

14th -20th Oct. 2016

The digest provides highlights of economic issues in the print and electronic media on South Sudan. UNDP's interest is on how the economic issues affect human development and vice-versa.

Media Outlets:

1. Radio Tamazuj
2. Eye Radio South Sudan
3. The East African
4. Daily Nation
5. Global Times
6. Yahoo Finance
7. The East African
8. XinhuaNet
9. Oil Price
10. The Associated Press
11. All Africa

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WEEKLY MEDIA ECONOMIC DIGEST SOUTH SUDAN



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PRICES AND MARKET

South Sudan telecom companies to increase tariffs to 3.9 SSP/minute

[Radio Tamazuj- 17 Oct. 2016](#)

Telecommunication companies in South Sudan such as MTN, Vivacel and Zain have announced to their subscribers that communications tariffs will increase to 3.90 South Sudanese pound per minute from 19 October, 2016. "Dear customer, with Zain a wonderful world talk, on-net at 3.15, off-net at 3.85 and F&F at 1.56SSP per min. effective from 19th Oct," reads a Zain message sent to subscribers. Meanwhile, both Vivacel and MTN have sent the same notifications to their subscribers informing them on the changes in the communication. The announcement was received with mixed reactions by some customers. One customer described the decision as "bad to worse for the people of South Sudan." Meanwhile, others blamed the deteriorating situation in the country which has affected the economy.

South Sudan markets in Juba reopen after abrupt closure

[Sudan Tribune- 14 Oct. 2016](#)

Shop owners in South Sudan's capital, Juba, have resumed work following an abrupt closure on Wednesday, following false reports of Salva Kiir's death on the social media. Interior Minister Michael Chienyjiiek issued a statement dismissing the allegation, describing them as rumours circulated by "criminals to use it as the opportunity to loot. "Stay calm, and carry on normally. There should no fear. The president had already come out yesterday and you saw him touring the whole town yesterday. This was to confirm to the public that he is alive. What happened was another social media hoax", said Chienyjiiek. He commended various markets in Juba which resumed activities on Wednesday evening after few hours of abrupt closure. Traders and hawkers who had run away from custom market have resumed since 5.00 PM local time yesterday and were selling their goods normally.

'Fuel shortage' affects Jonglei gov't offices

[Achiek Jok: Eye Radio South Sudan- 15 Oct. 2016](#)

In Jonglei State, work has come to a standstill at six ministries due to lack of fuel to run generators. This comes after suppliers stopped supplying the state with fuel over unpaid bills. The affected ministries are: Information, Education, Agriculture, forestry, Finance, Local

government, and physical Infrastructure. "We use to take fuel from different companies but at the end, we actually failed to pay back," said Ayom Mach, state ministry of finance. The amount of money the state owes fuel dealers is not clear.

Sorghum price fixing angers Aweil traders

[Radio Tamazuj- 13 Oct. 2016](#)

Sorghum traders in Aweil say they have closed their businesses following orders from the Aweil East municipality to reduce their prices. Aweil has seen crippling hunger rates because the high cost of food and reduced income. Traders say the order, from the municipality council, has affected their businesses, and they buy sorghum at higher price than they are forced to sell. Traders tell Radio Tamazuj that one gallon of sorghum went from 130 SSP to 80 SSP under the price fixing. "We stopped working simply because the price

the mayor was proposing was only favoring consumers and we don't get anything," one trader told Radio Tamazuj on the condition of anonymity. Mayor Teresa Abak told Radio Tamazuj that the move aims to help locals afford food in the market. "These order are not from me but are from the state" said Abak. The mayor has said that the orders apply to all traders across the state, adding that all sorghums sold must adhere to local orders.

South Sudan wants 100% tax levied on alcohol

[Sudan Tribune- 19 Oct. 2016](#)

South Sudan will levy a 100 per cent tax on alcoholic products in the proposed 2016/2017 financial budget. The new proposal, it finance minister said, will also see higher taxes placed on telecommunications companies and on tobacco sales. "We will increase excise [duty taxes] on alcohol from 50% to 100% and tobacco from 30% to 50%. This tax on luxury [goods] will improve health," Stephen Dhieu Dau told Parliament on Tuesday. South Sudan fiscal year 2015/16 expired three months ago, but government was not able to prepare a new budget for 2016/2017. However, the country's lawmakers now need at least one month to study the proposed resource envelope of SSP 22 billion. With inflation at more than 700%, SSP 22 billion is less than half a billion

U.S dollars. According to the finance minister, there will be financial deficit of \$225 million, which translates into inability to raise 40% of the proposed budget to fund government for the next 12 months. Dhieu also warned against borrowing from the country's Central Bank, which involves printing more cash to meet the financial gaps. "We need to stop borrowing from the Central Bank of South Sudan in order to bring inflation down and prevent further depreciation of the currency and reduction of households' incomes," he said. The minister admitted that the current inflation in the country was "impossible to overstate the gravity, but called for operating within the limited ability to prevent severe depreciation and further conflict.

