AFRODAD

AFRICAN FORUM AND NETWORK
ON DEBT AND DEVELOPMENT

AN ANALYSIS OF DEBT GOVERNANCE AND DOMESTIC RESOURCE MOBILIZATION (DRM)

THE CASE OF SOUTH SUDAN

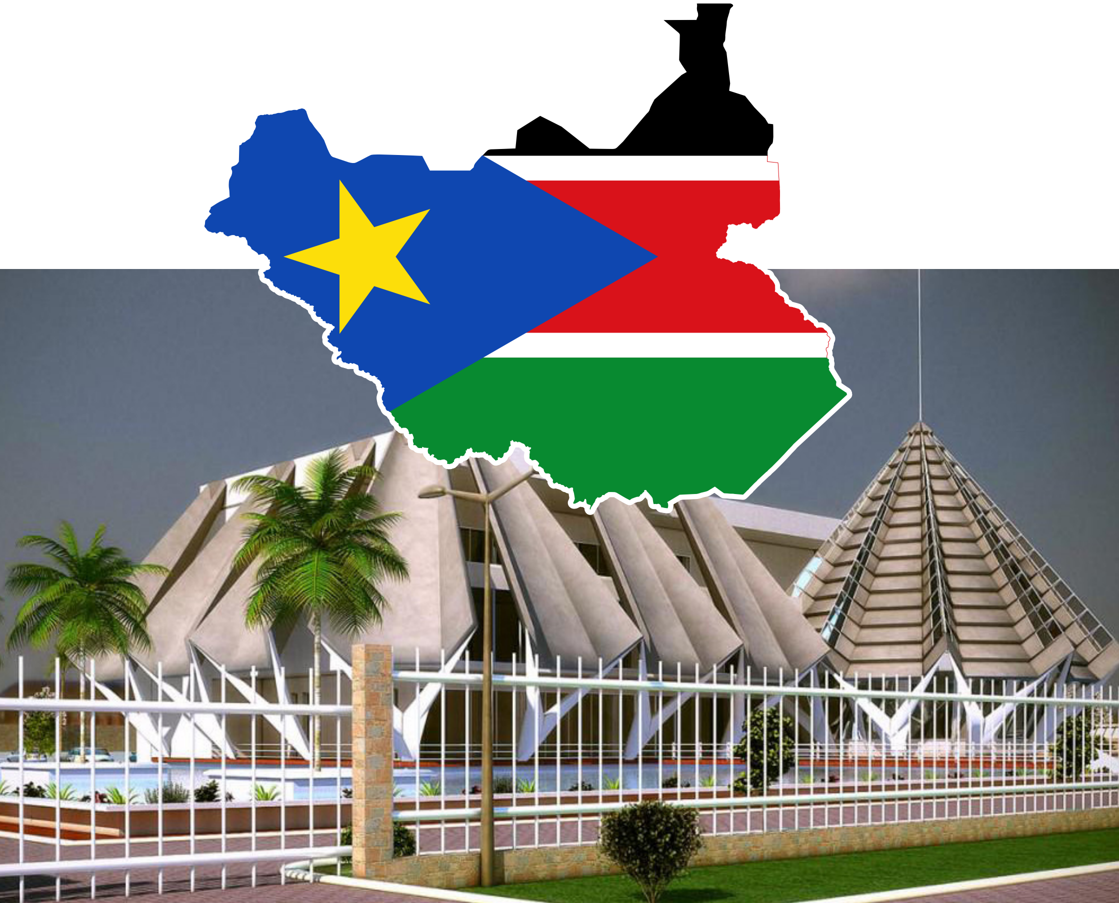


TABLE OF CONTENTS

ACRONYMS

AFDB	African Development Bank
AG	Auditor General
BOSS	Bank of South Sudan
BPS	Budget Planning System
CBMES	Community Based Monitoring and Evaluation system
CBOs	Community Based Organizations
CDF	Constituency Development Fund
CDG	County Development Grant
CSOs	Civil Society Organizations
CTMC	County transfer Monitoring Committee
FY	Fiscal/Financial year
GDP	Gross Domestic Product
GDP	Gross Domestic Product GNI Gross National Income
IMF	International Monetary fund
INGOs	International governmental organizations
IPFs	Indicative Planning Figures
LGB	Local Government Board
LGSDP	Local Governance and Service Delivery programme.
MOEP:	Ministry of finance and economic planning
MoFEP	Ministry of Finance and Economic Planning
MoLG	Ministry of Local Government and Law Enforcement
MPs	Members of Parliament
NGOs	Non-Governmental Organizations
NCAC	The National Constitutional Amendment Committee
NLA	National Legislative Assembly
NRA	National Revenue Authority
PAYE	Pay as You Earn
PDG	Payam Development Grant
PFM	Public Financial Management
R-ARCSS	Revitalized agreement for the resolution of the conflict in South Sudan
RSS	Republic of South Sudan
RSS	Republic of South Sudan
RTGoNU	Revitalized Transitional government of national Unity
SDGs	Sustainable Development Goals
SLA	State Legislative Assembly
SMoF	State Ministry of Finance
STMC	State Transfers Monitoring Committee
TGNO	Transitional government of national unity
WB	World Bank
WDI	World Development Indicators

EXECUTIVE SUMMARY

Prudent debt management has critical linkages to the development processes of any country. It reduces the financial risk the government faces, lowers the economy's vulnerability to financial shocks, strengthens market infrastructure and institutions needed to support an efficient domestic financial market, and helps foster sound public sector governance practices. Prudent debt management should be anchored on an established debt strategy. Debt management ensures that government's borrowing needs are met efficiently and that the stock of government debt, and the incremental debt flows arising from budget and off-budget sources, are managed in a manner consistent with the government's cost and risk preferences.

Domestic Resource Mobilization (DRM) refers to the generation of savings from domestic resources and their allocation to economically and socially productive investments. Such resource allocation can come from both the public and private sectors. The public sector does this through taxation and other forms of public revenue generation. DRM is important to African countries, especially South Sudan because it is potentially the biggest and or/ the most reliable source of long-term financing for sustainable development and it is the life blood of all state governance such as the provision of public goods and services.

This report provides insights into how domestic resource mobilization and debt governance can be effective tools for economic transformation in South Sudan. The insights shall additionally generate knowledge and information that shall be used by parliamentarians and civic society for advocacy for reforms in the country's fiscal governance sector. The knowledge and information sharing shall offer an interface between civic actors, legislators and government in many ways.

KEY RESEARCH FINDINGS

The data, information and analysis from the findings reveal that, generally across the entire financial and economic sector of South Sudan, there are issues to do with communication and coordination, lack of transparency and accountability, governance and lack of clarity within the institutional arrangements responsible for public finance management. These challenges have over time curtailed the development of a functional system of the management of economic affairs of the country and they include the following;

i) **Communication and Coordination**

There exist serious challenges in forecasting of government cash flows and coordination between government and Bank of South Sudan (BoSS) in sharing information on cash balances and forecasts, and this threatened the ability of BoSS to manage the liquidity of the banking system. Significant technical assistance is required here.

ii) **Transparency and accountability**

The study has identified several policy issues with regards to transparency. The government has failed to demonstrate practice in this area. The government has not exhibited sound practice in publishing information on debt management accountabilities.

iii) **Governance**

Appropriate legal enforcement is very wanting as this has been seen many times when government has acquired funding without approval of the National Legislative Assembly (NLA). This has serious implications with on the budget ceilings which consequently leads to debt's lack of sustainability.

iv) **Institutional Arrangements**

The institutional arrangements are characterized by a high degree of dispersion of debt management functions, both between the Ministry of Finance and Economic Planning (MoFEP) and the BoSS. In addition, there is duplication of some functions by these two entities, which on occasion has led to operational difficulties as serious as delays in debt services. The fragmentation of responsibilities implies a need for high coordination and the continual processing of information flows, which places strains on institutional arrangements. This can also lead to a fragmentation of the strategy for debt management; policy may focus on a particular portion of the debt, but for debt sustainability analysis and risk analysis in general, it is essential to have an integrated view of the whole debt portfolio. Consolidation of the debt management functions can lead to efficiency gains, which can also help address the shortage of qualified staff.

v) **Domestic resource mobilization and the tax system**

There is no motivation and citizens are unclear about the benefits of paying taxes and are skeptical about their social duty to contribute to a revenue system where they see powerful groups of people being awarded tax exemptions or just avoiding. Property tax revenues suffers from inadequate records as to who owns property and there is no streamlined policy for property valuations.

