand through AfCFTA linkages

The main groundnut producing countries in Africa are Senegal, Nigeria, South Africa, Ghana, Togo, Tanzania, the Gambia, Sudan, and South Sudan. The amount of groundnut oil currently being produced does not meet the demand of the African market.

In South Sudan, groundnuts are cultivated by over half, 58 percent, of all farm households (FAO and World Bank, 2022) mainly in Central, Eastern, and Western Equatorial States, and in the Lakes State. Farmers use broadcast production and rely on manual tools (ploughs, rakes, and hoes), and manual labour for planting, weeding and harvesting. All members in a household are actively involved in groundnut production and post-production. Women play a more dominant role in land preparation, planting, weeding, and harvesting, while men play a greater role in post-harvest handling and marketing.

Groundnut is grown for both local consumption and as a cash crop. The harvested groundnuts are often processed at home to make peanut butter or made into a paste called maqwagna. The majority of farmers shell groundnuts manually, but farmers who are part of FPOs are able to access shelling machines and sell the processed nuts directly at the local trading centres for a higher price than sold at the local market. The shelling machines are diesel powered at a rate of 5 SSP per hour or an electric powered at a rate of 8.7 SSP per hour (USAID, 2013). These costs are added to the cost of processing and production. Participation in farmer groups or associations is low among groundnut farmers. In 2019, only 10 percent of farmers were members of an FPO. In South Sudan, women hold more memberships in such groups than men (Obaa, 2020).

Groundnut paste is consumed by most households in South Sudan. The paste is usually made with stone and mortar, but in some case rudimentary grinding machines are used. These machines can also be found in the market and are powered by small generators. There are only a few large local processing facilities for grinding groundnut into paste (Obaa, 2020).

Raw, shelled, or roasted groundnut is collected by traders, bicycle brokers, or FPOs who transport them to urban centres where retailers package and sell them to customers. Other channels of sale include direct sale from fthe armers to NGOs.

The price of groundnut tends to fluctuate based on harvesting cycles. For instance, in the Lakes State, the price varies by more than 50 percent, from 6 SSP per kg in the high season and to 9 SSP per kg in low season. Farmers control only a small share of the value created by groundnut cultivation and processing. Transport costs, packaging costs, and the retailer profit amounts to 30 percent of the maximum end value of 1 kg of groundnut in local markets. (USAID, 2013).

Because most farmers do not process groundnut, they have limited options for increasing their revenue. Nevertheless, farmers can make a high margin on unprocessed groundnut—up to 40 percent during the low season. For example, between 2018 and 2019 there was an increase in overall gross margins among groundnut farmers from 40.7 percent to 67.3 percent in terms of SSP per acre. (UNIDO, 2015).Traders also make a high margin on groundnut, with the major costs related to produce and transport requirements in sourcing the groundnut. Their gross margins are approximately 60 percent in terms of SSP per season.

There is immense opportunity in South Sudan within the AfCFTA to transform the groundnut sector in South Sudan. The key to maximizing AfCFTA market access is a sustained supply of quality groundnut value chain products. Supporting interventions that improve the supply capacity, the processing, and the quality of groundnut products will lead to an increase in exports. Specifically, increased mechanization and modern equipment at the farm level and establishing more processing centers that are equipped with processing equipment and modern production tools will assist smallholder producers. These inputs will improve productivity, increase the supply capacity to the AfCFTA, and generate employment and secure livelihood opportunities.

6.6 SOYA BEAN VALUE CHAIN

The soya bean value chain links to numerous other agro-processing value chains such as livestock and poultry, meat and meat processing, aquaculture, and prepared and processed foods. Soya bean flour and soya bean meal has offers from CEMAC, ECOWAS, and Egypt, but not EAC or SACU. Soya bean shows some of the highest, and increasing, levels of intra-regional investment and intra-regional trade, with the potential for many smallholder farmers to increase to grow production.

The production and farming of soya is predominantly carried out by smallholder farmers in Africa, many of whom are women and youth, serving as a key cash crop. Developing the value chain in soya bean production and value addition contributes significantly to ensuring food security on the African continent because soya bean products are a key ingredient in animal feed, specifically poultry feed. Poultry is the cheapest and most widely consumed protein in the African market, and feed makes up a large percentage of the cost of poultry production, so lower feed costs means less expensive end products, such as eggs and meat.

Additionally, soya bean is high protein and, once processed, is an affordable and healthy source of plant-based protein for consumers. Beyond serving the African market, soya bean value chain products can be exported to the rest of the world, as there is large unmet and growing global demand for these products. This will contribute significantly to AfCFTA State Parties' foreign exchange accounts. The development of this value chain also has the potential to contribute significantly towards the achievement of SDG 1, 2, 5 and 8 in Africa: SDG 1 No poverty, SDG 2 Zero Hunger, SDG 5 Gender Equality, and SDG 8 Decent Work and Economic Growth.