Mixed bag of returns for companies expanding across EAC borders

[Njiraini Muchira: The East African- 14 Oct. 2016](#)

The decision by Kenya's KCB Bank to scale down its operations in South Sudan following the flare up of hostilities in July has brought into focus the challenges that regional multinationals face in their quest to operate around the region. "In view of the deteriorating security situation in South Sudan, KCB Bank South Sudan has taken steps to reduce its bank operations accordingly," said Samuel Makome, KCB Group chief operating officer. The decision came just months after employees of the subsidiary went on strike demanding better pay. Other Kenyan companies operating in South Sudan, including Equity Bank and Co-operative Bank, were hit by major losses following the devaluation of the country's

currency last December. At least 20 Kenyan companies have subsidiaries around the region. Besides the three banks listed above, there are Commercial Bank of Africa, Britam Holdings, Bidco Oil Refineries, Brookside Dairy, Kenya Airways, Nation Media Group, Royal Media Services, Nakumatt Holdings, ARM Cement, East Africa Portland Cement, Mabati Rolling Mills, Beta Healthcare, and Elgon Kenya, among others. The business landscape in East Africa, with the exemption of South Sudan, has improved, with better governance, responsive regulatory measures and a stronger infrastructural environment.

Strikes cause turbulence at Kenya Airways

[Yahoo Finance- 16 Oct. 2016](#)

Kenya Airways, already facing financial difficulties and a threatened pilots' strike, cancelled five flights on Sunday after outsourced cabin crew walked off the job. While the stoppage only involved a small number of workers, it coincides with a deep malaise at the airline, which in July posted a net annual loss of 26.22 billion shillings (\$250 million/230 million euros) -- the worst ever since its privatization in 1995. The losses follow a series of disastrous strategic decisions touching on maintenance costs, a hedge on fuel prices and rising dollar-denominated loans. "Some of our outsourced staff including cabin crew have stayed away from work from Friday and we are working with their employer to resolve any issues they may have,"

Kenya Airways said in a statement on Twitter. "As per the safety regulations that the airline abides to, minimum number of cabin staff per aircraft type is required and on some of our flights we are unable reach these levels," it said. The dispute forced the carrier to scrap flights to the Kenyan city of Mombasa, Kilimanjaro (Tanzania), Juba (South Sudan), Maputo (Mozambique), and a further flight to Harare, Zimbabwe, via Lusaka, Zambia. No intercontinental flights were affected. [Also reported in Global Times-17 Oct. 2016: Kenya Airways resumes normal operations after staff strike, in Daily Nation- 17 Oct. 2016: Tough week ahead for KQ as more staff join salary protest](#)

South Sudan authorities force Kenyan airlines to move offices

[Radio Tamazuj- 13 Oct. 2016](#)

Security authorities in South Sudan last week forced several airlines including two Kenyan companies to move from their offices at Juba International Airport with little notice. An aviation source said that last Thursday security personnel closed the offices of Kenya Airways, Fly540, and a number of charter operators, giving them only two hours' notice to vacate the premises. A second aviation source confirmed the move saying the reason was that the premises were owned by or run by Latjor Mayul,

a businessman who used to work for Riek Machar. Latjor became well-known in 2012 as the owner of South Sudan's first stretch limousine. Airlines have not ceased operations but were able to continue operating. "Companies are operating normal here," reported a third aviation source. This development comes shortly after similar security operations last week targeting premises linked to SPLM dissidents Pagan Amum and Majak d'Agoot and former military intelligence head Mac Paul.

Ecobus on losses over attacks, shuts operations

[Magdoline Joseph: Eye Radio South Sudan- 14 Oct. 2016](#)

The transport company, Eco Bus says it lost almost 100,000 US Dollars when one of its buses was burnt by the gunmen along the Juba-Nimule highway four days ago. On Monday, unknown gunmen attacked three commercial buses travelling along the road, including one for Eco Bus. The army spokesperson, Lul Ruai Koang, said two people were injured in the incident and another was missing. The gunmen also looted properties of the passengers. The Eco Bus Manager, Kiir Atem, says the attacks have now forced the company to suspend operations until further notice. No passengers in Eco bus were killed, but Mr Atem says the loss is mainly from

the burning and looting. He told Eye Radio the company will only resume operations when the security situation on the highway has improved. "We want to make sure that the road is safe because we are very concerned about the safety of our passengers, and when the road is safe we will be able to resume our operation," he says. "The good thing is that the loss that happened, we lost the bus but the lives of people are safe, and if we are to estimate the losses with this high rate of dollars we lost almost 100, 000 USD." Mr. Atem says the company lost another bus last month and now has only three buses, which he says are not enough for their operations.