Property valuations is very low. Powerful political networks are protecting many tax defaulters. South Sudan tax authorities are not aware of dubious practices of multinational corporations who use complex web of international tax laws to skirt paying taxes. Many companies both national and international have exploited the limited accounting capacity exhibited by the tax authorities. Both larger and majority informally sectors are missing in the tax net due to limited capacity of the tax collector and political influence by the many patronage networks.

POLICY RECOMMENDATIONS

i) While the country needs to boost the country's revenue base, the option of borrowing to finance a larger portion of the government budget should be discouraged since it is likely to raise the cost of macroeconomic management to the economy.

ii) The government needs to centralize and consolidate debt management where by decision making is coordinated by a number of committees made up of representatives from various units. A simpler decision-making structure at the MOFEP will improve accountability.

iii) The steps of good debt contraction need to be observed that include; decision of the size of debt to be pursued, how to manage contingent liabilities, coordination of contracting process with other national policy frameworks.

iv) South Sudan's risks for future debt sustainability has increased significantly over the recent years and a potential debt crisis could pose a significant challenge to the financing and achieving the national agenda and including the SDGs.

v) While South Sudan has the primary responsibility to keep debt on a sustainable path, both South Sudan and her lenders must take action now to mitigate the risks of a debt crisis and build financial systems that a more resilient.

vi) Parliament must sanction the ministry of finance and the executive to explain debt management anomalies. Accountability safeguards need to be implemented.

vii) In order to encourage tax payments, government should endeavor to improve service provisions especially of basic services such as water, electricity, medical care and good roads.

viii) Key elements for tax reforms at both the national and state level to include; establishing a predictable link between tax payment and service delivery; development of a required administrative capacity; abolition of unsatisfactory local revenue instruments that are costly to collect from administrative and political perspective. These instruments are liability to the overall national economy; improvements to remaining revenue bases for simplifying rate structures and collection procedure.

ACKNOWLEDGEMENTS

The African Forum and Network on Debt and Development (AFRODAD) would like to thank DIAKONIA for the financial support granted to this study. In addition, AFRODAD would like to thank the Centre for Budget Policy and Accountability (CBPA) Juba, South Sudan for seeking out to collaborate on the research and advocacy of this work.

Immense assistance and inputs into the study were received from various stakeholders including members of civil society, students and lecturer of the University of Juba. We are particularly grateful to Benjamin Ochiengh who devoted considerable time and effort in providing most of the information and analysis used.

1 INTRODUCTION

The Republic of South Sudan is the world's newest nation and Africa's 55th country with vast and largely untapped natural resources. It is sparsely populated with more than 200 ethnic groups and little sense of shared nationhood. In this country, 50.6% of the population lives below the poverty line, making it one of the poorest countries in the world. Of these, 55.4% live in rural areas. At the same time, 72% of the population is under the age of 30, implying a high dependency rate for this country.

The economy of South Sudan is considered to be one of the world's weakest and most underdeveloped, with little existing infrastructure in place. Most villages in the country have no access to electricity or running water and its overall infrastructure is in a poor state with very few paved roads.

It is the world's most oil-dependent country in the world, with oil revenues accounting for over 95% of total revenue collections. Meanwhile, 78% of households in this country depend on subsistence agriculture and animal husbandry, with very low levels of productivity. As of 2011, South Sudan was considered to have the highest maternal mortality rate (estimated at 2,054 per 100,000 live births) and female illiteracy rate (only 16% of adult females literate) in the world.

After decades of conflict, South Sudan became an independent state in 2011, but has suffered from social unrest and economic crisis. The peace agreement signed in September 2018 is expected to re-establish long lasting social peace and economic stability. According to IMF estimates, after contracting by -5.5% in 2017, the economy shrank by -1.1% in 2018 and rebounded by 11.3% in 2019. This rebound in growth was mainly caused by the reopening of some oil fields, the resumption of production, and the peace agreement signed in September 2018 (AfDB). According to the updated IMF forecasts from 14th April 2020, due to the outbreak of the COVID-19 and the fall in the oil prices, GDP growth is expected to slow down to 4.9% in 2020 and to 3.2% in 2021. Indeed, the oil sector is the key driver of the economy, followed by services and agriculture.
The resumption of hostilities in July 2016 and the decrease in global oil prices have plunged Southern Sudan into a deep economic crisis, but since the peace agreement

signed in September 2018, the outlook appears to be improving. Inflation skyrocketed to an estimated 550% in September 2016, has declined to 51.2% in 2019 and is expected to continue to fall in 2020 (8.1%) and rise again in 2021 (24.5%) (April 2020 World Economic Outlook IMF). According to the AfDB, the budget deficit was 2.5% of GDP in 2019 (against 6.1% in 2018) and reforms should enable it to fall to 1.3% of GDP in 2020 before turning into a surplus of 0.5% in 2021 (AfDB). The IMF is more pessimistic, forecasting a medium-term budget deficit of 1-2% of GDP on the condition of a robust recovery in oil production, increased capital expenditure, an improved political and security situation, sound economic reforms, fiscal discipline and better management of oil revenues. The central bank has affirmed its commitment to reduce the monetisation of the budget deficit and the resulting inflation. The budget deficit is mainly financed through loans, which has reduced debt sustainability. Although declining, government debt reached 34.4% GDP in 2019 (down from 63.2% in 2017) and is expected to continue to decline to 27.4% GDP in 2020 and 26.6% GDP in 2021 (IMF). South Sudan is in debt distress, due to high and extra-budgetary expenditures. As pointed out by the IMF, policy adjustments are urgently needed to re-establish economic stability and credibility. Restoring budgetary discipline, strengthening oil management and transparency, applying rigorous priorities on spending and normalizing the foreign exchange market are the main priorities.

The economic crisis has led to an acute deterioration in humanitarian conditions. About half of the country's population is estimated to face food insecurity and more than 4 million people are displaced (IMF). Real disposable income is estimated to have declined by about 70% since independence in 2011, contributing to an increase in the poverty rate from 50% in 2012 to about 82% in 2016 (IMF). The country is a victim of uncontrolled deforestation caused by the increase in illegal and lucrative timber collection. The lack of a central grid to supply electricity makes combating deforestation especially difficult. The country has one of the lowest adult literacy rates in the world (28%), poverty has increased to affect nearly 60% of the population, and according to the World Bank, unemployment rate was 12.2% of the workforce in 2019 (modeled ILO estimate). At the World Humanitarian Summit in May 2016, the UN representative to South Sudan urged to make providing humanitarian assistance to South Sudan a priority. Development partners are supporting South Sudan through humanitarian assistance amounting to about USD 1.5 billion annually.

Figure1: Economic and Social Indicators

Main Indicators	2017	2018	2019 (e)	2020 (e)	2021 (e)
GDP (billions USD)	3.44e	4.58	3.68	3.36	3.47
GDP (Constant Prices, Annual % Change)	-5.5e	-1.1e	11.3	4.9	3.2
GDP per Capita (USD)	273e	353e	275	243	244
General Government Gross Debt (in % of GDP)	63.2	42.2	34.4	27.4	26.6
Inflation Rate (%)	187.9	83.5	51.2	8.1	24.5
Current Account (billions USD)	-0.12	-0.30	0.08	-0.14	0.12
Current Account (in % of GDP)	-3.4	-9.3	-2.5	-2.4	0.3

Source: IMF – World Economic Outlook Database - 2016.