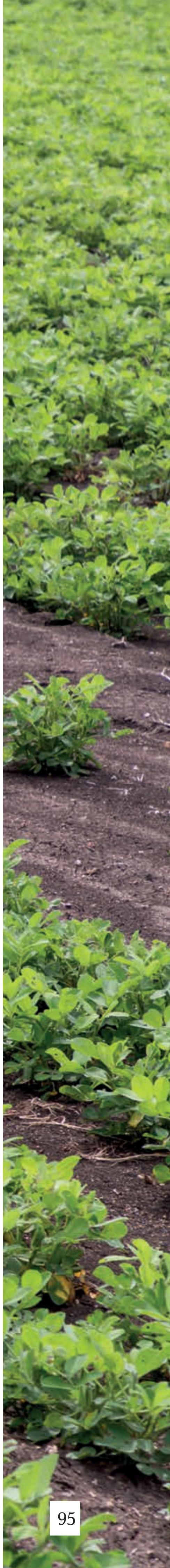


Table 10: Soya bean value addition stages and HS codes

	Stage 1 **Soya bean production**	**Stage 2** **Soya flour and meal production**	**Stage 3** **Soya bean oil production**	**Stage 4** **Soya oil cake production**	**Stage 5** **Soya sauce production**
Physical Inputs	1. Planting healthy Soya bean seed. 2. Fertilisers and biostimulants. 3. Pesticides 4. Seeds 5. Mechanized production and harvesting.	1. Milling equipment. 2. Reliable and affordable power.	1. Reliable and affordable power. 2.Crude and refined oil extraction equipment.	1. Reliable and affordable power. 2. Bran, minerals, vitamins, and grains such as maize.	1. Reliable and affordable power. 2. Grains of different varieties. 3. Brine, and Aspergillus oryzae or Aspergillus sojae molds.
Products	Soya bean HS 1201.10.00	Soya flour and meal HS 1208.10.00	Soya oil HS 1507.10.00	Soya oil cake HS 2304.00.00	Soya sauce HS 2103.10.00
Service Inputs	• Micro finance & crop insurance services. • Agri-input last mile delivery innovations. • Farming extension services.	• Technical testing services. • Traceability services.	• Logistics services. • Equipment and machinery installation, and mainte-nance services. • Services incidental to manufacturing.	• Packaging services. • Technical testing services,	• Packaging services. • Technical testing services. • Branding and market-ing services.

Soya Bean Production and Processing

As shown in Table 10, the value addition to soya bean starts with planting healthy soya bean seeds, then applying fertilizers and recommended bio stimulants for a healthy crop. Pesticides and herbicides are then applied during the growth stage to eliminate pests and weeds. Mechanization of these production processes improves efficiency, allows for scaling up of production, and minimizes the amount of manual labour associated with traditional Soya bean production methods, usually done by women and youth.

Once the beans are harvested, milling equipment is used to produce soya flour and meal while oil extracting machines are used to produce soya bean oil and cake. Soya oil cake can be processed into livestock feed by combining it with bran, minerals, vitamins, and grains such as maize.

For efficient and cost effective production, the essential infrastructure needed includes reliable and affordable electricity, road networks from farms to the processing and storage facilities. Financial services, crop insurance services, farm inputs supply and extension services are also needed.

At the processing stages, technical product testing, quality assurance, and traceability services are required. Equipment and machinery installation and maintenance services as well as packaging, branding, and distribution logistics are also needed.

There is significant regional trade in three of the soya bean products in the value chain: soya bean flour and meal, soya oil, and soya oil cake. The opportunities from tariff liberalization for all five soya bean value chain products include:

- Soya beans (10 percent across all the RECs and Egypt).
- Soya bean flour and meal (5-10 percent for CEMAC, ECOWAS, and Egypt and 0 percent tariff offers from EAC and SACU).
- Soya oils (5-10% across the RECs and Egypt).
- Soya bean oil cake (5-10 percent across the RECs and Egypt).
- Soya sauce (30 percent across the RECs and Egypt. Currently there are very few exporters of soya sauce in Africa, as most of it is imported from the rest of the world).

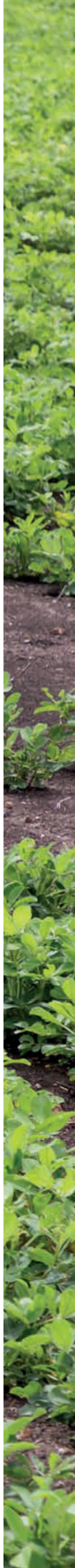


Figure 8: Soya bean oil processing

Source: Goyum Group, 2022

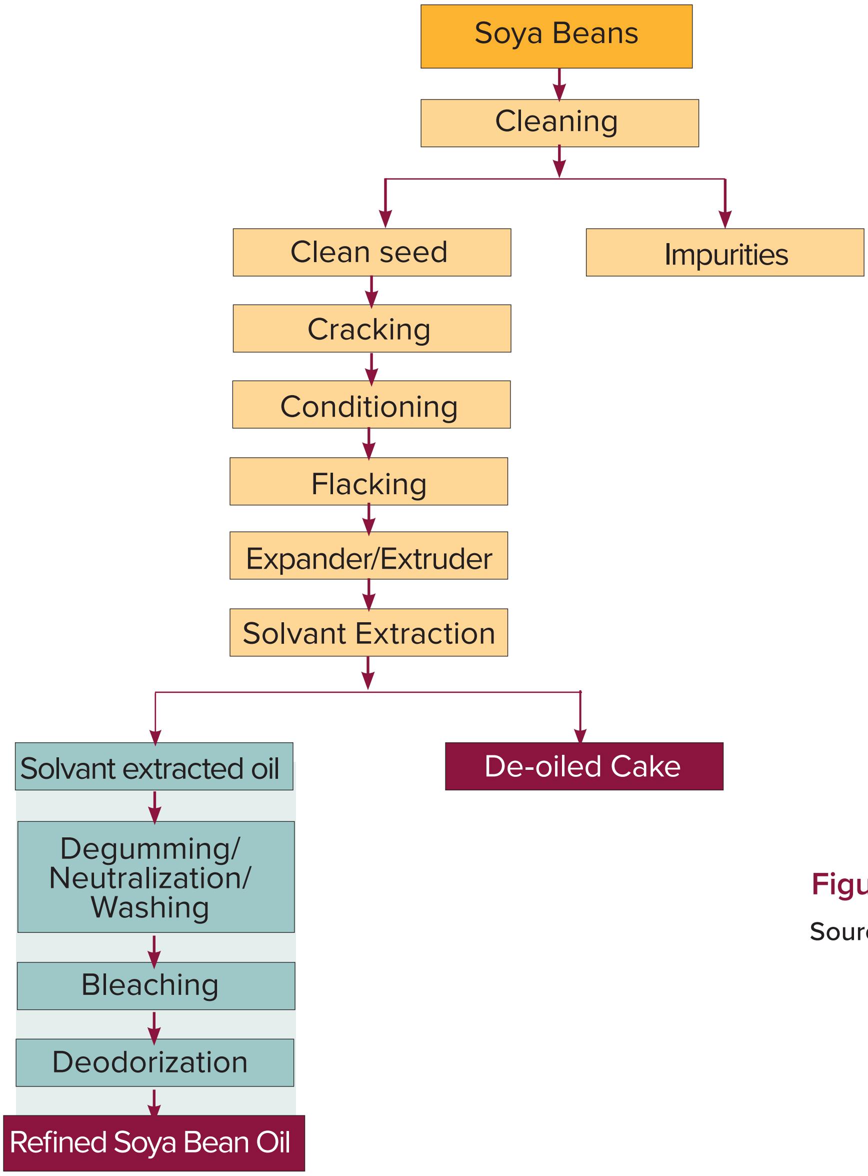
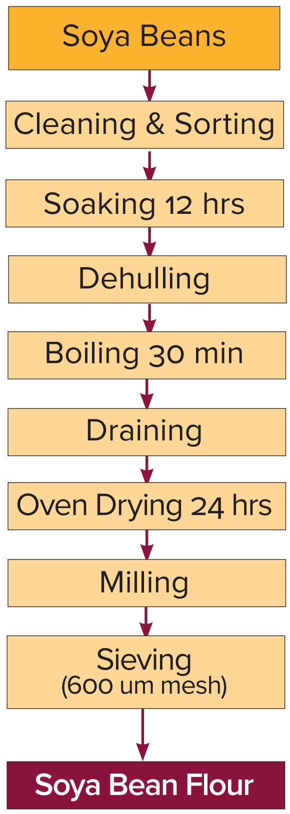