KCB Bank in Yei considering shutdown

[Radio Tamazuj- 13 Oct. 2016](#)

KCB bank has threatened to shut down its financial services in Yei River County over insecurity in the region, a company official told Radio Tamazuj. Since fighting in July, the Yei region has experienced significant instability and fighting between government and opposition forces. Jacob Mabior, the acting manager for the Yei branch, says many of its workers and clients have fled the region over insecurity. There are

only five workers at the bank, and it is experiencing high rent and operating costs. In response, KCB employees must return to work in ten days, Minister of Information Stephen Ladu told reporters, saying they would lose their job if they failed to return. "All commercial banks and financial institutions operating in Yei River state to resume their full operations as usual immediately," Ladu said.

National assembly begins annual budget debate

[Radio Tamazuj- 18 Oct. 2016](#)

South Sudan's Transitional National legislative assembly announced on Monday it will table the fiscal budget for 2016/2017 tomorrow before the house. Timothy Tot Chol, deputy speaker, chaired the sitting attended by 243 members. "Tomorrow the Minister of Finance will be here to table the budget of financial year 2016/2017. Please come because it is very important, there are issues we have to look into," said the Deputy Speaker. South Sudan Cabinet in August approved in principle a proposed budget ceiling

29.9 billion South Sudanese Pounds for the 2016/2017 fiscal year. That is, there is an increase of 19,310,547,667 SSP compared to last year's budget. On other hand, the parliament has adjourned its ordinary sitting Monday to mourn the death of their late colleague honourable Elias Math Aniak, who passed away on Sunday in Juba. "With deep sorry, I am announcing to you, the death of one of our colleague Hon Elias Mathuk Aniak from Wau state", deputy speaker announced.

South Sudan security sector leads in annual budget allocation

[Sudan Tribune-18 Oct. 2016](#)

The security sector in South Sudan continues to lead in the annual budget allocation, despite regular statements by senior government officials claiming commitment to implementing the peace agreement instead of prioritizing purchasing arms and ammunitions. The national budget presented to the national parliament by the finance minister showed more than half of the budget allocated to the security sector, goes to military operations. The fiscal year 2016/2017 draft budget shows an estimated 22.3 billion South Sudanese pounds (SSP) from which 11.045 billion will go for the security sector. Speaking on Tuesday to members of parliament during the presentation of the draft budget, finance minister, Stephen Dhieu Dau, said much of the security budget will be used for salaries and veterans. 1.9 billion SSP goes to operation costs and 300,000,000 SSP for 'new capital' expenditures. Over 5 billion South Sudanese

pounds, he said, has been allocated for 'peace expenditure' and some disbursements again to the security organs and the presidency to help in peace related initiatives. 177 million South Sudanese pounds will be used for social and humanitarian affairs sector, while the infrastructure sector gets 466 million SSP and 1 billion for education sector. Health, infrastructure, food security and other service institutions receive negligible percentages. The budget funds all branches of defence: army, navy, air force, ground and auxiliary forces. In addition to paying for the salaries, training and health care of uniformed and civilian personnel, it maintains arms, equipment and facilities, funds operations and develops and buys new equipment. [Also reported in Radio Tamazuj- 18 Oct. 2016: South Sudan budgets billions for army, military operations in 2016/2017](#)

TGoNU seeks loans against oil deposits

Obaj Shago: [Eye Radio South Sudan- 13 Oct. 2016](#)

The Minister of Petroleum, Ezekiel Lol Gatkuoth, says the transitional government is making efforts to borrow 200 billion US dollars from investors to be used in development. Mr Lol says First Vice President Taban Deng Gai met with investors in the United Arab Emirates recently on how to invest in the petroleum sector. The minister says some investors pledged to support the government in developing the nation. On arrival in Juba yesterday, Mr Lol says South Sudan has a reserve of more than 70 billion barrels of crude oil against which money can be

borrowed. "Some people may say this is a crazy idea. Where are we going to get two hundred billion from? This is not a crazy idea just as the minister of petroleum we have a proven reserve of over 70 billion barrels," he said. "If you multiply these money with the current price this is over 200 and some billions dollars already you have this as cheque you can borrow money and you develop this country fast," he added. Mr Lol returned to Juba yesterday, together with the First Vice President after attending the UN General Assembly meeting in New York.