THE REVITALIZED AGREEMENT FOR THE RESOLUTION OF THE CONFLICT IN SOUTH SUDAN

Chapter IV of the Revitalized Agreement for The Resolution of Conflict in South Sudan (R-ACRSS) establishes provision for reforms in the management of Resource, Economic and Financial institutions. This provision should provide a window of opportunity for both short term and long-term civic engagements if sound financial management is to be realized. This research offers am immediate opportunity for the type of civic engagement that this proposal envisages in South Sudan. The research comes in handy for the implementation matrix of R-ACRSS. The Transitional government of National Unity (TGoNU) was formed on the 22nd of February this year and is mandated to review all the policies and legislation in the first 12 months of the transitional. The civil society and development partners shall be able to have concrete data and information, which is needed for their advocacy for a peaceful transformation of the conflict in South Sudan.

1.1 STUDY OBJECTIVES

The main aim of the research was to provide insights into how domestic resource mobilization and debt governance can be effective tools for economic transformation. The insights shall additionally generate knowledge and information that shall be used by parliamentarians and civic society for advocacy for reforms in the country's fiscal governance sector. The knowledge and information sharing shall offer an interface between civic actors, legislators and government in many ways.

Research specific objectives

i) To assess and document the trends and dynamics of domestic and external debts in South Sudan: This requires assessing the evolution of both external and domestic debt, highlighting the key drivers of public debt accumulation.

ii) To interrogate the link between national financing and investment policy and the East African Community (EAC) financing and investment protocols: Assessing the extent to which South Sudan national policies take into account regional protocols, especially those focusing on public debt.

iii) Examine mutual accountability mechanisms and domestic resource mobilization strategies in place with a view to strengthening capacity.

iv) Examine civil society debt advocacy strategies and how they can inform effective debt management in South Sudan.

v) To understand how rapport can be built among governments, parliaments, private sector, donors and CSOs towards effective domestic resource mobilization and debt management in South Sudan?

vi) Proffer recommendations through a policy brief on how best to strengthen debt management and DRM in South Sudan - legislative and regulatory reforms to be implemented by South Sudan to support achievement of the EAC convergence benchmarks.

1.2 METHODOLOGY

To achieve these objectives, the study employed a mix of qualitative research approaches. Firstly, desk reviews of legal documents related to public debt management in South Sudan were undertaken. Secondly, key informant interviews (KIIs) were conducted with various stakeholders directly or indirectly involved in the public debt management process. The two approaches are elaborated below:

i) Desk Review: Various pieces of legislation governing public debt management in South Sudan were analyzed including the Transitional National Constitution of South Sudan (NTCSS) ,The Revitalized Agreement on the Resolution of the conflict in the republic of South Sudan (R-ACRSS) ,The Public Financial Management and Accountability Act, 2011 ,Investment promotions Act ,Banking Act ,Telecommunications Act 2010,The transport Act, 2008 ,The National Audit Chambers Act 2011 ,Anticorruption Commission Act 2009, Petroleum Act , The mining Act , Petroleum Revenue Management Act 2012 , National Pension Fund Act , National Revenue Authority Act.

The review also covered the legal establishments for East African Community (EAC) financing and investment protocols and the legal establishments for South Sudan's domestic resources mobilization.

The desk review also gathered and compared information with various public debt management laws in other countries, this assessed whether South Sudan's PDM laws have different requirements and what could be learnt and adopted from there.

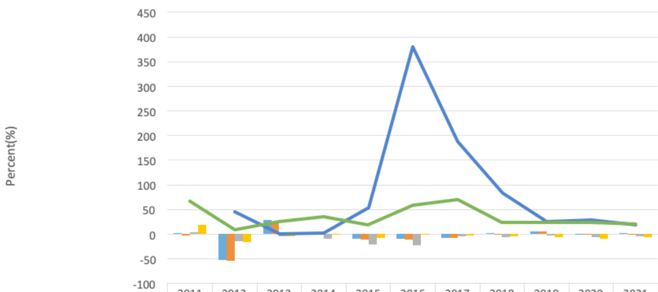
ii) Primary Data Collection: Questionnaires were administered to key informants which made it possible to interact with various stakeholders directly or indirectly involved in the PDM process. The key institutions targeted were: Ministry of Finance and Economic Planning (MOFEP), covering the planning and budget Departments ; Ministry of Petroleum, Ministry of Mining ; Bank of South Sudan (BOSS); The Transitional National Legislative Assembly the Auditor General. Elaborate consultations were also made with the various civil society leaders, groups and academia.

2 TRENDS AND DYNAMICS OF DOMESTIC AND EXTERNAL DEBTS

2.1 MACROECONOMIC DEVELOPMENTS

The economic growth in South Sudan has been fragile since 2011 with nascent growth in 2018 and 2019. The recent growth has been spurred by economic activity in the oil sector and peace deal which has seen decline in hostility in several of the country's regions. However, there is limited linkage between the oil sector and the rest of the economy; very little of the revenue is spent on social sector which is critical for improving citizens' welfare. The economy is also being haunted by high inflation which reached its peak in 2016. Moreover, the gap between the official exchange rate and the black-market rate remains high indicating that the official exchange rate is overvalued, and the central bank does not have the reserves to defend it. In 2019 and 2020 agriculture season was affected by drought and floods in most regions leaving more than 60%[1] of the population food insecure.

Figure 2: Macroeconomic development 2011-2021



	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
RGDP Growth	0.1	-52.4	29.3	2.9	-9.9	-10	-7.7	0.5	5.8	-0.4	0.1
Real Per Capita Growth	-3.2	-53.8	26.3	1	-11.3	-11	-8.4	-0.1	5	-1.6	-1.6
Fiscal Balance % of GDP	4.6	-14.8	-3.5	-9.2	-20.3	-23.1	-4.8	-6.1	-2.5	-5.8	-4.9
CA Balance % of GDP	18.2	-15.9	-3.9	-1.5	-7.2	-0.1	-3	-4.5	-6.4	-8.8	-5.4
Annual Inflation		45.1	-0.04	1.7	52.8	379.8	187.9	83.5	24.5	27.9	19.1
Exports % of GDP	65.9	7.4	24.1	34.8	17.3	57	69.1	23.5	23.5	23.3	18.6

Source: http://dataportal.opendataforafrica.org/mhuiccf/african-economic-outlook-june-2020 figures for 2020 are estimates while for 2021 are projections

1 South Sudan Economic Outlook February 2020, World Bank.

The increase in oil prices coupled with high hopes for peace settlement are the major drivers of growth in the country. Economic growth in East Africa is projected to remain robust especially Uganda and Kenya which are also major trading partners of South Sudan. The national budget process is not transparent with security accounting for about 13% of the budget expenditure while social sectors get lower allocations. During preparations of annual budgets, limited information is provided about debt obligations, arrears, financing, and budget execution reports are usually incomplete. The government maintains off-budget accounts for which oversight and scrutiny are limited. Ministries, agencies, and departments have consistently overspent or underspent their budgets, and the government does not issue revised budget estimates. Fiscal deficit was above east Africa regional average up to 2016, then it started to decline to single digit. Exports are dominated by oil while the country imports most of its food and manufactured products which then lead to a persistent current account deficit.

The government has also been making concerted efforts to attract investment into the country through road shows in major world cities such as Dubai, New York. In May 2019, South Sudan and South Africa's state-owned Strategic Fuel Fund signed an oil exploration deal with prospects for a 60 000 bpd refinery. With the help of IMF, the government has also been trying to improve on domestic resource mobilisation both on oil revenue and non-oil revenue.