Figure 9: Soya flour processing

Source: Beloo, A.A, et.al, 2020



Soya Bean Product Development

Soya bean can be processed into five products that can be traded at the AfCFTA as shown in Table 10. Soya bean products are processed through the following five stages as illustrated in Figure 8.

Stage 1: Soya beans are grown and harvested. Quality seed inputs are vital for good yields, and so is correct post harvesting handling that ensures the beans do not get damp or wet. After harvesting, soya beans are dried and sorted.

Stage 2: Dried soya beans are milled into soya meal or flour, which is used in animal feed but also as a flour for in food products consumed by humans.

Stage 3: Dried soya beans are processed and turned into soya oil.

Stage 4: Oil cake is produced as a by-product from Soya oil production in Stage 3, and often makes up the majority of the resultant product from soya bean processing. Oilcake from soya bean is a major component of livestock feed especially for production feeds for poultry, fish and dairy cows.

Stage 5,: Soya meal is fermented to create a paste, which also contains roasted grain, brine, and aspergillus oryzae or aspergillus sojae moulds. From this process, soya sauce is extracted.

The final products under this process are soya oil for cooking and soya seed cake used in the formulation of livestock feeds. Most equipment for soya bean oil processing can also be used to extract soya bean oil, groundnut oil, sesame oil, sunflower oil, mustard oil and rapeseed oil. Soya flour or meal is produced

through a process presented in Figure 9.

Measures Needed To Fully Realise Soya Bean Value Chain Potential

Certified seed is expensive and as a result many farmers use recycled seed, which decreases their yields and can cause the quality of the bean to diminish. The AfCFTA will make it easier and more affordable to acquire certified Soya seed through the removal of SPS and TBT related NTBs, which often hamper the trade of seed. Related to this is the issue of the last and first mile in the agri-input and agro-processing sectors. Last mile distribution initiatives that reach smallholder farmers across Africa are increasingly valuable as more and more companies look to access this large and uniquely African customer segment, both by delivering goods to them and through marketing services like microfinance innovations, and mobile money.

Additionally, these solutions link smallhold farmers to markets and provide quality, affordable agri-inputs that will increase their productivity and the quality of their product. The AfCFTA will encourage the expansion of first and last mile distribution amongst its members by creating economies of scale, opening up regional markets, and connect smallhold farmers to services and markets, facilitating investment in transport, and ICT infrastructure.

An issue of particular importance currently constraining the soya bean value chain is the trade policy uncertainty around the export and import of the soya bean, as Zambia's recent export ban on soya illustrates. This is a widespread issue across AfCFTA State Parties, but the case in Zambia illustrates the issue well. The Zambian government recently imposed export bans on soya and sunflower meals and any products containing them as a proportionally substantial component (such as in animal feed). This policy stopped many Zambian Manufacturers Association members from servicing their export customers and undermined the regional supply of such inputs to Kenya, Malawi, Mozambique, Namibia and South Africa.

This export ban often leads to an oversupply of products on the domestic market because production destined for export markets has to be sold locally, which often undermines the price structuring of maize, soya bean, and other agri-commodities. It also leads to shortages on export markets in Africa, and severe price increases that constrain the numerous agro-processing AVCs relying on feedstock e.g. the aquaculture, dairy, and meat and meat product AVCs. This has prompted the Association of Kenya Feed Manufacturers to request that the government allow them to import soya bean meal from the global market. The AfCFTA can create more certainty in such environments as it will act as an overarching framework that seeks to regularize and open up markets. It will incentivize collaboration and coordination amongst its members including South Sudan, rather than protective measures like export or import bans.