Kenya and Region Stand to Gain from South African New Interests

[All Africa- 16 Oct. 2016](#)

Before South African President Jacob Zuma visited Kenya last week, expectations were high that a deal allowing freer travel would be struck. The expectations were dashed when President Zuma dithered, only pledging that matters immigration was a work in progress. Kenya's visa interests were not a completely lost cause as the joint communique captured South African "concessions" offering easier visa terms for elite categories of Kenyans. It, however, fell short of reciprocal balance given South Africans enjoy a visa-on-arrival regime while Kenyans endure steep hurdles in travelling to South Africa. The

reason President Zuma gave for the equivocation is that terrorists and criminals would exploit the opportunity to gain entry into South Africa and wreak havoc there. In essence, law abiding Kenyans are collateral damage. This justification can be given benefit of doubt considering the reality of terrorists in Kenya. Incredulity can, however, be entertained. An important factor that might have impelled South Africa to prevaricate is that the country has policies and regulations focused on checking the influx of African economic refugees. Kenya is no exception.

South S suffers 'largest income shocks'

Memoscar Lasuba: [Eye Radio South Sudan- 18 Oct. 2016](#)

South Sudan has experienced one of the largest income shocks in the world, with the average income of an individual falling by 70% since independence, the Minister of Finance has said. Stephen Dhieu Dau says the shocks have been intensified by the conflict and the drop of oil prices in the international market. According to Mr Dhieu, the war has disrupted investment,

cutting off major sources of revenues to the government. He says the South Sudanese pounds has now lost 80 percent of its value against the dollar, leading to a high and a reduction of individual incomes by 70 percent since independence. He said borrowing from the Central Bank to pay salaries for civil servants, poor financial management that include

unnecessary expenditures by the government, have even worsened the situation. Mr Dhieu made the remarks at the National Legislative Assembly today during a presentation of the annual budget of almost 30 billion pounds for this financial year, which started in July. "As government we have run down of our foreign reserves and savings and we have limited ability to prevent the severe depreciation we have seen," he said during the televised sitting.

Taxes

Mr Dhieu also outlined the ministry's plans to raise revenues to meet the proposed annual budget projections. Non-oil revenues also account for a percent of the budget. "We planned to increase sales tax from 15 to 30% which brings a rate close to those in the neighbouring countries and is expected to raise 294 million pounds annually," he continued. "Secondly, we will increase exercise on alcohol from 50 to 100% and tobacco from thirty to fifty. This tax on luxury will improve health." The minister projects this to raise "unexpected 300 million pounds".

News Analysis: Cash crunch slows down S. Sudan's peace progress

[Xinhua Net- 19 Oct. 2016](#)

Economic crunch has slowed down South Sudan's peace deal, which needs urgent funding to expeditiously move forward, experts have said. The peace agreement signed in August 2015 suffered setback after rebel leader Riek Machar was replaced by his former chief negotiator Taban Deng, leaving the cash-strapped transitional unity government formed mid-April in crisis after the international community kept mum on its promise of availing financial support. And the renewed July clash between rival troops has spread to peaceful areas of Yei, southwest of the capital Juba in Equatoria region after Machar's call for armed rebellion, hence putting the peace implementation in

jeopardy. Machar has further dismissed the current political arrangement in Juba as illegitimate, and called for efforts to help resuscitate the peace agreement so that he can be part of it. "So far we are going, according to the peace matrix, and we have told all institutions to implement it. Very soon we are having cantonment areas so that all SPLA-IO move there. The only challenge for us is lack of money," Deputy Minister of Information Paul Akol Kordit told Xinhua in an interview in Juba on Tuesday. Kordit revealed that they require financial assistance from the international community to achieve meaningful progress.

South Sudan Boosts Oilfield Security after Latest Clashes Kill 56

[Tsvetana Paraskova: Oil Price- 17 Oct. 2016](#)