2.2 EVOLUTION OF PUBLIC DEBT

The country remains in debt distress despite the debt being a small proportion of GDP. The government is saddled with an obligation to pay for 2011 secession agreement to Sudan and has paid about $2.4 billion out of the $3.2 billion. Total public debt during FY 2018/19 was estimated at 34.2% of GDP of which external debt is 30.2%[2]. Accumulation of arrears, low capacity to service debt, and low foreign exchange reserves threw the country into an unsustainable debt situation. Both the debt service-toexports and debt servicetorevenue ratios, estimated at 15.1 and 28.8 in 2019 are higher than the respective thresholds.

The accumulation of external debt in South Sudan over the last 5 years has been primarily driven by current account deficits and negative real GDP growth. The deadlock in implementing sustainable peace, lack of political commitment to implement strong macroeconomic adjustment measures, underinvestment for enhanced oil recovery, and protracted rent seeking behavior and corruption are

2 South Sudan Economic Update February 2020, World Bank

also collectively responsible for the debt distress situation. These risks of prolonged fragility underscore the importance of a commitment to internal peace, economic reforms, and close cooperation with the international community which holds the hope for better economic growth and sustainable debt management.

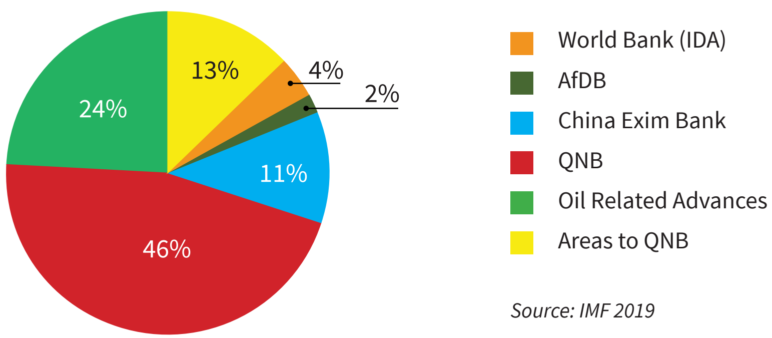
Table 1: Selected Macroeconomic Indicators

	2011/ 2012	2012/ 2013	2013/ 2014	2014/ 2015	2015/ 2016	2016/ 2017	2017/ 2018	2018/ 2019	2019/ 2020	2020/ 2021
Real GDP (%)	-25.1	-26.7	39.3	-12.8	-6.9	-13	-2.4	3.4	8.1	6.6
Revenue & grants (% of GDP)	27.7	11.6	26.4	28.6	29	36.5	28.6	31.5	32	35.8
Of which oil (% of GDP)	23	1.7	24.1	16.7	22	32.8	24.5	27.4	27.9	31.7
Of which non-oil (% of GDP)			1.8	3.1	6.1	3.2	3.7	4.1	4.1	4.1
Of which grants (% of GDP	3.6	7.1	0	8.3	0.4	0.1	0	0	0	0
Expenditure	27.9	26.4	28.1	37.2	38.4	36.8	31.4	31.5	32.6	35.8
Current	22.7	22.5	24.5	34.7	33	36.1	31.1	30.8	30.5	32.9
net transfers to Sudan		0	6.2	5.9	7.9	16.1	15.9	13.3	11.9	12.6
Total Public Debt (% of GDP)	0	9.5	6.4	10.3		46.8	43	35.9	34.2	38.2
Of which external public debt	59.4	81.4	4.2	5.8	87.8	37.2	34.6	31.6	30.2	34.4
Gross foreign reserves (US$m)	1317	1693	363	282	73	28.3	33	41.3	72.3	137.2
Nominal GDP (Billions SSP)			42	39	60	276.1	532.2	713	913.8	1062.8
Nominal GDP (US$ billions)				13.3	3.5	3.2	3.5	4.6	4.7	4.4
GNI per capita (US$)			1154	1060	240	230.7	233.2	280.1	272.8	253.2
Population (millions)			11.1	11.6	12.2	12.4	12.8	13.2	13.6	14

Source: IMF Article IV Consultation 2014, 2019

Fiscal policy has been weakened by the loss of fiscal discipline, deteriorating public financial management, and contracting of non-transparent oil advances. A short-term trade facility provided by the Qatar National Bank (QNB) fell into arrears in 2015. In addition, South Sudan fell behind on payments to Sudan in 2015 and 2016 under the Transitional Financial Arrangement (TFA). The agreement was signed in 2012, where South Sudanese government pays oil transit and pipeline fees of US$9.10 per barrel of oil export and transitional financial transfers to Sudan of US$15 per barrel of oil exports. In 2015/16, South Sudan accumulated payment arrears on the Transitional Financial Arrangement (TFA) and transit fees to Sudan of US$291 million. The arrears were cleared by end-2018. AfDB has cumulatively approved US$136.79 million loans since 2012 targeted at mainly agriculture, power generation, water and sanitation. Currently, there are seven active operations in the African Development Bank's portfolio for South Sudan, with commitments amounting to $108.8 million (AfDB, 2020). The agriculture sector has the largest allocation at 41%, the power sector 35.6%, multi-sector 16.5%, and water supply and sanitation 6.5%. South Sudan's external public debt, including arrears, was estimated at US$1196 million (34 percent of GDP) as of end-March 2019[3].

Figure3: External Debt Composition in 2019

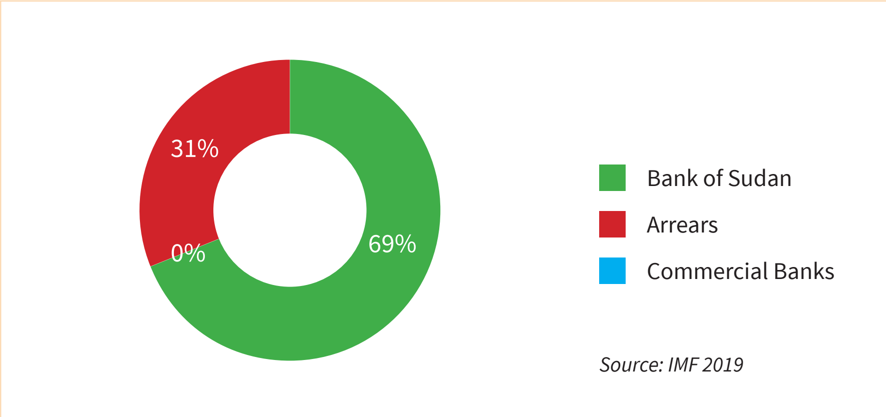


Source: IMF 2019

Domestic debt for South Sudan amount to SSP30870 million which is about 7.3% of GDP as of end of March 2019. South Sudanese domestic financial market remains underdeveloped. In 2018, external debt accounts for about 80% of PPG debt and this situation is expected to continue over the short and medium term. Over the long term, domestic debt is projected to be more dominant as domestic financial market reforms are implemented. Paying or restructuring existing debt arrears is required to clear the arrears, which will also help to regain donor confidence.

3 IMF Article IV Consultations 2019 Report

Domestic Debt Composition 2019



With external financing in short supply, South Sudan resorted to domestic borrowing from the central and commercial banks. Domestic debt is being issued through Treasury Bills from commercial banks Since 2012, the government have been rolling over as it has been unable to repay[4].

2.3 KEY DRIVERS OF THE INCREASE IN PUBLIC DEBT IN SOUTH SUDAN

Key drivers of the increase in public debt in South Sudan include weak macro-fiscal policy frameworks, greater reliance on new sources of financing, weaknesses in debt management, increased debt service and refinancing risks, and exogenous shocks, commodity price volatility, natural disasters, and security challenges.

A report by the Executive Board of the International Monetary Fund (IMF) concluded the Article IV consultation for 2019 with the Republic of South Sudan observed that the fiscal policy has been weakened by the loss of fiscal discipline, deteriorating public financial management, and contracting of non-transparent oil advances, which have increased corruption vulnerabilities[5].