6.7 FISH VALUE CHAIN

Commonly Traded Fish Products

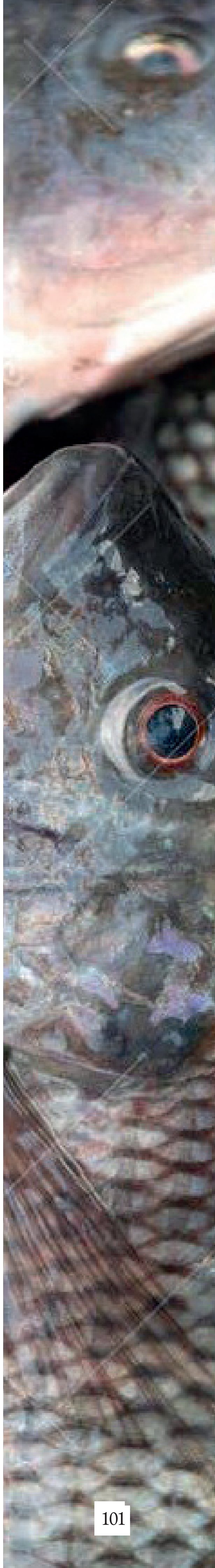
The fisheries sector in East Africa is dominated by inland fisheries where the Nile Rivers and Great Lakes are located. Inland fisheries contributes more than 94 percent (capture and aquaculture) of the total fisheries production of the IGAD Member States. Contribution from marine fisheries is only 5.7 percent, produced by Somalia, Djibouti, Kenya, and Sudan.

Freshwater fish such as Tilapia, Nile Perch, Carp (cyprinid), and Catfish contribute more than 72 percent of the total harvest. Tilapia contributes 26.7 percent followed by Nile perch at 20.5 percent, Carp or cyprinids at 15.6 percent, and Catfish at 9.8 percent. Nile Perch is exported mainly to developed markets, while the other three species are popular in the domestic and regional markets.

Regional fish trade is largely conducted informally by small-scale traders across the borders. The bulk of this trade is unrecorded. The products traded are mainly dried, salted, and smoked fish, with a limited amount of fresh fish or second grade frozen fish. Uganda is the main fish supplier to the regional markets. The regional fish trade generates an average of $35 million per year for Uganda. Illegal trade is carried out to avoid payment of taxes/tariffs and to bypass government regulations such as those that prohibit selling undersized fish, or trans-shipment on the sea or lake. The governments of the IGAD Member States acknowledge the importance of cross-border trade. Efforts have been made to legalise and assist the stakeholders of this trade.

Fish Trade in South Sudan

In South Sudan, the trade routes for fish and the fish value chain products are between the Sudd region and the Nile tributaries to the urban areas of Bahr El Ghazal, Equatoria, and Upper Nile. About 90,000 tonnes of fish is landed annually in the country. About 45 percent of the fish is marketed and consumed within the greater Upper Nile. Thirty-five percent is marketed in the greater Bhar El Ghazal region and 20 percent in the greater Equatoria region. The poor quality or lack of physical infrastructure (roads) creates a problem for the fish traders wanting to get their products to the urban markets of Juba. Intermediaries who transport fish also suffer from the multiple taxes imposed on them along the road, in the markets by the various governmental departments, and from the rental fees in the urban market stalls. These lead to a steady increase in the final consumer price of fish products.



7. STRENGTHENING THE PARTICIPATION OF WOMEN AND YOUTH IN THE AfCFTA

7.1 THE CURRENT ROLE OF WOMEN AND YOUTH IN AGRICULTURAL VALUE CHAIN DEVELOPMENT

Women and youth are engaged in the production, processing, distribution, and trade of the seven selected value chains of shea nut, gum arabic, natural honey, sesame, groundnut, soya bean, and fish. They can be involved in multiple aspects of more than one value chains, especially MSME owners whose businesses focus on the agriculture value chain.

Quite often women and youth are involved informally in trade, meaning they are not legally registered, have no fixed business address, and do not access financial services from formal financial institutions. They depend largely on their own savings, or borrowing from relatives or from village savings and loans associations (VSLAs). Women and youth also dominate most of the informal cross-border trade in Africa. They face many challenges including inadequate capital, poor infrastructure, and illegal levies and taxes, among others.

Diversifying the economy of South Sudan through AVC development and linkage to AfCFTA markets will depend on the supply of quality raw materials produced in the rural areas where 80 percent of the population resides. A large proportion of this rural population is made of up of women and youth. Therefore, women and youth are significant actors in the diversification process, not just as producers of raw materials but also as processors and exporters of the finished products.

As there is a lack of public awareness about the potential opportunities presented by the AfCFTA, information and awareness campaigns are needed to educate different stakeholders, in both the public and the private sector, with special attention paid to informing women and youth in the rural areas.

Photo: UNDP, Magwi, 2023

The AfCFTA holds the potential to contribute significantly to the economic empowerment of women and youth as they upgrade their businesses and have access to new markets. However, there is also a risk that the AfCFTA will lead to further marginalisation of women and youth in trade. By upgrading and commercialising informal trade in Africa, women and youth currently in informal trade may be replaced by more sophisticated and resource endowed entrepreneurs, majority of them men.

The AfCFTA Agreement provides comprehensive avenues through which women and youth entrepreneurs can improve and expand their agribusinesses and profitability. This can happen when they are well organised into functional business entities. There are several women organisations in South Sudan with great potential to drive agricultural value chain processes and linkages to the AfCFTA. These include; Chamber of Women Entrepreneurs (CoWE), The South Sudan Women Empowerment Network (SSWEN) and the Women Empowerment Initiative (WEI).

7.2 CHALLENGES FACING WOMEN IN TRADE

Women traders in South Sudan face many challenges, some of these include:

- Poor infrastructure such as roads and river ports.
- Gender based violence especially at the border area.
- Lack of knowledge about the existing regulations, which forces them to engage in bribery.
- Limited financial institutions that offer credit to the traders.
- Limited knowledge and information in business,
- Not linked to regional value chains and unaware of opportunities across the borders.
- Low level of education among the women hinders them from expanding their businesses and hinders their understanding of the paperwork needed at the border posts.
- Lack of internet services to engage in online spaces, especially during COVID-19 when most of the regional and national meetings were conducted virtually.

> *There is a risk that the AfCFTA will lead to further marginalisation of women and youth in trade. By upgrading informal trade in Africa, women and youth currently in informal trade may be replaced by more sophisticated and resource rich entrepreneurs, majority of them men.*

7.3 LEVERAGING AFCFTA INSTRUMENTS TO ENHANCE THE PARTICIPATION OF WOMEN AND YOUTH IN TRADE

The AfCFTA has three digital based instruments that provide equal opportunities for countries and traders. These instruments are the ATO, AfCFTA Digital Trading Hub, and the AfCFTA Digital Payment Hub.

