WEEKLY MEDIA ECONOMIC DIGEST
SOUTH SUDAN

2nd – 9th June 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. Sudan Tribune
2. Juba Monitor
3. Xinhua
4. Bloomberg
5. Radio Tamazuj
6. Eye Radio South Sudan
7. IOL
8. Business Day Live
9. Mail & Guardian Africa
10. All Africa
11. The Dawn
12. Public Finance International

Disclaimer:

These are extracts from the news media outlets, they are NOT UNDP News.

Empowered lives.
Resilient nations.

PRICES AND MARKET

IMF Urges Fiscal Restraint in South Sudan as Inflation Soars

Helen Nyambura- Mwaura: Bloomberg- 2 Jun. 2016

The International Monetary Fund urged war-torn South Sudan to curb spending in the fiscal year beginning July or risk widening its budget shortfall to $1.1 billion, or a quarter of its gross domestic product. Africa's newest nation should avoid financing the gap through borrowing from the central bank, whose international reserves can only cover a few days of imports, or accumulating arrears, the Washington-based fund said in a statement on its website. "The mission urges the government to restore credibility by not only preserving peace and the rule of law, but also by starting to implement a stronger public financial management framework and enhancing transparency in its financial transactions," the IMF said after a visit to the oil-producing nation. South Sudan's economy shrank 5.3 percent last year and is forecast to grow 0.7 percent this year, according to IMF estimates. Its currency, the pound, has depreciated by close to 90 percent since its 84 percent devaluation in December, according to the fund, while consumer price inflation is approaching 300 percent.

South Sudan TV goes off air

Sudan Tribune- 8 Jun. 2016

State-owned television in South Sudan, the South Sudan Broadcasting Corporation (SSBC), has gone off air due to the damage of broadcasting devices that are expensive and rare to buy locally, according to a local newspaper report confirmed by the station staffs. Adel Faris, the director of South Sudan Broadcasting Cooperation, formerly SSTV, told a local Arabic newspaper in an interview published on Tuesday that the management needs United 200,000 US dollars to purchase new devices. "There are technical reasons that have forced SSBC to stop broadcasting as of 1:00PM on Monday including damages to broadcasting terrestrial and space devices," said Faris, speaking to Almaugif Arabic language newspaper on Monday. "[I know this] would deprive everyone in and outside the country of watching SSTV until the damage is processed," he added. He said that SSBC had requested more than USD 200,000 from the government for buying the new equipment, but no response. South Sudan state-owned TV is the sole provider of news on government in the country. TV viewers were shocked on Monday when the TV failed to work at 8 o'clock in the evening — the time news is traditionally aired. It is not clear whether or not the broadcasting service will resume on Tuesday or continue off air until further notice.

BUSINESS

MTN Cuts Jobs, Scratch cards to Survive South Sudan Crisis

Okech Francis: Bloomberg- 9 Jun. 2016

MTN South Sudan said cutting 54 jobs and making changes to the way it sells airtime will help it survive an economic crisis in the oil-producing nation caused by more than two years of civil war.The unit of Africa's biggest mobile-phone company by sales says the reduction of the workforce to 82 people and a decision to limit the distribution of scratch cards in favor of electronic airtime top-ups may help counter operational difficulties exacerbated by the collapse of South Sudan's currency and surging inflation. "We have made losses since we started operating in 2011," Khumbulani Dhlomo, the unit's head of corporate affairs, said Monday in an interview in the capital, Juba. "We have scaled down the staff and I think the organization will function now." The International Monetary Fund projected last year that South Sudan's economy would contract 5.3 percent. The landlocked country, where conflict erupted in December 2013, has sub-Saharan Africa's third-largest crude reserves, yet is pumping as little as 120,000 barrels a day, about half its output just before the war began. Angola, in contrast, pumps about 1.75 million barrels per day. Also reported by Okech Francis in IOL-9 Jun. 2016: MTN South Sudan cuts jobs, by Okech Francis in Business Day Live- 9 Jun. 2016: MTN South Sudan says job cuts will help it survive economic crisis, by Okech Francis in Mail & Guardian Africa- 9 Jun. 2016: MTN cuts jobs, scratch cards to survive South Sudan crisis as inflation hits 266%, highest official rate in world