4 https://www.imf.org/external/pubs/ft/dsa/pdf/2017/dsacr1773.pdf
5 https://www.imf.org/en/News/Articles/2019/06/04/pr19197-south-sudan-imf-executive-board- concludes-article-iv-consultation

Figure 4: South Sudan's public debt decline

	YEAR	DEBT	DEBT(%GDP)	DEBT PER CAPITA
1	2018	1,934	42.22%	176$
2	2017	2,173	63.18%	199$
3	2016	2,952	85.70%	272$
4	2015	8,772	60.26%	819$
5	2014	5,788	38.33%	548$
6	2013	2,629	17.59%	254$
7	2012	1,003	8.91%	99$
8	2011	0	0%	0$

According to data published, South Sudan per capita debt in 2017 was 176 dollars per inhabitant. In 2016 it was 244 dollars, afterwards dropping by 68 dollars. This implied that the position of South Sudan as compared with the rest of the world had improved in 2017 in terms of GDP percentage. Currently it is country number 133 in the list of debt to GDP and 6 in debt per capita, out of the 186 countries published. In 2017 the countries public debt was 1,925 million dollars[6].

6 https://countryeconomy.com/national-debt/south-sudan

3 MUTUAL ACCOUNTABILITY MECHANISMS AND DOMESTIC RESOURCE MOBILIZATION STRATEGIES

3.1 A REVIEW OF FINANCE AND BUDGET LEGAL POLICY FRAMEWORKS

South Sudan budget policy and laws are very elaborate and are in conformity with global standard. However, their implementation is hampered by lack of other enforcement policies and legislations.

i) The South Sudan Transitional Constitution

In theory South Sudan is governed through a decentralized system and according to article 48 (1) D of the Transitional Constitution “the pursuit of good governance through democracy, separation of powers, transparency, accountability and respect for the rule of law to enhance peace, socio-economic development and political stability” will be key principles in devolution and exercise of power. However, implementing the policy has been met with several challenges including lack of political will, weak government oversight institutions, as well as a self-identified lack of civil society capacity in monitoring and oversight.

ii) The Decentralized system of governance

Article 47. South Sudan shall have a decentralized system of government with the following levels:

a) The National level which shall exercise authority in respect of the people and the states;
b) The state level of government, which shall exercise authority within a state, and render public services through the level closest to the people; and
c) The local government level within the state, which shall be the closest level to the people.

Article 15 (3). Elements of the Budget. All revenues and expenditures of the Government shall be on-budget and shall be made public as provided under the provisions of this Act.

Article 15 (5). The Financial Year shall cover a period of 12 months, which shall run from 1st July to 30th June each year.

Article 49. Public Availability of Information; Article 49(1) states that: The budget proposal shall be made available to the public immediately after the submission to the Assembly. The Approved Budget shall also be made available to the public within thirty (30) days after approval by the Assembly.

Article 49(2) states that: The Minister shall, under the provisions of section 32 (in the Public finance and Accountability Act), make interim quarterly expenditure reports to the Assembly within thirty (30) days of the stated period. Such reports shall be made publicly available immediately after their submission to the Assembly.

iii) The Local Government Act 2009

The purpose of the Act is to provide for the establishment of local governments, their powers, functions and duties, structures, composition, finances and any other matters related to it. All local government programs implemented at state and county levels should adhere to the act and it's the duty of the civil society to create educate their communities about the act.

iii) Public Financial Management and Accountability Act (2011)

The PFMAA (2011) establishes procedures to control the management of public finances, ensure accountability, regulate the preparation of the general budget and appropriation Bills, establish Reserved Revenue, Contingency and Consolidated Funds, provide conditions and restrictions for borrowing and lending and to make regulations for the transfer of funds to the state governments, and related matters. The civil society should ensure that public finances are managed in line with the guidelines established in this act.

iv) The Finance Act 2018/2019

Provide all the various definitions of services and products that are taxed in the country for the FY year 2018-2019; for e.g. Part 1 Income Tax and Business Profit Tax Chapter 2 Personal Income Tax, Chapter 3 Business Profit Tax, Chapter 4 Advance Payment of Income Tax On Imported Goods, Part 2 Taxes On Goods and Services Chapter 5 Sales Tax on Produced Goods, Chapter 6 Sales Tax on Hotel, Restaurant and Bar Service, Chapter 7 Sales Tax on Imported Goods among others.

3.2 BORROWING AND LENDING AND ON-LENDING

Chapter VI of Public Financial Management and Accountability Act (2011gives the responsibility for management of the debts of the Government shall lie with the Ministry. The Undersecretary of the Ministry shall cause a centralized system of debt recording to be established and maintained within the Ministry, which details all outstanding debt stock and debt service obligations of the Government.

The Act further provides that subject to the limits on borrowing and the powers vested in the Assembly, in accordance with the provisions of the Constitution, loans may be raised by borrowing externally or by the issue of domestic Government Treasury bills, bonds or stock or any other method the Ministry in consultation with the Bank deems appropriate, after the approval of the council of Ministers. Loans may be raised for the purposes of financing budget deficits, obtaining foreign currency; On-lending to an approved institution or financing a development project.

As provided for in Article 184 of the Constitution, the Ministry shall not borrow, guarantee, or raise a loan on behalf of the Government or any person, Agency or State except as authorized by this Act and or the resolution of the Assembly. Subject to the provisions of the Constitution, the act and or the resolution of the Assembly made there -under the provisions of subsection (1) above shall provide the financial terms and conditions of any loan to be laid before the Assembly, and shall not come into operation unless after the approval of the Assembly.

The authority to borrow, to issue guarantees and to receive grants for, and on behalf of, the Government is vested exclusively in the Ministry, after the approval of the Council of Ministers. No other person, public agency or State Government shall raise any loan or issue any guarantee, or take any other action which may in any way either directly or indirectly result in a liability being incurred by the Government without the approval of the Ministry. Subject to the provisions of the Constitution, the Government shall only borrow and/or guarantee foreign loans that are on strictly concessional terms, as may be defined by the regulation issued under the provisions of this Act.

Any monies received in respect of a loan shall be paid into the Consolidated Fund and shall be reflected as a resource in the budget of the financial year in which it is received. Any expenditure financed by a loan that has been paid into the Consolidated Fund shall be reflected as expenditure in the budget of the Financial Year in which it is spent. Where applicable, loan proceeds shall be utilized in accordance with the Government procurement applicable law to public procurement.

All debt service shall be a charge on the Consolidated Fund and shall be incorporated in the budget resource estimate of the financial year in which it falls due, as a draw down on Government resources. Debt servicing shall be prioritized over new budgetary commitments within the annual budget resource and expenditure estimates.
Subject to the powers of the Assembly set forth in the Constitution, limits shall apply to the total indebtedness of the Government. The total gross debt stock of the Government shall not exceed 20% of the Gross Domestic Product of South Sudan; and the ratio of total annual debt service including both interest and principal repayments to domestic revenue of the Government shall not exceed 5%.

The Minister shall at the time of submitting the Budget present to the Assembly information relating to the total indebtedness of the Government indicating:-

(a) Utilization and performance of each loan including the progress of achievement of the intended targets and objectives;

(b) Total principal disbursed and outstanding by creditor;

(c) Provision made for servicing or repayment of each loan by principal and interest; and

(d) Arrears, if any, by creditor, principal and interest, and any other matters deemed appropriate.

3.3 INSTITUTIONAL FRAMEWORKS

The Government of South Sudan has set up a number of institutions to increase citizen involvement in policy processes & decision making, such as Parliament- makes laws and policies; Human Rights Commission – for monitoring human rights; Auditor General – to audit public expenditure; Local Government Board; Local Government Structures (states, counties, Payam, boma and others); South Sudan Anti-corruption Commission; Council of states- oversee state activities at grassroot level.

i) Planning and Budgeting processes at National and Local government levels in South Sudan

The general budgeting process is a process by which the government sets out levels of revenue collection and allocation to meet its national objectives. The preparation of the budget is done through a series of meetings and events and can easily be referred to as the budget cycle.

Figure 5: The Budget Cycle includes stages in making decisions about the budget, implementing and assessing those decisions.