7.3.1 The Africa Trade Observatory (ATO)

ATO is a trade intelligence tool that enables firms to easily explore and compare trade opportunities across Africa. The ATO will give real-time trade statistics to African users. Such information will include intra-continental trade flows (traded values, traded quantities, the use of tariff preferences, taxes and fees paid at the border), and information on market conditions (such as taxes applicable at the border and regulatory requirements). Compare trade opportunities in Africa and Explore market access conditions of African partners. The ATO provides important information for planning and choosing which value chains to develop for which market(s) within Africa. By leveraging on ATO trade intelligence services, women and youth traders stand to eliminate most of the market risks associated with export markets.

7.3.2 AfCFTA Digital Trading Hub

The AfCFTA Hub is a digital trading platform that will connect national, regional, and private digital applications to aid African MSMEs to export their products across Africa through improved logistics, networking of retail outlets, integration of fintech, and brand development support. In order to benefit from the AfCFTA Hub, women and youth entrepreneurs need hardware and software, and access to a reliable and fast internet connection.

7.3.3 The AfCFTA Digital Payment System

The PAPSS is a centralised payment and settlement platform that facilitates instant cross-border payments in local currencies between countries. Through PAPSS, Afreximbank facilitates payments as well as formalise some of the unrecorded trade due to prevalence of informal cross-border trade in Africa. PAPSS platform provides an alternative to current high-cost and lengthy correspondent banking relationships to facilitate trade and other economic activities among African countries through a simple, low-cost risk-controlled payment clearing and settlement system. PAPSS also serves as an avenue of expanding financial inclusion to cover the informal sector, dominated by women and youth, while monitoring funds transfers, thus reducing money laundering, which costs the continent several billions of dollars annually.


3RD
MADE IN
SOUTH SUDAN

7.4 SUGGESTIONS FOR STRENGTHENING WOMEN AND YOUTH PARTICIPATION IN THE AfCFTA

- Promote youth and women's access to education, capacity building, and skills enhancement to strengthen their productive capacities in key value chains.
- Infrastructure development to create an enabling environment for women and youth to actively participate in cross border trade ;competitiveness of domestic products.
- Increase investment in human capital, targeting women and youth, to boost technological advancement, and supply capacity for trade in goods and services.
- Strategic and selective training for sectors with export or investment potential is an important tool to equip women and youth with the skills needed to be more productive and competitive.
- Establish "Enterprise Development Funds" to improve access to finance for women and youth-led businesses. This will foster investment in key productive sectors of the economy and boost production and supply capacity.
- Mainstream women and youth-led trade development strategies in key trade and investment policies, including the NEIS.
- Facilitate women and youth-led businesses to comply with standards.
- Address the overly burdensome technical barriers to trade to encourage women and youth to engage in cross border trade under the AfCFTA.
- Promote enabling policy environments for export promotion activities for women in cross-border trade, especially in meeting export/import standards and requirements.
- Establish an AfCFTA-specific credit line with regional development banks that provides favourable conditions for women in cross-border and small-scale trade.
- Promote the development of new, and strengthen existing, real-time grievance mechanisms and support the enforcement of laws against sexual harassment.
- Increase awareness among youth and women about trade-related rules and regulations governing trade.

Photos: UNDP, Juba, 2023 and Torit, 2019

The development of the seven value chains has the potential to contribute significantly towards the achievement of four Sustainable Development Goals in Africa: ***SDG 1 No Poverty, SDG 2 Zero Hunger, SDG 5 Gender Equality, and SDG 8 Decent Work and Economic Growth.***

8. CONCLUSION AND RECOMMENDATIONS

South Sudan has opportunity in key agricultures Value Chains, with high export potential in Fisheries, gum Arabic, sesame, natural honey, soya beans, ground nuts and shea butter. These value chains are aligned with the National Export and Investment Strategy and the IGAD and EAC priority commodities for export development. Private companies in South Sudan are trading in these value chains, they source raw materials from producers and process them into finished products for domestic and export markets.

8.1 CONCLUSION

The opportunities and challenges related to linking AVCs to the AfCFTA.

8.1.1 OPPORTUNITIES FOR LINKING VALUE CHAINS TO THE AFCFTA

The NEIS and the R-NDS identified the seven AVCs that have the greatest export potential including shea nut, gum arabic, natural honey, sesame, groundnut, soya bean, and fish. These are aligned with the Inter-Governmental Authority on Development (IGAD) and East African Community (EAC) priority commodities for export development. Many smallholder farmers are involved in production of the seven value chains along with maize and sorghum. Private companies in South Sudan are already sourcing some of these raw materials from producers and transforming them into finished products for domestic and export markets.

The AfCFTA Agreement provides comprehensive avenues through which women and youth entrepreneurs can formalize and upgrade their trade. AfCFTA provisions under the Protocol on Rules of Origin permit access to cheaper raw materials and intermediate inputs. Women in agriculture value chains will gain a comparative advantage by leveraging the AfCFTA's Protocol on Rules of Origin, which allows for access to cheap raw materials. Thus, women participating in value chains would be able to produce goods and services with significant African content in terms of raw materials and value addition in line with the preferential trade regime of the AfCFTA. Regarding flexibility, countries will be able to build on the productive capacities of their trade sector producers with greater comparative advantage before

Photo: UNDP, Juba, 2023

fully opening to trade. This gradual liberalization enables small-scale producers (the majority of whom are women) to enhance their competitiveness in intra-regional trade. As to policy space, the AfCFTA takes into account safeguards, standards (e.g. environment, safety, etc.), and transitional periods on tariff progression.