Sudan: South Sudan Expresses Readiness to Copy the Experience of Made in Sudan and to Operate Sugar Factories in South Sudan

All Africa- 5 Jun. 2016

South Sudan's Undersecretary at the Ministry of Trade and Industry, Eliza B Jock has expressed South Sudan's desire to cooperate with the Sudan in the domain of industry and to obtain some of the experiences Sudan has gained in mounting the Made in Sudan exhibition, which is a venue for promotion of locally produced commodities and industrial products. In a statement to the Sudan News Agency the south Sudan Undersecretary has commended the exhibition saying their participation in the event with a delegation led by the Minister for Industry and Trade in South Sudan was prompted by the fact that South Sudan is rich in many resources that could be used in industrial production for both local and export purposes. She said her country also hoped to re-launch the sugar production factories in Mangala, Watt, and Anzara in south Sudan hic will contribute in the production of food products. She said South Sudan intends to make use of its local natural resources and that it would seek the experience of the Sudan in this field.

Trade Mark East Africa targets $1b for infrastructural projects

Business Week- 5 Jun. 2016

Trade mark East Africa (TMEA) is to raise about US$ 1billion from their development partner's to finance infrastructure projects and other social, services in the Six East African Community countries. This was revealed by the Chairman of Board of Directors Ali Mufuruki who said EAC still needs the support of his organisation especially when it comes to Infrastructure development. He said without well-developed infrastructure the EAC may fail to attract more international investors. "We are committed to raise the funds from our development partner's because 80% of them are willing to offer their support after we proved capacity in effectively utilizing the little resources they have given us," said Mukuruki. This was during the TMEA -2014/2015 Annual performing report release in Kampala. The $1billion will be used to support identified projects in the EAC countries Namely Uganda, Kenya, Burundi, Rwanda, Tanzania and the newly incorporated South Sudan. Without naming the projects TMEA will finance in the upcoming five years, Mufuruki said the projects will be developed by the member's states and must be in line with supporting trade and improving social services in the region.

ECONOMY AND PUBLIC FINANCE

2016/2017 budget short of $1.1b – IMF

Obaj Shago: Eye Radio South Sudan- 3 Jun. 2016

The International Monetary Fund says South Sudan has a deficit of about $1.1 billion in the budget of this financial year. It warns that if the deficit is financed through borrowing from the central bank or accumulation of arrears, it would continue to fuel inflation and raise the exchange rate against the pound. In a statement, the IMF says the government must do its part by raising non-oil revenue and cutting expenditures, particularly in the payroll, current operations, travel, and investment. Officials from the Ministry of Finance are yet to comment on the matter, but the IMF staffs say they issued the statement after a visit last month to Juba. They say the Central Bank should regain control over monetary policy and reduce inflation by stopping the lending of money to the government for financing budget deficits. The IMF also says there is a need to strengthen expenditure controls, budget preparation, and to limit accumulation of arrears. In the statement, they say the government could reduce the fiscal gap to about $300 million if it implements these measures. Also reported in Radio Tamazuj- 3 Jun. 2016: IMF- South Sudan in an "economic crisis"

IMF calls for help to alleviate worsening economic crisis in South Sudan

Emma Rumney: Public Finance International- 2 Jun. 2016

South Sudan will fall into even deeper economic crisis, resulting in further suffering for its people and threatening the already fragile peace process, without a change in policy and support from donors, the International Monetary Fund has warned. Following a visit to the country completed yesterday, the fund said that without efforts from the government and support from donors, including cash for its budget, further chaos would be likely in the world's youngest country, which has not seen stability since it was established in 2011. A brutal civil war and the recent sharp drop in oil prices have sent the country into deep economic crisis, with inflation approaching 300%, Jan Mikkelsen, the IMF employee who led the team, explained. "Moreover, the value of the South Sudanese pound has dropped by close to 90% since the exchange rate liberalization in December 2015, while central bank international reserves have dwindled to a few days of import coverage." Mikkelsen warned that "if macroeconomic policies do not change", the situation would deteriorate further, adding to an already dire humanitarian situation. He said that this year's deficit could top $1.1bn – 25% of GDP. If the country financed this through central bank borrowing or by accumulating arrears, it would only fuel inflation further and push the exchange rate down. The government must raise non-oil revenue, cut spending – particularly in its payroll, current operations, travel and investment – and tighten expenditure controls, the fund said. Also reported by Helen Nyambura- Mwaura in Bloomberg- 2 Jun. 2016: IMF urges fiscal restraint in South Sudan as Inflation soars