The army of South Sudan is deploying additional troops around the Paloch oilfield—the largest oilfield still operational in the country—after fresh clashes with rebels killed 56 people last week, Defense Minister Kuol Manyang Juuk told Bloomberg by phone on Monday. Insurgents may be planning to attack production facilities at the Paloch oilfield, Juuk said, commenting on the

latest in a series of clashes in the oil-rich northern parts of the country, which had left another 60 dead earlier last week. South Sudan gained independence from Sudan in 2011. With it, South Sudan also gained control of about three-fourths of Sudan's oil production. But in December 2013, South Sudan plunged into civil war when President Salva Kiir Mayardit sacked the cabinet

and accused Vice President Riek Machar of instigating a failed coup. The civil war ended in 2015, but clashes have been frequent since. In May of this year, South Sudan said it would resume oil production by July after a halt of more than two years. During the civil war, the country's production capacity fell to below 130,000 barrels a day from 350,000 bpd in its only functioning Paloch oil field of Upper Nile state. However, renewed clashes in July threatened to derail South Sudan's plans to lift production, and army-

vs-rebel fighting intensified last month. South Sudan, which is estimated to have had 3.5 billion barrels of proved oil reserves as of January 1, 2014, is landlocked and must depend on Sudan's pipeline through Sudan to get the oil to the Bashayer port on the Red Sea. Sudan had managed to retain pipelines and facilities when South Sudan gained independence, allowing Sudan to levy transfer fees on South Sudan for the transport of that oil through its territory.

Budget impasse halts Tonj-Gok road project

[Radio Tamazuj- 17 Oct. 2016](#)

Construction of road connecting Tonj State and Gok at a cost of 3 million South Sudanese pounds was halted last month because the officials said they no longer have the money to keep paying the contractor. Manim Bol, Deputy Governor of Tonj State, told Radio Tamazuj that the biggest road project between the two states was stopped due to the on-going economic crisis in South

Sudan. He further said the government couldn't pay engineers and that they also faced challenges of fuel transportation from Juba. "We need a budget of 3 million South Sudanese pounds to complete the work on the road between Tonj and Gok states," said Manim. The official called upon humanitarian organizations to support the project.

Namurnyang: Employees seek two-month pay

[Eye Radio South Sudan- 14 Oct. 2016](#)

State government employees in Namorunyang have called for the payment of their salaries, which they say have been delayed for two months now. Some employees, including teachers and nurses say their last pay was for July, while August and September have not been paid. They say this has forced their children to drop out of schools. Others have also said they are being threatened with arrest by people they have borrowed money from. "Now I am waiting for two months salaries. Even last month we did not get money. Now the month is also ending. I see this cannot help and I am teaching," said one employee. "We you are teaching and at the same time you have a family which is depending on

you. It is very difficult. Now everything is expensive. If you are earning two hundred pounds, it will not help you," said another. In response the Director General in the Ministry of Finance, Peter Lokong admits the complaints from the employees. He urges the employees to be patient while the government is working to secure the funds. "We really don't know what to say about the delay of the salary because the decision is in Juba and of the national government upon the availability of [money] which is settling the accounts that we have got and if it could be there then it could be paid but if it is not their then we are just waiting to hear more," he said.

Yei raises salaries for civil servants

Daniel Friday: [Eye Radio South Sudan- 14 Oct. 2016](#)

The Council of Ministers in Yei River State has increased the salaries of the civil servants. According to the new pay scale, civil servants at grade 1 to 4 will have their current basic salary multiplied by two to make the new pay. Those in grade 5 to 9 will have their salaries almost tripled while those in grade 10 to 17 will have their current basic salary multiplied by three. The state Information Minister, Stephen Ladu, told Eye Radio that the ministry of finance has been directed to implement the resolution. "What is very important is that the council has approved a new current structure for salaries of the civil

servants and that is very important, upon the receipt of a circular from the ministry of public service and human resource development that clearly indicated that the budgets should be prepared based on the new salary structure for the civil servants," he says. "There is new multiplier effect that is going to be done for to the salaries and the ministry of finance will make sure that this comes into effect," he said. The new pay scale comes months after the national government directed a pay-rise for civil servants after the devaluation of the pound.

South Sudan starves as aid blocked, money spent on fighting

Justin Lynch: [The Associated Press- 14 Oct. 2016](#)

The mother faced an anguished decision: choosing which of her children to save. With hunger gripping this remote region of South Sudan, Elizabeth Athiel could either get urgent medical attention for her 8-month-old daughter, Anger, or make sure her other five children could eat. The little girl was shockingly thin, but the medical clinic was a half-day's walk away, and she would have to wait there for days until recovery. "I can't leave the others alone here," Athiel said, holding Anger in her arms. The baby is another casualty of South Sudan's civil war — in a part of the country that hasn't even seen

fighting. Here in the government stronghold of Northern Bahr el Ghazal region, there are indications of famine. One-third of children in the region are estimated to be acutely malnourished. If resources remain limited, more children will die, said Mahimbo Mdoe, the UNICEF representative in South Sudan. The food crisis is evidence of how the conflict has devastated South Sudan's ability to function. Since December 2013, tens of thousands of people have been killed. More than one million refugees have fled. The U.N. calls South Sudan one of the world's worst humanitarian crises.