Once the AfCFTA Agreement is ratified, South Sudan will be able to create temporary exclusion lists that limit imports during sudden import surges. If properly harnessed, these trade measures will allow South Sudan to protect their small-scale producers against competition from import surges and counterfeit products. The AfCFTA's criteria for designating sensitive products and exclusion lists take into consideration restrictive trade liberalization measures on specific products deemed essential for women's needs such as reproductive health products and agro-processing. The AfCFTA adopts preferential trade regimes facilitating small-scale cross-border traders and smallholder farmers through measures that promote their integration into larger value chains. For example, the provisions of the AfCFTA Annex on standards and phytosanitary measures entails mutual recognition of standards, licensing, and certification of service suppliers across the continent, making it easier to meet export standards and satisfy regulatory requirements for niche markets.

By leveraging on the three digital based instruments, the African Trade Observatory, the AfCFTA Digital Trading Hub, and the AfCFTA Digital Payment Hub, countries and traders can take advantage of the opportunities presented by the AfCFTA Protocol on Digital Trade and E-commerce. With increased supply capacity and with improved compliance with the rules of origin and product standards, women and youth can favourably compete in the male dominated export market created by the AfCFTA.

8.1.2 Constraints For Linking Value Chains To The AfCFTA

There are seven constraints that directly affect the linkage of AVCs to the AfCFTA.

1. **Domestic taxes, levies and infrastructure constraining movement of goods and raw materials in South Sudan**

State governments and local authorities have imposed multiple and arbitrary levies and taxes on goods transiting from rural areas to the markets and factories. Combined with poor road infrastructure, traders incur heavy costs on transportation of goods within South Sudan. Analysis of stakeholder feedback depicts that it is cheaper to buy and transport 40 tonnes of maize from Masindi in Western Uganda to the city of Juba in South Sudan than it is to move the same amount from Rumbek State to the city of Juba. To compensate for costs associated with taxes, levies, and poor road infrastructure traders offer lower farm gate prices to producers or import the commodities from neighbouring countries. The net effect is loss of foreign currency and low farm-gate price for locally grown farm produce. The low farm-gate prices discourages farmers from investing in production leading to low output, reduced income, food insecurity, and increased poverty. When combined with a high population growth rate and a bulging youth population, the potential for armed conflict and insecurity in rural areas increases; adversely affecting women and youth whose livelihood depends on agriculture.

While elimination of levies and taxes on agricultural produce will lead to revenue loss by state governments and local authorities in the short term, such strategy will encourage traders to buy more farm produce leading to increased demand and consequently higher farm-gate prices. This motivates producers to invest more in production, leading to increased supply of agricultural produce which is then processed into finished products competitively traded in the AfCFTA. The integration of production, processing, and marketing will increase demand for farm inputs, labour, and post-harvest activities, which then create employment opportunities, especially among women and youth in the agriculture sector. In the medium term, the state governments and local authorities will increase their revenue collection from licensing of businesses established along these AVCs in both rural and urban areas. Therefore, elimination of levies and taxes on commodities moving within the country and improving road infrastructure has the potential to increase the revenue collection base, reduce import dependence, and create decent employment.

2. Slow adoption of standards and weak certification system for products made in South Sudan

The Codex Alimentarius (Codex or Food Code) is a collection of international standards, guidelines, and codes of practice to protect the health of consumers and ensure fair practices in the food trade. Codex standards are used worldwide to harmonize national food safety regulations and are recognized in the WTO Agreement on the Application of Sanitary and Phytosanitary (SPS) measures as the international reference point for food safety. When food producers and traders comply with Codex standards, consumers can trust the safety and quality of the products they buy and importers can have confidence that the food they order will meet the specifications.

The South Sudan National Bureau of Standards (SSNBS) is mandated to develop standards, assess the conformity with international standards, and determine the metrology of products. However, in South Sudan these mandates are not adequately fulfilled due to inadequate technical capacity and equipment. As a result, local producers are yet to acquire national and regional standards to assist them in achieving market certification requirements. Due to limited technical guidance these producers have not established GMPs with a sound code of practice, or with QMS, which guarantees safe production of goods that meet international standards.

At SSNBS there is a need to upgrade facilities and equipment, improve staff capacity, launch and promote a South Sudan Quality Mark, and create public awareness. Obtaining international recognition of SSNBS Quality Mark will enable products labelled 'Made in South Sudan' to enter continental and international markets. Capacity building and mentorship for producers and processors is also needed to ensure they are able to meet SPS and international commercial standards.

3. South Sudan tariffs not harmonized with EAC CET

The EAC Tariff Order structure has four bands of 0%, 10%, 25% and 35%. South Sudan's current tariff structure has four bands of 0%, 5%, 10% and 20%. Despite being a member of the EAC, South Sudan has not implemented the EAC Common External Tariff (CET) protocols, which involves a revision of its tariffs to harmonise with that of EAC tariffs and have them approved by Parliament. By failing to implement the EAC CET protocols, goods from South Sudan are taxed to enter the other EAC member states. As a result, South Sudan products are less competitive in the EAC markets. Once South Sudan develops her value chains for AfCFTA including shea nut, natural honey, gum arabic, groundnut, edible oils, and fish to an exportable quality, the markets in neighbouring countries will open up. This is particularly true for food products, as the region is regularly affected by drought and food shortages. Moreover, the EAC is an important transit route for South Sudan because nearly all imports and non-oil exports are transported through the region. South Sudan, therefore, needs to implement the EAC CET protocols in order to take advantage of the market opportunities presented by the EAC and the AfCFTA.

4. Delayed ratification and implementation of the AfCFTA Agreement

As at February 2023, 46 of the 54 signatories (85.2 percent) had deposited their instruments of AfCFTA ratification. South Sudan is among the nine countries that have signed but have not ratified the AfCFTA Agreement. South Sudan has a young economy dominated by infant-industries, many of them new and in their early stages of development and thus not yet capable of competing against established industry competitors. Once South Sudan ratifies the AfCFTA Agreement, these emerging domestic industries will need protection against international competition until they become mature and stable. One possible measure is for South Sudan negotiators to request AfCFTA to collaborate with the Afrexim Bank to institute a US$1 billion AfCFTA adjustment facility. This will ensure businesses in infant sectors in South Sudan secure funding for expanding capacity, promotion of export, and support to MSMEs (especially for women and youth) to increase competitiveness. This will also assist South Sudan to adjust in a systematic manner for any unexpected significant tariff revenue loss.