S. Sudan losing twice its tax collections on imports

Atem John: The Dawn- 9 Jun. 2016

The country is losing twice against what it collects in taxes from import items, hindering generation of enough revenue to bolster a struggling economy, the Director General of South Sudan Customs Services, Akok Noon Akok said. There have been reports of loopholes in revenue collection systems at various border posts over the years, but efforts to fight tax evasion and mismanagement of money have been beefed up, Akok said in an address to the department's official's during a tour by the Minister of interior, Alfred Lado Gore. Exemptions to the UN and agencies have also contributed to reduced tax collections on imports, the Director General said. "I can say 99 percent are going for UN, NGOs, agencies, so you can get whatever we collected monthly can be doubled by what goes on exemption", Akok said. Another one percent of exemptions is on imports by the government, he said. South Sudan depends on revenue from oil proceeds for 98 percent of its budget. Also reported Sworo Charles Elisha in Juba Monitor- 9 Jun. 2016: 99% tax exemptions affect revenue collections, in Sudan Tribune- 9 Jun. 2016: South Sudan losing revenues to UN exemptions: officials

Gov't to revise IMF economic reforms

Oyet Alfonse: Juba Monitor- 9 Jun. 2016

The fact that the International Monetary Fund (IMF) warned of further deteriorating economic situation in South Sudan unless quick economic reform policies were adopted and political environment eased, South Sudan government has formed a committee to revise the economic reform. Yesterday, the committee formed to revise the economic reform agenda of the IMF met with the Vice president James Wani Igga to see which areas the government can implement immediately. Hon. Goc Makuac mayol, Chairperson of the Committee of economic development and Finance in the national assembly said it is not necessary for the government to implement whatever came up in the recommendation of the IMF. “Our team was set up, we are going to summarize what is in the report and then we come up with what we believe are the strongest ones to implement. We will take what we believe can work with us now; and what we think takes time, we will give a time frame for it,” Hon. Goc Makuac said.

S. Sudan's forest cover shrinks by 1.5 pct annually: UNEP official

Xinhua- 9 Jun. 2016

South Sudan's forests, currently covering 33 percent of its total land area, shrink by 1.5 percent annually due to logging and deforestation as the country lacks alternative source of fuels, the UN Environment Programme (UNEP) said on Wednesday. UNEP Country Manager Arshad Khan told Xinhua that forests depletion was being fueled by armed conflict, poverty and increased demand for agricultural land. "Forest is covering almost 33 percent of the total land area in this country, but unfortunately because of lack of alternative fuels and other factors, the deforestation rate in South Sudan is one of the highest in the world," Arshad said in Juba. "Forests are being cut for personal gains, supporting armed conflict especially the teak and mahogany. The other thing is the changing of forests into agricultural lands that has led to diminishing of forest cover," he explained. Arshad said there is an estimate that the current rate at which the deforestation is taking place is between 1.2 to 1.5 percent per annum. "If this trend is continued, there is fear that in the next 50 years there will be no forests in South Sudan," he added. In May, the Ministry of Trade and Industry announced restrictions on timber and charcoal exports in a bid to prevent depletion of its natural resources and expand the tax base, which have been affected by the more than two years of civil war. Arshad said the weak legal framework on forests had created a lacuna, in which licensed companies and communities exploit forests without proper regulation.

Trade between Rumbek Centre and Panyijar resumes

Radio Tamazuj- 7 Jun. 2016

Dut Makuet, information minister in South Sudan’s proposed Western Lakes State, says cross-border trade has resumed recently between Panyijar and Rumbek Centre counties of Unity and Lakes states respectively. Cross-border business between locals of the two counties was stopped several months ago after a dispute caused by cattle thefts. Speaking to Radio Tamazuj, Dut Makuet said cross-border trade between the two counties is relatively flourishing these days. The communities have historically been involved in trade whereby cattle keepers from Panyijar County sell cattle to local traders of Rumbek Centre in order to get other mixed goods from the market in the Lake State capital.