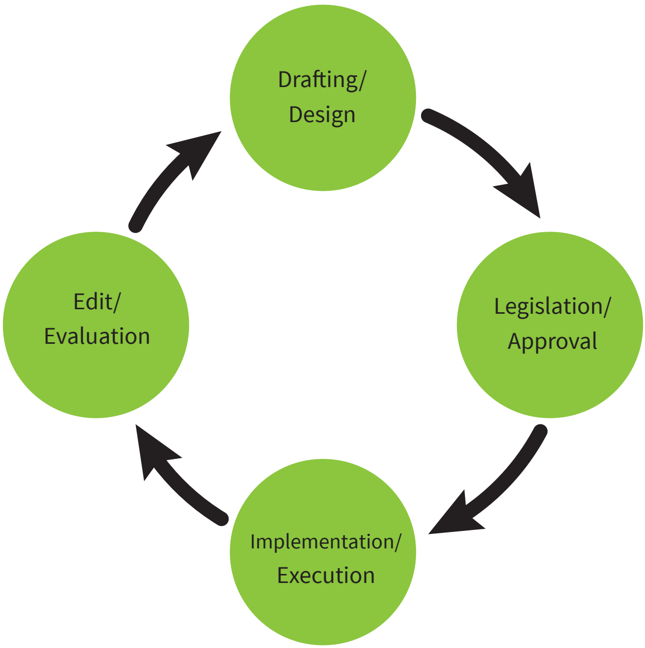


Figure 6: Key dates in the national budgeting Calendar

15th November	MoFEP presents Preliminary NBP to Council Ministers for approval.
End of February	Budget Sector Plans submitted to National Legislative Assembly.
15th May	National Budget Plan, Budget Book and Appropriation Bill submitted to National Legislative Assembly.
31st July	National Legislative Assembly passes an Appropriation Act and approves the budget for the new fiscal year.

3.4 ROLE OF AUDITOR GENERAL

Without prejudice to the provisions of the Southern Sudan Audit Chamber Act 2011 the Auditor General shall perform and exercise the following responsibility and duties

i) On receiving the accounts of National government, a State Government or a Local Government, the Auditor-General shall cause them to be examined and audited and shall, not later than six months or such period as the Assembly or State Assembly may by resolution set, after the end of the financial year to which the accounts relate, render an opinion on whether those accounts show a true and fair view of the financial position of National government or State government or Local government as the case may be.

(ii) The Auditor-General shall within the period specified in subsection (1) above, submit his/her report to the President and the Assembly or the Governor and the State Assembly and the Council of States or the County Commissioner and the County Council as the case may be.

(iii) The Auditor-General may, at any time, if it appears to him or her desirable, submit to the Assembly, the President and to the Minister a special report on any matter incidental to his or her powers and duties. The President, or the Assembly or the Minister may also, at any time request the Auditor-General to make a special report on any matter incidental to his or her powers and duties.

(iv) The Auditor-General may, at any time, if it appears to him or her desirable submit to the Governor, the State Assembly and to the State Minister a special report on any matter incidental to his or her powers and duties. The Governor, the State Assembly, or Council of States or the State Minister may also, at any time request the Auditor-General to make a special report on any matter incident to his or her powers and duties.

(v) The Auditor-General may, at any time, if it appears to him or her desirable, submit to the President, the Assembly and to the Head of Commission or Public Institution or Public Enterprise a special report on any matter incidental to his or her powers and duties. The President or the Assembly or the Head of Commission or Public Corporation or Public Institution or Public Enterprise may also at time of request the auditor general to a special report on any matter incidental to his or her powers and duties.

4 TOWARDS EFFECTIVE DOMESTIC RESOURCE MOBILIZATION AND DEBT MANAGEMENT

4.1 DEBT MANAGEMENT

The country needs to centralize and consolidate debt management responsibilities to the extent possible. If debt management functions are eventually centralized at the MoFEP, then ideally, they should be consolidated in one unit, a debt management office (DMO). If this is impossible in the near term, an alternative is to create a stronger coordinating mechanism within the ministry, such as an internal debt committee.

Improve coordination of monetary and debt management policy. Although, for the time being, monetary policy in South Sudan will continue to be implemented through the primary market, debt managers at the MoFEP can develop a domestic market debt strategy and provide their inputs to decisions on primary issuance. The MoFEP and the BoSS can negotiate their preferences for achieving their different objectives, and there may be opportunities to accommodate their respective needs. The study generally structure the following recommendations; A system of advanced reconciliation of the debt records between the Commissioner General (CG) and the BoSS should be introduced to ensure that debt service payments are not delayed just because the two agencies have a difference in their own internal records.

At the end of each month, the CG should provide to the BoSS and the lender a list of all the debt service payments that are due in the coming month, including the amounts of interest and principal, the payment dates, and payment instructions. The BoSS could then reconcile all these upcoming payments before the due payment dates. Achieving this reconciliation and agreement well ahead of the payment date will eliminate the need to withhold a payment because the two databases are not reconciled. This system might also overcome the need to write a separate check for each debt service payment.
Although the External Finance Department has tried to get better information from the more difficult donors, they have not been very successful in a number of cases. To the extent possible, additional efforts should be made by the MoFEP to strongly emphasize to the less cooperative donors that the quality of the governments project

work in the area relevant to their grant is adversely affected as a result of the inability to properly plan the timing of the work involved.

The audit of past arrears should be completed, the validated amount should be determined as soon as possible, and provision should be made for the amounts due to be paid. This process should be accompanied by an announcement that there will be no more acceptances of arrears of expenditure by the government. A more stringent inspection and discipline could be put in place with the introduction of the new Public Finance Act and the associated regulations, to reinforce the new rule that there are to be no more unauthorized expenditures without the necessary budget approvals and emphasize that sanctions will apply to those who break the new rules. The timing of the new act is ideal for reinforcing the message of fiscal discipline within government.

Changes could be made to the rules regarding the NRA tax collection arrangements so that funds deposited with commercial banks are transferred to the NRA account at the BoSS for either same- or next-day value, and there should be rules in place to compensate the government for lost interest if transfers are delayed. Moreover, the BoSS should transfer the credit to the MoFEP s exchequer account the day it receives the funds from either the NRA or a commercial bank.

Work should be undertaken to forecast tax revenues and expenditures daily. This would ensure that the MoFEP receives its tax receipts as soon as they are due. Moreover, the BoSS needs these forecasts to manage the daily amount of liquidity in the financial system. The MoFEP should be the agency responsible for deciding the volume of government bills and bonds issued in the weekly auctions for financing purposes. The MoFEP should be able to use a wider range of maturities for its borrowing requirements. This is especially the case when it needs to borrow for relatively short periods, such as shorter than 91 days. Flexible financing arrangements could be provided by the BoSS to the MoFEP to ensure that the MoFEP can obtain funding when it is not practical to access markets directly.

4.2 DOMESTIC RESOURCE MOBILIZATION

The national and state revenue system in South Sudan needs to be reviewed and reformed. The opportunity has also presented itself with the reforms to be undertaken under the auspices of the R-ACRSS. The current existing system for revenue collection is a result of tax design and weak administrative capacity required for revenue collection. There is significant poor coordination between the Juba and the states.

In order to encourage tax payments, government should endeavor to improve service provisions especially of basic services such as water, electricity, medical care and good roads. The government should place service delivery at the center of reforms required for its tax system.

The following key elements for tax reforms at both the national and state level to include;

i) Establishing a predictable link between tax payment and service delivery
ii) Development of a required administrative capacity
iii) Abolition of unsatisfactory local revenue instruments that are costly to collect from administrative and political perspective. These instruments are liability to the overall national economy.
iv) Improvements to remaining revenue bases for simplifying rate structures and collection procedure.

Many communities still rely on humanitarian assistance and very low domestic production inputs. There is need to mobilize and empower the local communities to move to semi commercial production that will boost their household incomes such as community mobilization for modernization of agriculture; improve access to markets for farmers; support for agricultural extension services; address crosscutting issues in society such as gender disparity which remain to hinder a majority population of women and girls from contributing to the economy.