While there is likely the challenge of unfair competition associated with tariff reduction, AfCFTA has put in place extensive rules of origin that regulate the criteria needed to determine the national source of a product, which will ensure that goods traded with preferential rates are truly of AfCFTA origin. In addition, South Sudan has an opportunity to exclude some products from tariff liberalisation, and apply gradual tariff reduction as a LDC, which provides flexibility to develop the infant industry.

South Sudan will also need to take advantage of 'trade remedy and safeguard provisions' in the AfCFTA Agreement to deal with emerging unfair trade practices and unforeseen consequences during the implementation of the AfCFTA. While there is high visibility and political momentum around the AfCFTA and good progress 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 obligations of the AfCFTA. The impact of the AfCFTA will depend on the effectiveness of various complementary policies and initiatives put in place to enable South Sudan businesses to take advantage of trade and investment opportunities under the AfCFTA. Therefore, South Sudan should develop and deposit instruments of ratification to the AfCFTA Secretariat. In addition, it should negotiate for funding to support continued growth of its infant agricultural production and manufacturing sectors.

5. Lack of a framework for public–private dialogue

Linking South Sudan value chains to the AfCFTA will face a number of challenges especially at the initial stages. These will range from internal policy and regulatory frameworks, institutional capacity issues, and external policies and structures upon which the AfCFTA is founded. It is imperative that South Sudan establish evidence based public-private policy dialogue towards the formulation and implementation of industrial policies to strengthen and support the country's economic development. Through fact-based engagements, the SSAM and the SSCCIA should engage the government and its associated agencies in dialogue to ensure a dynamic and flourishing manufacturing sector in the country. For this to be effective, there is need to support institutional capacity development of the SSAM and SSCCIA to conduct fact based policy engagement.

6. Limited awareness about opportunities presented by the AfCFTA

Generally, there is a lack of public awareness about the potential opportunities presented by the AfCFTA, which is more acute in the rural areas where over 80 percent of the population resides, with a large proportion being women and youth. Diversifying the economy of South Sudan through AVC development and linkage to AfCFTA will rely on increased supply of quality raw materials produced in the rural areas. Women and youth are significant actors in the diversification process not just as producers of raw materials, but also as processors and exporters of the finished products. Therefore, general public awareness and campaigns needs to be conducted to educate different stakeholders in both public and private sector, with special attention given to women and youth in urban and rural areas.

7. **Inadequate capacity and awareness to facilitate compliance and effective implementation of AfCFTA rules of origin**

Rules of origin are legal provisions used to determine the nationality of a product in the context of international trade. Article 13 of the AfCFTA Protocol on Trade in Goods provides that goods shall be eligible for preferential tariff treatment "if they originate in any of the State Parties in accordance with set criteria and conditions." This means that all goods that meet the requirements of the AfCFTA rules of origin qualify for preferential tariff treatment when they are traded within the AfCFTA. In the AfCFTA context, the rules of origin specify the conditions under which a product traded between the parties to the Agreement can claim local economic origin status and thus benefit from preferences offered by the AfCFTA. Products that cannot demonstrate compliance must be traded on standard Most Favored Nation terms, which often means much higher tariffs. However, South Sudan policymakers and the private sector have limited capacity to interpret and apply the AfCFTA rules of origin. The policymakers and private sector should therefore have adequate capacity on AfCFTA in order to qualify for preferential market access under AfCFTA. Capacity of customs officials and producers, processors, traders, and exporters must be enhanced on AfCFTA rules of origin and preferential market access.

8.2 POLICY RECOMMENDATIONS

The following policy interventions are recommended to address the seven constraints identified.

1. **Elimination of interstate trade barriers:** Removal of all arbitrary taxes and levies on goods transported within the country will increase demand for agricultural produce leading to increased production, higher incomes, better food security, and reduced poverty. Agriculture raw materials will be readily available for processing and marketing through AfCFTA. State governments and Administrative Area authorities can increase their revalue collection through licensing and service charges of agribusiness linked to AfCFTA.
2. **Strengthening compliance with international and regional market standards:** Upgrade facilities, equipment, and staff capacity of the SSNBS and obtain international recognition of SSNBS Mark of Quality to ensure products labeld 'Made in South Sudan' can enter continental and international markets. This will enable goods made in South Sudan to meet the AfCFTA quality requirements.
3. **Implementation of EAC Common External Tariff:** Harmonise South Sudan Tariffs with those of the EAC to enable goods from South Sudan enter the EAC market at preferential rates and provide a gateway to the AfCFTA markets.

4. **Strengthen capacity of producers and policymakers on rules of origin and preferential market access:** Domesticate the EAC rules of origin through parliamentary approval and build capacity of customs officials and producers, processors, traders, and exporters of products to the AfCFTA. Capacity building areas to include but not limited to: interpretation of RoO, main steps in determining the origin of a product, and information requirement and paperwork for proof of origin.

5. **Fast-track the ratification of AfCFTA Agreement:** South Sudan should ratify the AfCFTA Agreement by developing and depositing the relevant instruments with the AfCFTA Secretariat to facilitate implementation of the AfCFTA. This will allow 'Made in South Sudan' products to gain access to other African markets and obtain imports from the AfCFTA state parties at preferential rates. At the same time, ensuring sensitive and infant industries are protected.

6. **Establish investment incentives:** Provide economic incentives and protection to producers, processors, and exporters through tax holidays and better access to financial resources by establishing an adjustment facility from Afrexim Bank negotiated through the AfCFTA.

7. **Improve country trade infrastructure:** South Sudan should invest in improving trade infrastructure in order to facilitate the participation of women and youth in intra-African trade within the context of the AfCFTA. Such infrastructure should include improvements in border and customs-related infrastructure, Digital trade and e-commerce, facilities, road and rail transport, and safety and security.

8. **Increasing supply capacity:** Strengthen capacity of producers, processors, and exporters in the seven key value chains where South Sudan has comparative advantage in order to harness opportunities associated with AfCFTA.

9. **Strengthening public and private dialogue on agricultural value chains and trade competitiveness:** Develop institutional capacity of the SSAM, SSCCIA, and women and youth trade associations. Conduct fact-based policy advocacy and partner with the government and associated agencies to ensure a dynamic and flourishing manufacturing and trade sector in South Sudan.

10. **Create public awareness:** Inform the public and policymakers about opportunities presented by the AfCFTA with special focus on women and youth, especially in rural areas.


ENTERPRISE
CAPACITY BUILDING
LULU NATURAL OIL

ANNEXES

ANNEX 1: AFCFTA CERTIFICATE OF ORIGIN FORM

AfCFTA Certificate of Origin	**Competent Authority Ref**	**Country Code**	**Serial No.**
1. Exporter (Name & Address)	2. Consignee (Name & Address)	3. For Official Use Only	
4.Particulars of Transport			

5. Marks & No.s	6. Invoice No. & Date	7. No. & Kind of Package	8. Description of Goods	9. Gross Weight	10. Suppl. Quantity	11. HS Code	12. Origin Criterion

13.**Declaration by the Exporter or Authorized Representative**

I, the undersigned, declare that the Goods described above meet the conditions required for the issue of this Certificate of Origin, and are originating in

____

(Country)

Place and date:

____

____

(Full Names and Designation)

____

(Signature)

14 Certification Origin

Origin Stamp

____

(Designated Authority)

____

(Full Names)

____

(Signature)

15. For Customs purposes Export

Document No.:

____

____

Customs Office & Date

____

(Full Names)

____

(Signature)

Photo: UNDP, Juba, 2023

AfCFTA CERTIFICATE OF ORIGIN (PAGE 2)

A. REQUEST FOR VERIFICATION BY IMPORTING STATE PARTY	B. RESULT OF VERIFICATION BY EXPORTING STATE PARTY
Verification of the authenticity and accuracy of this Certificate is requested for the following reasons: ____________________ ____________________ ____________________ ____________________ ____________________	Verification carried out shows that this Certificate was issued by the Designated Competent Authority indicated and that the information contained therein: Is accurate Does not meet the requirement as to the authenticity / accuracy in Box ______(the appropriate box number)
____________________ (Place and Date)	____________________ (Place and Date)
____________________ (Signature and Stamp)	____________________ (Signature and Stamp)

ANNEX 2: AFCFTA ORIGIN DECLARATION (ARTICLE 19(1)(B))

The text of the Origin Declaration must be made as given below:

I / We, being the Exporter of the

____

(*Approved Exporter's Name and Registration Number*)

Goods covered by this document declare(s) that the Goods are of

____origin

(*indicate the African Continental Free Trade Area State Party*)

And the origin criterion applicable to these Goods is (*insert wholly obtained or substantially transformed, as may be applicable*.)

____

Place and Date of Declaration

____

Authorized Exporter's Signature

____

ANNEX 3: AFCFTA SUPPLIER OR PRODUCER'S DECLARATION (ARTICLE 31(2))

Supplier Or Producer's Declaration for Products Having Preferential Origin Status

I, the undersigned, declare that the Goods listed on invoice

____

(1)

were produced in

____

(2) and satisfy the rules of origin governing preferential trade between the African Continental Free Trade Area State Parties.

I undertake to make available to the Designated Competent Authority, if required, evidence in support of this declaration.

____

(3)

____

(4)

____

(5)

Note The above mentioned text, suitably completed in conformity with the footnotes below, constitutes a supplier's declaration. The footnotes do not have to be reproduced.

(1) - If only some of the Goods listed on the invoice are concerned they should be clearly indicated or marked and this marking entered on the declaration as follows: "______________________________listed on this invoice and marked

____

were produced in

____

"

AfCFTA SUPPLIER OR PRODUCER'S DECLARATION (PAGE 2)

- If a document other than an invoice or an annex to the invoice is used, the name of the document concerned shall be mentioned instead of the word "invoice".

(2) African Continental Free Trade Area State Party.
(3) Place and Date.
(4) Name and Designation in the Company.
(5) Signature.

Supplier or Producer's Declaration for Products Not Having Preferential African Continental Free Trade Area Origin Status

I, the undersigned, declare that the Goods listed on this invoice

(1)

were produced in

(2) and incorporate the following components or Materials which do not have an African Continental Free Trade Area origin for preferential trade:

(3)

(4)

(5)

(6)

I undertake to make available to the Designated Competent Authority, if required, evidence in support of this declaration.

(7)

(8)

AfCFTA SUPPLIER OR PRODUCER'S DECLARATION (PAGE 3)

Note: The abovementioned text, suitably completed in conformity with the footnotes below, constitutes a supplier's declaration. The footnotes do not have to be reproduced.

(1) If only some of the Goods listed on the invoice are concerned they should be clearly indicated or marked and this marking entered on the declaration as follows: "listed on this invoice and marked_were produced in

". If a document other than an invoice or an annex to the invoice is used, the name of the document concerned shall be mentioned instead of the word "invoice".

(2) African Continental Free Trade Area State Party.

(3) Description is to be given in all cases. The description must be adequate and should be sufficiently detailed to allow the tariff classification of the Goods concerned to be determined.

(4) Customs values to be given only if required.

(5) Country of Origin to be given only if required. The origin to be given must be a preferential origin, all other origins to be given as "third country".

(6) "and have undergone the following processing in African Continental Free Trade Area State Party __, to be added with a description of the processing carried out if this information is required.

(7) Place and Date

(8) Name and Designation in the Company

(9) Signature

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