The areas to be prioritized for reforming the current subnational own revenue system in the country. The fundamental issues to be addressed in the context of the reforms stipulated in the R-ACRSS must include; building of institutional capacity; review of the current revenue structure and to enhance tax compliance through improved service delivery. International community and especially the IGAD and the peace guarantors should press for the timely implementation of the peace process to enable that all the reforms required under the Chapter IV for the finance, economic and natural resource governance are well implemented. This will require the support to the civil society to meaningfully engage throughout the peace process.

i) The South Sudan Public Finance Manual for Local Government (LG PFM) needs to be reviewed to match the new realities in the country, this shall require support from the donors.

ii) The Public Finance Management and Accountability Act (PFMAA) 2011 should be implemented to its totality but this shall require lots of advocacy from the civil society.

iii) Government needs to solicit for international support/cooperation for building capacity for audits.

iv) The government and civil society need to place emphasis on controlling corruption ,improving budgeting and oversight of this process to ensure transparency and accountability

v) The government need to begin to publish quarterly tax collections and provide avenues to citizen feed back

vi) International partners need to avail significant resource in form of technical advice and finance support required for building the capacity of civil society to engage in tax and finance

vii) The Government should begin the practice the culture publicizing government projects funded by the tax payer. This bring motivation to citizens to begin paying their require taxes.

viii) The government should simplify tax processes to lessen the administrative burden

ix) The government should establish well-resourced larger taxpayer unit with the revenue collection system

x) The government should adopt digital technologies for better records keeping including for monitoring and auditing. This should be installed at all border post with VSAT powered by solar lighting system.

xi) The government should begin to be transparency in granting tax exemptions

xii) The government should begin an open process of harmonizing tax policies across all sectors.

The purpose of the Public Financial Management (PFM) Manual is to ensure that the Local Government finance function provides efficient, fast, accurate and complete financial information to the local government management team and to all other stakeholders on financial matters for proper direction and control of local governments. All public officials must therefore adhere to the manual and the civil society should check for compliance of counties when using the PFM

There is a 3% Oil revenue transfer to oil producing counties to be used for capital projects, similar to the CDG and as established in the Petroleum Revenue management Act. The Petroleum Revenue Management Act provides that the 3% of oil revenues or communities will be received by County Development Committees, rather than by Local Governments.

Donor funding for county service delivery will take the form of the Local Services Support Aid Instrument (LSSAI). LSSAI funds both Service Delivery and County Development Transfers within this framework, and uses the same allocation principles and conditions. Nevertheless, revenues and expenditures funded by LSSAI will be separately identifiable in county budgets and reports. In addition, other limited conditionality may apply to LSSAI funded transfers. Where donors are unable to use government systems under the LSSAI, they ensure that their grant design uses the same principles set out in this framework so that donor-financed funding is aligned with the grant cycle, structure, and conditions as closely as donor procedures allow.

At the National level, a State Transfer Monitoring Committee (STMC) made up the Ministry of Finance & Economic Planning, Ministry of Labour, Public Service & Human Resource Development and Local Government Board scrutinizes the monthly budget execution reports and payroll reports submitted by States to National Government. This structure is also replicated at the State level, forming a County Transfers Monitoring Committee, made of the State Ministry of Finance, State Ministry of Local Government, and sectoral Ministries making transfers to Counties. This committee is responsible for scrutinizing the transfers made to Counties, and the quarterly reports received from Counties. The CTMC would be responsible for reporting on Counties' compliance with conditional transfers and recommendation any actions to be taken, including suspension of a grant to that County, in the case of non-compliance.

The Constituency Development Fund (CDF) was created in Southern Sudan in 2008 through an Act of parliament of SSLA (South Sudan Legislative Assembly) to accelerate the rehabilitation process and fight extreme poverty at the grassroots level through the implementation of community based projects, which have long-term effects of improving the peoples' economic well-being.

In November 2018 the government through the council of ministers endorsed the national revenue authority policy. The policy was presented to the Cabinet by the Minister of Finance and Economic Planning. With the policy, the National Revenue Authority would recruit staff and embark on immediate collection of Non-Oil revenue to diversify the country's revenue sources. The policy would enable the authority establish its structures, which according to the government spokesperson had been an obstacle.

The National Revenue Authority was established in 2016 as part of the reforms in Chapter Four of the then 2015 Agreement on Resolution of Conflict in the Republic of South Sudan (ARCSS). The NRA was also mandated to assess, collect, administer and enforce laws relating to taxation and revenue. It was tasked to ensure that all revenues are remitted to a single treasury account and expenditures are conducted in accordance with the law. The NRA is government by the NRA act 2016 with support from the African Development Bank (ADB), Non-Oil Revenue Mobilization and Accountability (NORMA) was set up with a US$14.8 million grant from the African Development Bank to improve domestic resource mobilization in the non-oil sector, is achieving its objectives.

NORMA, in collaboration with the state National Revenue Authority (NRA), was reported to driven accountability and transparency in the national revenue generating system. Since January 1st 2019, South Sudan's Revenue Authority (SSRA) consolidated all its non-oil revenue receipts into one single account - the NRA Block Account. The account yielded approximately US$ 14.2 million, for the month of January 2019 alone.

5 SOUTH SUDAN IN THE EAST AFRICAN COMMUNITY (EAC)

On the march 2, 2016 the East African Community Heads of State Summit admitted South Sudan as its newest member. Accession negotiations had commenced in November 2014. The relatively accelerated timeline to its conclusion was an indication of the willingness of all side to admit South Sudan to the community. This move would also prove a major step in the economic development of the world's newest nation.

South Sudan is a land locked country with very poor domestic infrastructure and most road not paved. The commodity prices increases in Juba is largely due to transport costs as well other stamps and duties with many illegal tax along the way from the border with Uganda to Juba. This is a crisis in South Sudan because the country relies on imports from the neighboring countries.

As part of the East African Community, South Sudan will be able to benefit from ongoing and future regional infrastructure projects. These include the port that is being constructed in Lamu, Kenya, and the EASSy cable, a 10,000km submarine fibre-optic cable along the coast of eastern and southern Africa.

As infrastructure development is an expensive undertaking, regional collaboration will be vital for improving South Sudan's connectivity. Improved connectivity will, in turn, lower transport costs and thus the price of consumer goods in the country. At the same time, it will also improve access and competitiveness in regional markets for South Sudanese exports.

In terms of economic diversification, agriculture is one potential area South Sudan could capitalize on. According to some estimates, 70% of land in South Sudan is suitable for agriculture, but less than 4% is currently being cultivated.
If South Sudan can move towards mechanized agriculture, it not only has the opportunity to increase in-country production, but also to potentially export to the region. For example, the extensive flood plains of the Greater Bahr-el-Ghazal and Upper Nile areas may be suitable for rice production. To ensure its products are competitive, investments in infrastructure and connectivity will be essential.
In the short term, there will be some costs to accession. However, many of these costs

can be mitigated with appropriate negotiations and domestic reforms. In particular, there is the potential that the cost of living may increase for consumers, as in some cases the current customs tariff bands in South Sudan are lower than the common external tariff it will have to adopt.

Labour costs in South Sudan are among the highest in the region. Years of conflict have left the population with low levels of education and skills. In the short run, this may present another barrier for South Sudan in attracting foreign direct investment flows. Rather than investing in South Sudan, firms may locate in other community countries and export their products to South Sudan, benefiting from the favorable tariff structure. As South Sudan undertakes domestic reforms and investment in infrastructure to lower the costs of production, firms will increasingly look to locate there. Additionally the Common Market Protocol also provides for the free movement of labour. Although this is a politically sensitive topic, it would be advantageous for the government to embrace it. Foreign labour could lower domestic costs of production while filling the skills gap. Furthermore, there are very likely to be spill-over effects in terms of skills for the domestic labour force.

6 CIVIL SOCIETY DEBT ADVOCACY STRATEGIES - HOW TO INFORM EFFECTIVE DEBT MANAGEMENT IN SOUTH SUDAN

The civil society and development partners will need to engage with the government especially within the transitional period to ensure that the national revenue structure is redesigned to enhance the administrative capacity for revenue collection in order to minimize revenue losses caused by inefficiencies, tax evasion and corruption.

Within the Transitional Constitution, the roadmap to the Permanent Constitution stipulates the involvement of civil society actors and outlines their responsibility to represent and give voices to the opinions of the citizens. The study recognizes that the role of civil society is critical in such a process and consequently designed activities to facilitate the participation of the ordinary citizens of South Sudan as well as civil society in the upcoming constitution making process.

The study also reveal that many communities still rely on humanitarian assistance and very low domestic production inputs. The study recommends the following actions that shall aim to mobilize and empower the local communities to move to semi commercial production that will boost their household incomes.

Community mobilization - To mobilize community citizens for participation in production; support the formation of new village saving and loan groups, farmers associations, producer groups, cooperatives, collective business groups in areas they don't exit. Support and strengthen the existing groups. Procure and distribute relevant agricultural inputs (seeds, hoes, pangas, axes, ox ploughs to farmers groups and farming training centers to support the training of other farmers.

To improve access to markets - farmers need to be supported in marketing and basic business management skills relevant for agriculture and other economic activities. Government and development partners should provide regular and up to date market information to famers on prices for different farm produces such as rice, maize flour, millet and honey mangoes.

Support for agricultural extension services - government and development partners should support the provision of extension services to both women and men in rural communities. This will increase the volume of agricultural production and incomes of the populations the extension services should focus on improving productivity and the adoption of modern technologies related to poultry, goat rearing, fishing, and vegetable farming among others.

Cross cutting issues - remain paramount in achieving and mobilizing communities with their leadership for domestic resource mobilization also include a review of national policy that strengthen gendering of participation. The adoption of the Bill of Rights and affirmative action, National Gender Policy 2013 and 25 % representation of women in the executive and legislative arms of government and establishment of Ministry of Gender, Child and Social Welfare will bring many women into the policy and decision-making arenas. There are also many gender gaps in most existing national and state policies and laws, and most gender policies and laws are not implemented. The study also indicates that very few citizens remain aware of such policies.

7 POLICY RECOMMENDATIONS

South Sudan government is facing policy challenges in regards to managing its debt including sources of financing, the scope of debt to be managed and its liabilities. Additional challenges include how to coordinate debt management with other public policies objectives and how to structure the legal authority for borrowing and the institutional arrangements for carrying this mandate.

i) Reforms are particularly required to foster transparency of debt policies and accountability. There is need for the country to have a debt management objectives and policy for better coordination purposes. Such a policy shall include a framework that accommodates the evaluation of alternative proposals for evaluating risks and costs and also to ensure value for money and sustainability.

ii) Expanding structures for domestic resource mobilization is very crucial if south Sudan is to diversify its sources of revenues and more especially if it's to plan to stop on relying on oil revenues. The government political speeches have all indicated the will to reduce dependence on oil revenue and also foreign sources of finance.

iii) The country's macroeconomic indicators are improving very slowly, this can be sustained with unhindered implementation of the peace agreement.

iv) Domestic saving remains very low with very few no proper financial institutions in the rural areas. This mean a narrow tax base will continue to exit with no structure for long term credit due to insecurity, corruption and poor infrastructure.

v) It is an opportune moment for South Sudan to accede to the EAC regional bloc because as the world's newest country, it is still in the phase of developing many domestic laws, policies and regulations.

vi) Rather than having to retrofit laws and regulations at a later stage, South Sudan can benefit from learning and adopting those that reflect best practice. This will not only facilitate smoother integration; it will bring about transparency and conformity into its national laws. This will act as a strong signal for the private sector and others that South Sudan is pursuing growth-enhancing economic reforms.

vii) Despite costs in the short run, significant benefits from South Sudan's accession are expected to accrue in the medium to long run. As successful examples like Rwanda have shown, regional integration can enhance growth and thus support poverty reduction.

viii) South Sudan can learn from the history of existing East African Community members. It also then has a place at the negotiating table, which it can use to advocate for future policies that are advantageous for its domestic growth. But the key to unlocking and maximizing the benefits of regional integration will lie in domestic reforms targeted at creating a stable and competitive macroeconomic environment.

ix) The Implementation of the R-ACRSS remains crucial and is the only pinnacle for all the anticipated policy reforms required in all sectors of the economy. This however will require the space for the civic actors to meaning fully engage with the government and development actors. The civil society will require adequate and timely support from the international partners if there are to contribute to the reforms as required by the law.

NOTES AND REFERENCES

Approved Budget 2018/19, National Budget Plan FY 2018/19, Republic of South Sudan

Budget at a Glance, FY 2018/18, Ministry of Finance, Commerce, Investment and Economic Planning

Budget Book: International assistance to South Sudan in 2018/19, February 2019, Ministry of Finance, Commerce, Investment and Economic Planning

Development Plan 2011-2013, August 2011, Government of the Republic of South Sudan

Food and Nutrition Security assessment in Sudan, Analysis of 2009 National Baseline household survey food and nutrition security assessment, August 2010, Southern Sudan

Commission for Census Statistics and Evaluation.

Approved Budget 2012/13, National Budget Plan FY 2013/14, Republic of South Sudan

Budget at a Glance, FY 2013/14, Ministry of Finance, Commerce, Investment and Economic Planning

Budget Book: International assistance to South Sudan in 2012/13, February 2014, Ministry of Finance, Commerce, Investment and Economic Planning

National Budget Plan FY 2018/19, Ministry of Finance, Commerce, Investment and Economic Planning.

Millennium Development Report 2012, United Nations Development Programme

Public Financial Management and Accountability Act, 2011, Republic of South Sudan

Resource Governance Index, 2013, Revenue Watch

Transitional Constitution 2011, Republic of South Sudan

IMF country reports 2017 and 2018

South Sudan Development Plan

South Sudan Transitional Constitution 2011

Public Financial Management and Accountability Act 2011

Financial Act FY 19/2020

INTERNET SITES/LINKS

http://www.odi.org.uk/sites/odi.org.uk/files/odi-assets/publications-opinion-files/7716.pdf

http://www.ss.undp.org/content/dam/southsudan/library/Reports/south sudan other documents/SS-MDG%20Report_2012.pdf

http://www.worldbank.org/en/country/southsudan/overview

https://www.nyulawglobal.org/globalex/South_Sudan1.html

https://acetforafrica.org/media/blogs/enhancing-domestic-desource-mobilization-what-are-the-real-obstacles/?gclid=Cj0KCQjw1Iv0BRDaARIsAGTWD1uKY6YfrhXG1LgkGYVQLWBoOfOmGimVR91MJIfRmx6-8lmMYmw6Jo4aAml_EALw_wcB

https://www.oecd.org/tax/african-economies-sustain-progress-in-domestic-resource-mobilisation.htm

https://www.theigc.org/wp-content/uploads/2015/07/Harding-2012-Policy-Brief.pdf

https://enoughproject.org/wp-content/uploads/AHijackedState_Enough_February2019-web.pdf

https://www.imf.org/en/Publications/CR/Issues/2019/06/04/South-Sudan-2019-Article-IV-Consultation-Press-Release-Staff-Report-and-Statement-by-the-46965

Published By:

AFRICAN FORUM AND NETWORK
ON DEBT AND DEVELOPMENT

African Forum and Network on Debt and Development
31 Atkinson Drive, Hillside
PO Box CY1517, Causeway
Harare, Zimbabwe
Tel: +263 242 778531/6
Fax: +263 242 747878
Website: www.afrodad.org

With financial Support ftrom

Diakonia
People Change the World

Sweden
Sverige